1. IMPORTANT INFORMATION

1.1 ABOUT THIS PDS

This Product Disclosure Statement (PDS) is dated 3 April 2019 and is issued by AxiCorp Financial Services Pty Ltd (Australian Financial Services Licence number 318232) (“AxiCorp”, “AxiTrader”, “we”, “our” or “us”) in relation to its Margin Foreign Exchange and Contracts for Difference products. This PDS is designed to assist you in making an informed decision regarding opening an Account and trading our products. Before deciding whether to acquire our Products, you should read this PDS, the Financial Services Guide, Client Agreement and the Product Schedule and consider whether our products are suitable for you.

The PDS is made available on our Website and we will provide a paper copy upon request at no cost to you. The information contained in the PDS is current at the date of publication and this PDS replaces all previous versions. We may issue a supplementary or replacement PDS from time to time and, where updated information is not materially adverse to you, such information may be updated by us by publishing it on our Website. The version of this PDS published on our Website at the time of entering into a transaction governs that Contract and supersedes all previous PDSs and any other oral or written representations.

The PDS should be read together with, and not instead of, the Client Agreement.

1.2 GENERAL ADVICE WARNING

Information we provide is general information only. Any information provided to you in this PDS, on our Website, through the Trading Platform, by our staff, via email, chat or telephone or otherwise is generic and does not take into consideration your individual objectives, financial situation, needs or circumstances. Accordingly, before applying to trade with us, you must decide whether our Products are suitable for you. To this end, we recommend that you obtain independent financial, taxation or other professional advice.

Our Products are leveraged and speculative and may not be suitable for you. Their prices and those of the Underlying Instruments may fluctuate rapidly and widely because of events or conditions which may not be foreseeable and cannot be controlled. When leveraged, our Products can place a significantly greater risk on your investment than non-leveraged investment products.

You should read and consider the risk factors associated with trading our Products in Section 6 (Risk Warning). You may incur losses in addition to any fees and costs that apply. These losses are not limited and may be far greater than any money deposited into your Account or amounts required to deposit to satisfy any Margin Requirement.

1.3 AXITRADER AS THE PRODUCT ISSUER

AxiTrader’s creditworthiness as the product issuer has not been assessed by an approved rating agency. This means that AxiTrader has not received an independent opinion of its capability and willingness to repay its debts from an approved source.

1.4 ROLE OF ASIC IN AUTHORISING AXITRADER

The role of the Australian Securities & Investments Commission (ASIC) in licensing AxiTrader is limited and does not imply approval or endorsement of the business, its trading or solvency or the content of this document.

ASIC has not approved this PDS, the Client Agreement or any other document issued by AxiTrader.
1.5 JURISDICTION NOTICE

The material in this PDS is not to be construed as a recommendation; or an offer to acquire, buy or sell; or the solicitation of an offer to acquire, buy or sell any security, financial product, or instrument; or to participate in any particular trading strategy in any jurisdiction in which such an offer or solicitation, or trading strategy would be illegal.

There are legal requirements in various countries that may restrict the information that we are lawfully permitted to provide to you. Accordingly, unless expressly stated otherwise, the information in this document is provided for Australian residents only and is not intended for any person who is a resident of any other country.

You must be over 18 years of age to use the Services of AxiTrader.

1.6 CONFLICT OF INTEREST DISCLOSURE

AxiTrader’s employees, officers and directors, including those involved in the preparation of this PDS are paid in part based on the profitability of AxiTrader, which includes earnings from AxiTrader’s trading.

Due to the nature of our Products and the Services AxiTrader provides, we may have “long” or “short” Positions in, act as principal in, and buy or sell Underlying Instruments. We also act as market maker which may result in a conflict between the interests of AxiTrader and those of our clients.

We also have relationships with other third parties which may give rise to conflicts of interests. See section 13 for more information.

1.7 OUR CONTACT DETAILS

Registered Office  Level 10, 90 Arthur Street
                  North Sydney NSW 2060
                  Australia

Place of Business  Level 10, 90 Arthur Street
                  North Sydney NSW 2060
                  Australia

Phone            1300 888 936
                  (+612 9965 5830)

Email            service@axitrader.com

Website          www.axitrader.com

1.8 TRADING & OFFICE HOURS

Trading hours for Margin FX Contracts and CFDs vary and will depend on the relevant Underlying Instrument’s hours of operation. They are published on our Website.

We are under no obligation to quote prices or accept orders or instructions on Contracts to which Limited Trading Hours applies.

Client services are available during trading hours and can be contacted through online chat available on the Website, by email or phone.

Our office hours are Monday to Friday, 8.00am to 6:00pm AEST.

1.9 REFERENCES TO TIMES AND AMOUNTS

Unless otherwise specified, references in this PDS to dollar amounts are to Australian Dollars and to times are to Australian Eastern Standard Time (AEST).
2. AXITRADER CLIENT SUITABILITY

AxiTrader’s Products are derivative products and are not suitable for all investors due to the significant risks involved. Our Products are most suitable for those with investment experience in leveraged products gained either by trading their own accounts, using similar products in the course of their employment or through demonstrated knowledge of the products and understanding of the risks.

In order to qualify to trade with us, potential clients must undertake the suitability assessment.

The client suitability assessment does not amount to personal financial product advice. We will only be providing you with general advice and as such, this advice will not take into account your objectives, financial situation or needs. Accordingly, you should obtain your own financial, legal, taxation and other professional advice as to whether Margin FX Contracts or CFDs are an appropriate investment for you. A diagram of this process is set out in Figure 1 in section 2.1.

2.1 SUITABILITY ASSESSMENT

In order to establish that an individual has had sufficient trading experience, potential clients must be able to demonstrate all of the following:

- that they have operated, within the past three (3) years, an OTC margin forex or CFD account; and
- that they have had at least two months of trading experience; and
- that they have been an active trader.

To be considered an ‘active trader’, a potential client must have made at least 20 trades on a non-advised basis during the time that their account has been open and provide a copy of their trading statement.

If a potential client fails to completely satisfy all three of the above criteria, then they must either attempt the multiple-choice quiz or attend a training course, as discussed below.

Multiple-Choice Quiz

In order to qualify, a potential client must record a pass score (of 70% or higher). The quiz consists of 10 (ten) multiple choice questions, with at least one correct answer required from each of the following sections:

- previous experience in investing in financial instruments, including securities and derivatives;
- an understanding of the concepts of leverage, margins and volatility;
- an understanding of the nature of CFD and margin FX trading;
- an understanding of the processes and technologies used in trading; and
- a preparedness to monitor and manage the risks of trading.

If they pass the multiple-choice quiz, they will be considered qualified to trade through us. If a pass grade is not achieved, then they will be required to complete a training course, as referred to in the next section.

Training Course

To be considered eligible to trade with us, an individual who has not otherwise been able to qualify must undertake and complete a training course that satisfies all of the following criteria:

- The training provider must:
  (a) be regulated by ASIC;
  (b) operate under an AFSL that allows them to provide general financial product advice; and
  (c) provide ongoing support and coaching for a minimum 6 (six) week period.
- The course must be for a minimum duration of 8-16 hours.

The potential client must provide us with a copy of their certificate of completion.
If a training course fulfils all three of the above requirements, then an individual will be considered qualified to trade with us.

If the potential client's training course does not fully satisfy all of the aforementioned elements, then they will not be considered qualified to be a client with us.

**Figure 1**

RG227: Benchmark 1 - Client Qualification

### 2.2 OPENING AN ACCOUNT

Your dealings in AxiTrader's Products will be conducted in accordance with the following documents that you will have received from AxiTrader or downloaded from our Website:

- Client Agreement;
- Application Form; and
- Product Schedule.

You must complete an Application Form and be approved by us to open an account.

The Application Form requires applicants to provide Personal Information to meet our legal and regulatory requirements. You are not required to provide us with all of the information requested but if you fail to provide some information we may be unable to offer you our Products or they may be provided on a restricted basis. You should refer to the Privacy Policy published on our Website which explains how we collect, use, maintain and disclose that information. By providing us with information about yourself, you consent to the collection, use, disclosure and transfer of that information as set out in the Privacy Policy.

### 2.3 ANTI-MONEY LAUNDERING

We may require further information from you from time to time to comply with the AML/CTF Act. By opening an Account and transacting with us, you undertake to provide us with all additional information and assistance that we may reasonably require to comply with the AML/CTF Act.

You also warrant that:

a) you are not aware and have no reason to suspect that:

- the monies used to fund your transactions have been or will be derived from or related to any money laundering, terrorism financing or other illegal activities whether prohibited under Australian law, international law or convention or by agreement;
• the proceeds of your investment will be used to finance any illegal activities; and

b) you are not a politically exposed person or organisation as the term is used in the Anti-Money Laundering and Counter-Terrorism Rules Instrument 2007 (No. 1).

2.4 ACKNOWLEDGMENTS

By signing and returning, or submitting an Application Form, you will be deemed to have understood and agreed to the following items. In addition, after having commenced trading with AxiTrader you will be deemed to have understood and agreed to the following terms if you continue trading after receiving a supplementary PDS, a replacement PDS, and/or a replaced or amended Client Agreement. You:

• are aware that investing in derivatives carries a high level of risk to capital and due to the potential volatility and fluctuations in value, you may not get back the amount of your original investment and in certain circumstances you may be liable to pay a far greater sum than your initial investment, with losses being higher than all the funds you have deposited with us;

• have considered your objectives, financial situation and needs and the significant risks of loss that accompany the prospects of profit associated with dealing in AxiTrader Products and have formed the opinion that dealing in those Products is suitable for your purposes;

• were advised by AxiTrader to obtain independent legal and financial advice concerning this PDS, the Client Agreement and any other ancillary information which you have questions about;

• consent to AxiTrader collecting, maintaining, using and disclosing Personal Information about you and provided by you in accordance with our Privacy Policy;

• received or downloaded this PDS with the Client Agreement, and have read and understood those documents;

• agree that AxiTrader will provide its Services to you on the basis of the Client Agreement and in particular that you will receive documents such as trade Confirmations and where applicable, daily statements in electronic form; and

• that Margin Calls will be delivered as set out in section 8.9 below.

2.5 DEPOSITING FUNDS

Clients may deposit funds through various channels. All funds must be cleared funds on your Account before those funds are made available to use in dealing in AxiTrader Products.

We do not accept cash as an initial deposit or to meet any of your ongoing obligations.

It is your responsibility to ensure that funds sent to AxiTrader are correctly designated in all respects, including, where applicable, that the funds are by way of Margin and to which Account they should be applied. Payments by you under the Client Agreement must be free of any withholding tax or deduction by a third party. If the funds are not correctly designated, then AxiTrader may be unable to allocate the funds to your account. AxiTrader will make enquiries with payment providers to allocate the funds appropriately as soon as possible or return the funds if it is not possible to allocate them. Clients are encouraged to contact AxiTrader if funds have not been applied as expected and AxiTrader will verify the details before allocating the funds to your account. Until funds have been applied, your account may remain on Margin Call.

You must ensure that any transfer made to AxiTrader is from an account in your name and not from that of a third party.

AxiTrader will not accept or bear any liability or responsibility whatsoever for any loss incurred by you...
as a result of, or arising out of, or in connection with, AxiTrader returning any transfer of funds from a third-party account including any loss incurred by you where you are subsequently in default of your obligations under the Client Agreement.

2.6 CHANGING YOUR MIND – COOLING OFF PROVISIONS

There are no cooling-off arrangements for AxiTrader Products. This means that when we arrange for the execution of a Contract, you do not have the right to return the Product, nor request a refund of the money paid to acquire the Product. You are bound by the terms of a Contract, when you enter into it, despite the fact that settlement may occur at a later date.

3. REGULATORY BENCHMARK DISCLOSURE

ASIC Regulatory Guide 227 documents seven disclosure benchmarks for OTC Derivatives. Product Disclosure Statements must address the benchmarks on an “if not, why not” basis. This table sets out the benchmarks and briefly describes how AxiTrader satisfies the benchmarks. A more detailed explanation of how AxiTrader’s practices conform to the ASIC benchmarks is available on the [Website](#). A copy of the information may be obtained from us on request, at no charge.

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>Complies</th>
<th>Description</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client Qualification</td>
<td>✓</td>
<td>We operate a client qualification policy that is designed to ensure that Australian resident clients have appropriate experience in or knowledge and understanding of our derivative products. Applicants can demonstrate appropriateness by demonstrating sufficient trading experience, by passing a multiple-choice-quiz or by completing a satisfactory training course.</td>
<td>Benchmark 1</td>
</tr>
<tr>
<td>Opening Collateral</td>
<td>✗</td>
<td>We operate several different payment options for clients to fund accounts including credit card funding but do not accept non-cash collateral. We do not encourage the use of borrowed funds to trade leverage products. To accommodate flexible payment alternatives available to clients, AxiTrader allows opening collateral initial funding payments in excess of the $1,000 benchmark prescribed by ASIC.</td>
<td>Benchmark 2</td>
</tr>
<tr>
<td>Counterparty risk – hedging</td>
<td>✓</td>
<td>Within our risk management framework, we have assessed the market risk and counterparty risks arising from entering into OTC CFD transactions with customers and hedging counterparties and applied controls to mitigate those risks. Those controls include the enforcement of leverage limits, market risk limits and daily loss limits. Criteria have been established for the selection of hedging counterparties to provide reasonable assurance as to the quality of our hedging facilities. Clients are indirectly exposed to counterparty risks notwithstanding these protections and should review the disclosures in the risk warning section of AxiTrader’s PDS and refer also to the Client Agreement.</td>
<td>Benchmark 3</td>
</tr>
<tr>
<td>Benchmark</td>
<td>Complies</td>
<td>Description</td>
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</tr>
<tr>
<td><strong>Counterparty risk – financial resources</strong></td>
<td>✓</td>
<td>We maintain a written policy and procedures with regards to the management and ongoing monitoring of our financial resources. These address the methodology employed, linkages to the budgetary planning process, scenarios used and roles and responsibilities for measuring and monitoring our financial condition. We do not perform regular testing of our financial position under stressed conditions due to the fact that exposures are subject to significant variation and the results generated at any point in time may not be applicable to our financial position at other points in time. To mitigate the risks of failing to satisfy the financial requirements, we have established a capital buffer based upon historical market moves and measure and monitor capital daily. Financial resources are also subject to external audit on an annual basis if you require further information about our financial position, please contact us and request a copy of our audited financial statements. These will be provided at no cost to you.</td>
<td></td>
</tr>
<tr>
<td><strong>Client Money</strong></td>
<td>✓</td>
<td>We have a defined client money policy and hold client moneys on trust on a segregated basis. Funds held in trust on behalf of a retail client may only be withdrawn by AxiTrader as permitted under the Australian Client Money Rules, as defined in this PDS and the Client Agreement. Funds held in trust on behalf of a wholesale client may be used by AxiTrader to meet its obligations incurred in connection with margining, guaranteeing, securing, transferring, adjusting or settling dealings in derivatives, including dealings on behalf of other clients.</td>
<td></td>
</tr>
<tr>
<td><strong>Suspended or halted underlying assets</strong></td>
<td>✓</td>
<td>We may suspend trading when the Underlying Instrument is suspended or halted or when we are unable to offer an orderly market. If market conditions in the Underlying Instrument become erratic or prevent us from determining a fair price, we may suspend trading, refuse to accept orders or transactions, change Margin Requirements, or re-price or close out Positions. We are not under any obligation to quote or deal in these circumstances but may do so if we are reasonably satisfied that we can provide our Services effectively.</td>
<td></td>
</tr>
<tr>
<td><strong>Margin Calls</strong></td>
<td>✓</td>
<td>We have established minimum Margin Requirements for all instruments and the Trading Platform monitors the Margin Requirements of all open positions for each client against the client’s account equity. We maintain and apply a written policy in relation to Margin Call practices and discretions. AxiTrader has the right but not the obligation to close out Positions if Margin Requirements are not satisfied.</td>
<td></td>
</tr>
</tbody>
</table>
4. QUESTIONS & ANSWERS

4.1 WHAT ARE MARGIN FX CONTRACTS?

A Margin FX Contract is an agreement under which you may speculate on fluctuations on the value of an underlying currency relative to another. The price of our Margin FX Contracts is based on the exchange rate of an underlying currency pair (Underlying Instrument). However, when dealing in Margin FX Contracts with us you will not own or have any interest or right in the Underlying Instrument or have an ability to receive the currency.

If you have a need to purchase the underlying currency (i.e. to receive the purchased currency), our Margin FX Contracts are not appropriate for you because they do not involve an exchange of one currency for another.

The amount of any profit or loss made on a Margin FX Contract will be the net of:

- the difference between the opening price of the contract and the closing price of the contract;
- any commission charged by us on the transactions; and
- any Swap Charge, Rollover Charge, Swap Benefit, Rollover Benefit or other financing changes or benefits relating to the Contract.

The balance in your Account will also be affected by other amounts you must pay to us in respect of your Account such as interest on debit balances.

4.2 WHAT IS A CFD?

A contract for difference or CFD is an agreement under which you may speculate on fluctuations in the price of an Underlying Instrument. The price of the CFD is based on the price or level of the relevant Underlying Instrument, which may be an index, commodity, futures contract, cryptocurrency or other Underlying Instrument as may be notified to you from time to time. However, you will not own or have any interest or right in the Underlying Instrument and cannot close an open Position through an exchange or other CFD provider.

The amount of any profit or loss made on a CFD will be the net of:

- the difference between the opening price of the CFD and the closing price of the CFD;
- commissions charged by us on the transaction; and
- any Swap Charges, Swap Benefits, Rollover Charges or Rollover Benefits relating to the CFD.

4.3 WHAT IS A POSITION?

A Position is a Margin FX Contract or CFD entered into by you under the Client Agreement. It may be a bought (“long”) or sold (“short”) Position.

4.4 WHAT IS “OVER THE COUNTER”?

Over the counter (“OTC”) means that our Products are not offered or traded on a regulated exchange. Rather, transactions are between you and us, (“bilateral”) with each party responsible for assessing the credit standing and capacity of the other party before trading. You do not have the protections normally associated with trading on a regulated exchange.

This means you can only close out Contracts in AxiTrader Products with us and the prices offered by other derivative providers or on an exchange do not apply to your open Positions with us. It is not possible to close a Margin FX Contract or CFD by giving instructions to another provider, broker or Australian financial services licensee.

Refer to section 6 of this PDS for more information.

4.5 WHAT CHARGES ARE PAYABLE WHEN DEALING IN OUR PRODUCTS?

The common fees and charges you will incur when dealing in our Products may include any or all of the following:

- payment of Margins;
- commissions;
- Swap Charges and Rollover Charges;
- interest applied to debit balances in your Account;
  and
- administration charges.

In addition, AxiTrader Products are quoted in bid / offer terms. The difference between bid and offer prices is called the “spread”. Due to this difference, the price must move favourably for you before you can break even. In other words, even if the price does not move at all and you close out your Position, you will incur a loss to the extent of the spread and any other fees.

**Example of going long in Margin FX**

You expect that the Australian Dollar (AUD) is going to appreciate against the US Dollar (USD) which is currently trading at 0.9280 (the offer price) and you decide to buy AUD100,000 against the USD at that price.

You decide to hold the position overnight and the closing price of AUDUSD at the end of the day was 0.9280, the same as your purchase price. At that point the bid price was 0.9279.

As the position is held overnight you will incur a daily Rollover Charge or income which is based on the overnight swap rate in the interbank market, presenting the interest rate differential between the two currency pairs involved.

The next day you decide to close your position as the AUD has appreciated to 0.9350 (bid price).

In this example you were correct in predicting that the AUD would increase against the USD.

A Rollover Credit is generated because AUD is the higher yielding currency and you are long AUD:

$$100,000 \times (0.9280 – 0.9279) = \text{USD10}$$

You close your position by selling AUD, realising profit as a result of the appreciation in AUD:

$$100,000 \times (0.9350 – 0.9280) = \text{USD700}$$

There is no commission or other charges on this transaction.

The total profit of this transaction is USD710.

**Example of going short in Margin FX**

If you had expected AUD to depreciate against the USD which was trading at 0.9278 (bid price), the overnight offer price was 0.92765 and you close the trade when the USD was trading at 0.9352 (offer price).

In this example you were wrong in predicting that the AUD would fall against the USD.

A Rollover Charge is generated because AUD is the higher yielding currency and you are short AUD:

$$100,000 \times (0.9278 – 0.92765) = \text{USD15}$$

You close your position by buying AUD realising loss because of the appreciation in AUD:

$$100,000 \times (0.9352 – 0.9278) = \text{USD740}$$

There is no commission or other charges on this transaction.

The total loss of this transaction is USD755.

**Other examples**

Our Website has an education section which provides several other worked examples including other Underlying Instruments and the application of commission and other charges.

**4.6 HOW DO WE DETERMINE THE PRICES OF MARGIN FX CONTRACTS AND CFDS?**

**Margin FX & Bullion CFDs:** we derive our prices from those prices available to us in the Underlying Instrument through our various hedge counterparties. We aggregate the prices available to us and derive our bid and offer from the best bid and ask available. The published prices are the prices on which you deal with us and prices quoted or published by others do not apply to our Products.

On occasion our prices can have very wide spreads that can cause stop losses to be triggered.

**Index Future CFDs:** our prices for Index Future CFDs are based on the prevailing price of the Underlying Instrument, which is a futures contract based on an equity index. We derive our price by applying our spread to the prevailing bid and offer price in the Underlying Instrument.
Commodity CFDs: our Commodity CFDs are based on the prevailing price of the Underlying Instrument, which is a future or Cash Future CFD contract. We derive our price by applying our spread to the prevailing bid and offer price in the Underlying Instrument.

Cash Future CFDs: Our prices for Cash Future CFDs are based on the prevailing price of the Underlying Instrument, which is an equity future or cash contract based on an equity index or an oil cash contract. We derive our price by applying our spread to the prevailing bid and offer price in the Underlying Instrument.

Cryptocurrency CFDs: our Cryptocurrency CFDs are based on the prevailing price of the Underlying Instrument, which is a cryptocurrency exchange price. We derive our price by applying our spread to the prevailing bid and offer price in the Underlying Instrument.

4.7 CAN WE CHANGE OR RE-QUOTE THE PRICE AFTER YOU HAVE ALREADY PLACED YOUR ORDER?

Yes. Our prices reflect those in the Underlying Instrument. Prices can vary quickly and in some circumstances prices that we publish may not be available for large volumes.

In addition, errors can occur, and we reserve the right to alter the price or even void the transaction. If this occurs, AxiTrader will activate its error handling policies and procedures, which are summarised below.

AxiTrader’s aim in making any adjustment to pricing will be to act fairly to you. AxiTrader will not seek to take advantage of pricing errors in order to advantage itself.

If AxiTrader considers that a pricing Error has occurred, it may adjust various parameters of your Position, including potentially reversing or closing out Positions, which may mean that your profit is less than would otherwise be the case, or even that you incur a loss. However, such an adjustment will only occur when AxiTrader is satisfied that a genuine pricing Error has occurred – that is, the price or value of the Position did not accurately reflect the price or value of the relevant Underlying Instrument.

For example, if there is a market disruption which results in AxiTrader’s liquidity provider quoting pricing to AxiTrader which does not reflect the price or level of the relevant Underlying Instrument, AxiTrader may inadvertently quote an incorrect price to you. If you enter into a Position based on such incorrect pricing, AxiTrader may subsequently adjust parameters of the transaction to put you and AxiTrader back into as close a position as possible to the position the parties would have been in had the pricing Error not occurred.

4.8 WHAT IS “SLIPPAGE”

Slippage is the difference between a requested price of a transaction and the price at which the order is executed or filled.

Slippage may be positive or negative. When executing client transactions AxiTrader’s execution price will reflect both positive and negative movements in the Underlying Instrument.

Slippage should not be confused with a market gap. Markets may gap, either over the weekend or due to significant unexpected news events. In this case, there is no trading between one price and another. No transactions are conducted in the Contract and the market price is discontinuous.

4.9 IF THERE IS LITTLE OR NO TRADING GOING ON IN THE UNDERLYING MARKET FOR AN ASSET, CAN YOU STILL TRADE MARGIN FX CONTRACTS AND CFDS OVER THAT ASSET?

If the underlying currency is suspended due, for example, to a change in currency policy by a government then our products may be suspended. If the Underlying Instrument is suspended from trading or trading restrictions are introduced, then AxiTrader may suspend or introduce trading restrictions on its products. If market conditions in the Underlying Instrument become erratic or prevent us from determining a fair price we may suspend trading,
refuse to accept orders or refuse to enter into transactions. We are not under any obligation to quote or deal in these circumstances but may do so if we are reasonably satisfied that we can provide our Services effectively.

The trading hours for our products are published on our Website and are also available in the Trading Platform.

Typically, foreign exchange markets trade continuously from 05:00pm American Eastern Standard Time (EST) Sunday evening until 05:00pm, American EST on Friday. Consequently, we price our Margin FX Contracts for those periods in which we can offer an orderly market. If the underlying currency is suspended due, for example, to a change in currency policy by a government then AxiTrader Products may be suspended. In addition, we may suspend trading over the close of business (05:00 pm American EST) in order to process end of day transactions.

For our Bullion CFD, Commodity CFD, Index Future CFD, Cash Future CFD and Cryptocurrency CFD products, we typically price products whenever the Underlying Instrument is trading. If the Underlying Instrument is subject to exchange halt or suspension, then our pricing will typically be suspended or halted and clients will not be able to enter or exit positions.

Clients should be aware that where a suspension occurs we may restrict account withdrawals and raise Margin Requirements to ensure we have sufficient security against open positions.

4.10 WHAT PAYMENT OPTIONS DO I HAVE?

We offer a full suite of payment options for clients to open and fund their accounts and provide credit card funding for ease of providing secure electronic payment system to our clients. This is used for both instantaneously funding accounts and meeting Margin Calls.

We do not encourage the trading of leverage products using borrowed funds and do not accept non-cash collateral (e.g. no securities as deposits). Additional risks will arise where a client opens and funds their accounts using a leveraged product (including a credit card) as the client will be effectively increasing their leverage. There is a risk that the client could have higher interest costs and where the client experiences trading losses, it will lead to a greater risk of the client entering financial difficulty.

4.11 WHAT IS THE MINIMUM BALANCE TO OPEN AN ACCOUNT?

There is no minimum balance to open an Account except when related to certain promotions. AxiTrader may however set minimum opening balances at its discretion.

4.12 HOW DO YOU DEAL IN MARGIN FX CONTRACTS OR CFDS WITH US?

You may place orders to deal in Margin FX Contracts or CFDs by using our Trading Platform through a computer connected to the internet or your mobile telephone.

We will not accept orders or instructions from you through any other means, such as by email or telephone.

Subject to the above, it is possible for a third party to place orders on your behalf provided that a written and executed power of attorney or other permissible evidence of authority has been received and accepted by us.

4.13 WHAT ARE “LONG” AND “SHORT” POSITIONS?

You can take both ‘long’ and ‘short’ Positions. If you anticipate the rate or price of the contract to rise in value, then you take a ‘long’ or bought Position. If you anticipate the rate or price of the contract to fall in value, then you take a ‘short’ or sold Position.

You may take a short Position and in this way benefit from a fall in the value of the Underlying Instrument. However, if the value of the Underlying Instrument rises against your expectation and you subsequently close out the Position at a higher price, you will suffer a loss.

See section 4.5 above for examples of ‘long’ and ‘short’ Positions.
4.14 WHAT ARE MY “FREE EQUITY” AND “TOTAL EQUITY”?  
Your Total Equity is the aggregate of:
- the current cash balance in your Account;
- any accumulated Swap Charges; and
- your current unrealised profits and losses.

The Free Equity is Total Equity less any Initial Margin requirements and unrealised profit or loss on open Positions. This Free Equity is the amount you have available to satisfy any additional changes in Margin Requirements.

4.15 WHAT IS MARGIN?  
Margin is an amount you are required to hold in your Account to protect AxiTrader against the risk that you will be unable to meet your obligations to us.

Margin is initially the minimum amount of Free Equity required to enter into a Margin FX Contract or a CFD with us. This is also referred to as Initial Margin.

The level of Margin required to maintain open Contracts is called the “Total Margin Requirement” and includes Initial Margin and Variation Margin and is denominated in your Account Currency. Variation Margin is the value of unrealised losses (if any) on open contracts.

Total Margin Requirements will fluctuate with the value of the Underlying Instrument on which the contract is based. Further, where you deal in a contract that is denominated in a currency other than your Account Currency, your Total Margin Requirement will be affected by changes in value of the respective currencies.

See section 8 (Margin and Margin Calls) for more information.

4.16 WHAT IS A MARGIN CALL?  
A Margin Call is a demand for additional funds to be deposited into your Account to meet your Total Margin Requirement because of adverse price movements in your open positions or a change in Margin Requirement.

Your Total Margin Requirement can be reduced by electing to close one or more Positions.

See section 8 (Margin and Margin Calls) for more information.

4.17 HOW DO I CLOSE OUT A POSITION?  
You close a Position by selecting a Position in the Trading Platform and clicking the ‘Close’ button.

4.18 CAN I HOLD LONG AND SHORT POSITIONS AT THE SAME TIME?  
Yes, the Trading Platform will allow long and short Positions in the same instrument to be held at the same time.

You can partially close an open Position by opening up the order ticket and reduce the volume to the number of contracts to be closed. This will execute a transaction closing a portion of the open Position resulting in a settlement of profit or loss on the closed portion and a reduction in Margin Requirement. The balance of the open position will be retained.

Alternatively, you can enter into a transaction in the relevant instrument in the opposite direction to the open trade. This will open a new Contract partially offsetting the existing open position. Your Initial Margin requirement will reduce reflecting the net open Position in the instrument.

In addition, both long and short open Positions will be revalued against our current price at the bid and offer respectively, meaning that there is a net Variation Margin across all Positions equal to the bid – offer spread.

The wider the spread, the greater the Variation Margin and therefore the greater the Total Margin Requirement on the Account.

Alternatively, the open Position can be fully hedged by entering into a new offsetting Contract for the full amount of the open Position. The Initial Margin requirement on the net open position will be nil. However, again, all open Contracts will be revalued against our current Price and, given the difference between the bid and offer, there will be a Variation
Margin on the net open Position which must be maintained.
A widening of the bid – offer spread at any time may trigger the Liquidation Level. If the Liquidation Level is triggered, Positions may be closed by AxiTrader.

4.19 HOW ARE PAYMENTS MADE IN AND OUT OF MY ACCOUNT?

You may deposit funds by credit card, electronic transfer, B-Pay®, cheque or by other methods as disclosed on our Website. All funds must be cleared funds in your Account before they are treated as satisfying a Margin Call or can be made available for you to use in dealing in Margin FX Contracts or CFDs.

Payments using B-Pay® are not cleared funds in your Account at the time of use of B-Pay®. Generally, cleared funds are received in your Account 24 hours after the use of B-Pay®.

Withdrawals from your Account will be processed either by payment back to your card or through electronic funds transfer. We do not make payments to third-parties and may need to request proof of bank account details prior to making a payment to an account not previously used by a client.

4.20 DO I RECEIVE INTEREST ON FUNDS HELD IN MY ACCOUNT OR PAY INTEREST ON FUNDS I OWE TO YOU?

Interest will be calculated separately on each currency ledger after deducting Margin Requirements for instruments held and valued in those currencies.

We may charge interest on any debit balances in a currency ledger on your Account. We are solely entitled to any interest derived from client money being deposited in a trust account by us in accordance with the Australian Client Money Rules, with such interest being payable to us from the relevant trust account when we determine.

4.21 WHAT HAPPENS IF I HOLD A POSITION OVERNIGHT?

In relation to Margin FX Contracts and Bullion CFDs, a Swap Charge or Swap Benefit may accrue daily for any trades held past the market close at 5PM American EST (00:00 MT4 Server time) Monday to Friday. The Swap Charge or Swap Benefit is based on the relative interest rate between the two currencies. For example, if you were buying the AUD and selling the USD, and the Australian interest rate is higher than the US Interest rate, you would typically receive a positive Swap Benefit overnight. If you were selling the AUD-USD or going ‘short’, you would typically pay a Swap Charge. The Swap process is completed at 5PM American EST (00:00 MT4 Server time) Monday to Friday.

In relation to other products and for further information see section 9.3 (Swaps and Rollovers).

4.22 HOW DO I LEARN TO USE THE TRADING PLATFORM AND HOW TO DEAL WITH YOU?

Our Trading Platform contains an extensive user guide which is accessible from the ‘Help’ menu. AxiTrader also provides free practice accounts also known as “Demo” accounts. Contact our client services team for further details.

4.23 WHAT IF I NEED FURTHER INFORMATION?

You should speak to your financial advisor, or, alternatively, you can contact us by:

- Telephone: 1300 888 936 (Australia only) or +61 2 9965 5830
- Email: service@axitrader.com
- Website: www.axitrader.com
5. **KEY BENEFITS**

The use of our Margin FX Contracts and CFDs provide a number of benefits, which must, of course, be weighed up against the risk of using them. Benefits include the following:

5.1 **SPECULATION**

You can use these financial Products for speculation, or with the view to profiting from exchange rate fluctuations and the rises and falls in prices in the Underlying Instruments.

5.2 **MARKET POSITION**

You can potentially profit (and lose) from both rising and falling markets depending on the strategy you have employed. Strategies may be complex and will have different levels of risk associated with each strategy.

5.3 **LEVERAGE**

The use of our financial Products involves a high degree of leverage. These contracts enable a user to outlay a relatively small amount (in the form of Initial Margin) to secure an exposure to the Underlying Instrument. But you must be aware that this leverage can work against you as well as for you. The use of leverage can lead to large losses as well as large gains (see sections 6.1 and 6.3).

5.4 **TRANSACTION COSTS**

Over-the-counter products typically offer economic exposure to a wide range of Underlying Instruments at transaction costs that can be lower than when dealing in the Underlying Instrument. Acquiring an interest in bullion or a currency in the past typically required an investor to hold the asset in physical form. This involved transport and storage costs. As no right, obligation or entitlement to the Underlying Instrument attaches to dealing in OTC derivative products, this reduces the transaction costs. For the same reason, the difference between the buying and selling price (spread) is typically smaller in Products than in the physical markets.

5.5 **MULTIPLE ASSET CLASSES**

Over-the-counter derivative products allow investors to trade many different financial instruments in a single account without having to purchase the Underlying Instrument and transfer funds internationally. Through a single AxiTrader account an investor can speculate in multiple asset classes from multiple underlying economies.

5.6 **THE TRADING PLATFORM**

There are significant benefits associated with the use of our Trading Platform. These include:

- the ability to trade in small notional amounts as little as AUD1,000 or 0.01 of a standard Contract;
- Margin FX markets open at 05:00pm American EST1 Sunday and close at 05:00pm American EST1 on Friday.
- CFDs are generally available during times the Underlying Instrument is trading;
- Real-time streaming of quotes and the facility to check your accounts and positions in real time and 24 hours a day on any global market which is open for trading; and
- full control over your Account and Positions.

5.7 **WORKING ORDERS**

We offer clients a range of order types to assist in managing their Positions. Orders can be placed whenever the Underlying Instrument is open for trading.

**Important notice about this section:**

If you request placement of one of the types of orders described in this section, we have absolute discretion whether or not to accept and execute any such request.

**Stop-Loss Orders:**

A stop-loss order is an order placed with the aim of limiting the potential loss on an open Position. A stop-
loss order allows you to specify a price at which you wish to close out a Position or open a Position.

Stop-loss orders must be placed at a minimum distance from our current bid and offer prices. The minimum distance is specified on the Trading Platform and will be advised to you upon request.

We will execute a stop-loss order once the offer price reaches the order price in the case of a buy-order, or our bid price has reached the order price in the case of a sell-order.

We note that stop-loss orders are not guaranteed; the execution of such orders will depend on market volatility and liquidity. Once the stop-loss price is reached, the stop-loss order becomes a Market Order to buy or sell (depending on your instructions) and will be executed at the prevailing price. The execution price may be different from the stop-loss order price.

The operation of these order types should be discussed with one of our representatives. You should also refer to the Client Agreement with respect to the operation of these order types.

Stop-Entry Orders:

A stop-entry order is an order placed to open a new position or increase an existing Position at a price which is inferior to the current market price. You may choose to use this type of order when you only want to enter a Position after confirmation of a change or establishment of a trend.

We note that stop-entry orders are not guaranteed; the execution of such orders will depend on market volatility and liquidity. Once the stop-entry price is reached, the stop-loss order becomes a Market Order to buy or sell (depending on your instructions) and will be executed at the prevailing price. The execution price may be different from the stop-entry order price.

Stop-entry orders can be placed to open new Positions in all of our Products.

You should also note that stop-entry orders must be placed at a minimum distance from a current bid and offer prices, which distance is determined at our discretion. The minimum distance is specified on the Trading Platform.

Limit Orders:

A limit order may be used by you to either open or close a Position at a predetermined price that is more favourable to you than the current market price.

We will execute your limit order when our offer price has reached the price of your buy-limit order or our bid price has reached the price of your sell-limit order.

We note that limit orders are not guaranteed; the execution of such orders will depend on market volatility and liquidity. Once the limit price is reached, the limit order becomes a Market Order to buy or sell (depending on your instructions) and will be executed at the prevailing price. The execution price may be different from the limit order price.

How to place working orders with us:

Orders may be placed online via our Trading Platform. If you require assistance you should contact one of our representatives.

Fees for placing working orders:

There are no fees specifically associated with using working orders via our online Trading Platform.

Our right to impose order limits:

We retain the right to impose a limit on the number of open pending orders of each account to prevent the degradation of the Trading Platform. The limit is currently set at 100 orders – we retain the right to change this limit.
6. RISK WARNING

6.1 ARE AXITRADER'S PRODUCTS APPROPRIATE FOR YOU?

You must carefully consider whether AxiTrader's Products are appropriate for you in light of your personal circumstances, financial markets experience and investment objectives. In making this decision you should be aware you could both gain and lose large amounts of money. You could potentially lose all the funds you deposit into your Account. In addition, you could lose further amounts as explained below.

- If the market moves against your Position, or in the case of Commodity CFDs your Position is rolled over you may be required, at short notice, to deposit with AxiTrader further monies as Margin in order to maintain your Position. Those additional funds may be substantial. If you fail to provide those additional funds your Position may be liquidated if the Liquidation Level is triggered. You will be liable for any shortfall in your Account resulting from that liquidation.

- You could lose all moneys deposited with

- AxiTrader, and in addition, be required to pay AxiTrader further funds representing losses and fees on your open and closed Positions. For example, although you may only invest $1,000 in an Account as Margin, if the market moves against your Position, you could lose more than $1,000.

- Under certain conditions, it could become difficult or impossible for you or us to close or liquidate a Position. For example, this can happen when there is a significant change in prices over a short period or some change in government policy causes an Underlying Instrument to be suspended, closed or revalued. Refer to sections 6.2 and 6.7 for a more detailed explanation about these risks.

- AxiTrader will not or may be unable, in all circumstances, to accept your request to place an order. Refer to sections 6.2 and 6.7 for further details.

- If AxiTrader accepts your request to place an order, such an order may not always limit your losses to the amounts that you had intended.

- Market conditions may make it impossible to execute such orders. Refer to Section 6.2 for more detailed explanation about these risks.

- The high degree of leverage that is obtainable in dealing in AxiTrader Products 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.

We will not give you any personal financial product advice in relation to Margin FX Contracts or CFDs. Further, the client suitability process does not amount to personal financial product advice. We will only be providing you with general advice and as such, this advice will not take into account your objectives, financial situation or needs. Accordingly, you should obtain your own financial, legal, taxation and other professional advice as to whether Margin FX Contracts or CFDs are an appropriate investment for you.

6.2 MARKET RISK

Derivative instruments are speculative & volatile

Derivative instruments can be highly volatile due to the market conditions of the Underlying Instrument and the amount of leverage available. The prices of AxiTrader Products and their Underlying Instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled.

The prices of AxiTrader Products may be influenced by, amongst other things, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events.
Dealing is affected by factors in the Underlying Instrument

The prices of AxiTrader Products are derived from the prices in the Underlying Instruments. Under certain market conditions, it could become difficult or impossible for you to manage the risk of open Positions by entering into offsetting Positions in another Contract or closing existing Positions.

Sometimes markets move so quickly that “gapping” occurs. Gapping is the exposure to loss from failure of market prices or rates to follow a “smooth” or continuous path due to external factors such as global political or economic events. If “gapping” occurs in the Underlying Instrument, it will also be reflected in the price of the relevant AxiTrader Product. In this case, you may be unable to close out your Position or open a new Position at the price at which you have placed your order or may have liked to place your order.

The Underlying Instrument may lack liquidity, caused by insufficient trading activity or because the aggregate of all requests for orders at a particular price determined by us exceeds the available volume in that market. This may affect our ability to offer Margin FX Contracts or CFDs to allow you to close out your Position or open a new Position.

As a result, a potentially profitable transaction may not be executed, or it may not be possible to close out a Position in a timely fashion at the price you require. This may lead to reduced profits and high losses.

Trading in the Underlying Instrument may be suspended or halted. In such cases, AxiTrader may not be able to offer the corresponding AxiTrader Product, and it may not be possible for you to close out your Position or open a new Position.

As a result, a potentially profitable deal may not be executed, or it may not be possible to close out a Position in a timely fashion at the price you want, resulting in reduced profits or higher losses.

In any of these circumstances, we have the right to close your open Positions, limit the size of your open Positions, refuse to quote or execute transactions. You will be liable for any losses suffered in such circumstances. You should refer to clause 3.6 of the Client Agreement for more information.

Foreign exchange risks

Your Account is maintained in the currency you have nominated, that is, the Account Currency.

Where dealing in an AxiTrader Product that is denominated in a currency other than the Account Currency, all Margins, profits, losses and Swap Charges and Swap Benefits are calculated using the currency in which the relevant AxiTrader Product is denominated.

Accordingly, your profits or losses will be affected by fluctuations in the relevant foreign exchange rate.

Upon closing a position in an AxiTrader Product that is denominated in a currency other than the Account Currency AxiTrader will automatically convert all amounts into your Account Currency. Any conversion will be at the Exchange Rate quoted by AxiTrader (this may be different to the price quoted for a Margin FX Contract).

Until the foreign currency balance is converted to the Account Currency, fluctuations in the relevant foreign exchange rate will affect the ultimate profit or loss made on the Position when revalued in the Account Currency.

Loss caused by spread

Because of the difference between the buying and selling price, the relevant price must move favourably before you can break even. In other words, even if the contract price does not move at all and you close out your Position, you will incur a loss to the extent of the spread and of any AxiTrader fees.

Furthermore, the spread may be larger at the time you close out the Position than it was at the time you opened it.

Interest rate fluctuations

Should you deal in a Margin FX Contract, fluctuations in the interest rates applicable to those underlying currencies will affect Swap Charges. In some cases, these interest rates can vary widely and at short notice causing the Swap Charges to be significantly higher. If
you are holding a short Position in a high yielding currency, then the Swap Charges may cause significant losses.

Should you hold a long Position in a Bullion CFD, Index Future CFD, Commodity CFD or Cryptocurrency CFD and the interest rate of the currency in which it is denominated rises significantly then the value of the Position may drop significantly causing losses.

Should you hold a long Position in a Cash Future CFD and the interest rate of the currency in which it is denominated rises significantly then the value of the Position is likely to drop significantly causing losses however a financing credit will be realised.

**Rolling over Future CFDs**

Upon expiry of any future CFD, open Positions will be rolled on the expiry date of the CFD contract. AxiTrader will revalue the Position at the prevailing AxiTrader price. Clients are advised that the next serial CFD may trade at a premium or discount to the expiring contract and you may immediately have a profit or loss without conducting a new transaction.

**6.3 LEVERAGE & DEALING ON MARGIN**

You may incur losses due to a Margin FX Contract or CFD trading. These losses may be far greater than the money that you have deposited into your Account or are required to satisfy Margin Requirements. In addition, you could be required to pay further funds that represent losses and other fees on your open and closed Positions.

**Changes in Margin Requirements**

We may under clause 4.3 of the Client Agreement exercise our right to alter the Margin Requirements in relation to any of our CFDs or Margin FX Contracts at any time at our discretion. Notification of this alteration can be given to you either orally or in writing. The alteration will take immediate effect over the affected open Positions. This change will affect your Free Equity and may cause Positions to be liquidated.

If AxiTrader determines that Force Majeure Event exists, then it may (without prejudice to any other rights under the Client Agreement and at its sole discretion) increase the Margin Requirement. Whilst we endeavour to provide as much notice as possible this may occur without us being able to provide prior notice. Accordingly, you should be prepared at any time to have funds equal to the notional value of their Positions available to meet any increase in the Total Margin Requirement.

Where an Underlying Instrument is suspended or halted we will use the last traded price of that Underlying Instrument for the purposes of determining Margin Requirements and valuations. Where AxiTrader has reasonable grounds to believe that a different price reasonably reflects the value of the Contract then it may, at its absolute discretion, price the contract differently.

You will incur a Margin Requirement based on the value of the AxiTrader Product determined by us. If you do not satisfy that Margin Requirement we have the right, but not the obligation, to close that Position and you will be liable for any loss suffered.

**Risk Resulting from Margin Calls**

If the price moves against your open Position you may be required, at short notice, to deposit further moneys with us in order to satisfy your Total Margin Requirement and maintain your Position. The amount of the additional Margin may be substantial and failure to pay it promptly may result in:

- some or all of your open Positions being closed or liquidated by us;
- you being prevented from opening new Positions or extending existing Positions; and
- you being liable for interest charges on negative or debit balances.

Further, any additional funds must become cleared before they will be taken as satisfying your Margin Call. In some circumstances, your Positions may be liquidated before any additional funds that you deposit in response to a Margin Call have had the opportunity to become cleared funds.

You should note that when holding both long and short Positions in the same instrument (hedge) the
transactions are revalued for Margin purposes at their respective bid and offer prices. During periods of low liquidity, high volatility or prior to, or just following, the closing or opening of markets the spread may be wide resulting in increased Margin obligations. This may trigger the liquidation of Contracts even though the Position is hedged.

Clients are warned not to rely solely on AxiTrader issuing a Margin Call notification. It is your obligation to monitor Margin Requirements and to ensure they maintain sufficient Free Equity to meet any potential adverse movement. We do not guarantee that Margin Calls will be received or that sufficient time will be available to forward monies to avoid suffering losses.

**Margin Calls when Positions are Hedged or Partially Hedged**

Clients are permitted to have both long and short Positions in the same instrument at the same time. However, Margin Requirements still apply.

All open Contracts are revalued against the bid and offer respectively for the purpose of calculating Variation Margin. Due to the bid – offer spread Variation Margins will apply even though the net Position may be hedged.

A widening of the spread during periods of low liquidity or high volatility may mean that Variation Margins are significant. Where Free Equity is relatively small this may result in triggering the Liquidation Level causing all open Contracts to be closed.

Clients are reminded that all open Contracts are rolled independently and not on a net basis. This means that there is a net cost incurred when holding open offsetting open Contracts even when the net open Position may be nil.

Consequently, clients are advised to monitor Total Margin Requirements even when partially hedged.

**6.4 AXITRADER ACTS AS PRINCIPAL & PRODUCT ISSUER**

As AxiTrader issues the Products, you are exposed to the financial and business risks, including credit risk, associated with dealing with AxiTrader.

Protections normally associated with dealings on licensed markets are not available when trading in AxiTrader Products. For example, trading on the Australian Securities Exchange (ASX) generally has the benefit of a guarantee system known as the National Guarantee Fund which provides protection from fraud or misconduct by brokers in connection with certain ASX trades. Such guarantee funds do not apply to AxiTrader Products.

If you require further information about our financial position, please contact us and request a copy of our audited financial statements. These will be provided at no cost to you.

**6.5 COUNTERPARTY RISK**

You will be dealing with us as counterparty to every transaction and you will, therefore, have an exposure to us in relation to each transaction. This is common in all OTC financial market products.

As a consequence, you will be reliant on our ability to meet our counterparty obligations to you to settle the relevant Contract. There is a risk that we will not be able to meet our obligations under the relevant Contract. If we default on our obligations, you may become an unsecured creditor in an administration or liquidation.

AxiTrader’s creditworthiness as the Product issuer has not been assessed by an approved rating agency. This means that AxiTrader has not received an independent opinion of its capability and willingness to repay its debts from an approved source.

Furthermore, as we enter into hedge transactions with other counterparties in relation to the exposures arising from client transactions you are indirectly exposed to the risk of default by one or more of our counterparties.

**6.6 SEGREGATED ACCOUNTS**

It is important to note that the holding of client moneys in one or more trust accounts may not afford you absolute protection.
You could incur a loss, depending on the creditworthiness of AxiTrader, its covering counterparties or counterparties holding client segregated assets.

The purpose of trust accounts is to segregate our clients’ money, including your moneys, from our own funds. However, an individual client’s money may be co-mingled in one or more segregated client Accounts and this exposes clients indirectly to the risk of default by other clients who fail to settle their losses.

You are also exposed indirectly to the financial risks of the institutions with which we hold client monies.

Should there be a deficit in the segregated trust accounts and we become insolvent you will be an unsecured creditor in relation to the balance of the moneys owing to you.

What is an unsecured creditor?

In the event of our insolvency, as an unsecured creditor, clients will need to submit to the liquidator proof of the balance of AxiTrader’s obligations, as evidenced by their Account statements. Refer to section 7.4 of this PDS for information about how client monies are treated in this circumstance.

6.7 OUR DISCRETIONS

Under the Client Agreement, AxiTrader has certain discretionary powers. These include discretion not to accept orders, not to provide a quote or refuse to deal. clients should review the Client Agreement carefully and, if necessary, seek legal advice.

Circumstances in which AxiTrader may close client open Positions

Clients should be aware that under the Client Agreement AxiTrader has the right, whether with or without prior notice, to refuse to quote, refuse to deal and close out all or part of clients’ open Positions if an Event of Default or Force Majeure Event arises. These events include the suspension of an Underlying Instrument from which an AxiTrader Product is derived.

In such circumstances, although AxiTrader may attempt to provide notice it may not always be possible and we are not obliged under the Client Agreement to provide such notice.

AxiTrader reserves the right to close a client’s open Positions if a Product is removed from our Product Schedule. Circumstances in which we may remove a Product include when the Underlying Instrument is prohibited by a government or by regulations from being traded.

Right to limit Open Positions

AxiTrader has the right under the Client Agreement to limit the size of a client’s open Positions, whether on a net basis (difference between short Positions and long Positions) or gross basis (aggregate of short Positions or long Positions).

This may occur for example, because of some event in the Underlying Instrument or in order to limit our exposure to an Underlying Instrument or client or otherwise protect AxiTrader’s interests.

Right to refuse transactions

AxiTrader has the right under the Client Agreement to refuse any transaction or order for any reason. Circumstances in which AxiTrader may decide to do so include, but are not limited to the following:

- where AxiTrader is, in its opinion, unable to maintain an orderly market in any one or more of the Products as a result of the occurrence of any act, omission or event (including any specific or general circumstance beyond AxiTrader’s control such as a natural disaster, political or regulatory occurrences or upheaval, disruption to, communications, power or other infrastructure);
- the suspension, closure, liquidation or abandonment of any relevant market or Underlying Instrument;
- the imposition of limits or special or unusual terms in the relevant markets or Underlying Instrument such as the prohibition of short selling in an Underlying Instrument or the introduction, change or abandonment of any price controls;
• the excessive movement, volatility or loss of liquidity in the relevant markets or Underlying Instrument;
• when AxiTrader, in its opinion, considers it necessary for the protection of its rights under the Client Agreement; or
• when AxiTrader considers that the client may be in possession of "inside information" as defined by the laws of the relevant country.

6.8 REGULATORY & SOVEREIGN RISK
Changes in taxation and other laws, government fiscal, monetary and regulatory policies may have a material adverse effect in your dealings in Contracts with us.

6.9 WARNING REGARDING ONE-CLICK DEALING
The Trading Platform dealing tickets can be operated on a single click. Clients are warned that once an instruction to buy or sell is passed they will not be provided with an opportunity to check the details of the instruction before it is sent to AxiTrader. Consequently, clients should take additional care that their instructions are correct.

6.10 OPERATIONAL RISKS
Electronic Advisors
Clients are advised of the risks in utilising electronic trading advisors. AxiTrader bears no responsibility for the performance of these trading systems and will accept no responsibility for losses arising from their use whatsoever.

Communication Networks
When using the Trading Platform transactions are conducted over the internet. Clients are therefore exposed to the operational risks associated with transmitting instructions over communication networks. This includes but may not be limited to:

• Reliability and stability of local and international communication connections;
• Reliability and stability of clients’ own personal computer or internet connection.

Trading Platform
There are operational risks associated with any trading platform and any disruption to our Trading Platform may mean that you will be unable to trade in the Product with us when desired. Accordingly, you may suffer a loss as a result caused by a delay in our operational processes such as communications, computers, computer networks, software or external events that cause delays in the execution of a transaction. We do not accept or bear any liability whatsoever in relation to the operation of the Trading Platform, except to the extent that it is caused by fraud or dishonesty on our part or on the part of our employees.

We reserve the right in unforeseen and extreme market situations to suspend the operation of our Trading Platform or any part or section of it. In such an event, we may, at our sole discretion, and under the Client Agreement, with or without notice, close out your open Contracts at prices we consider fair and reasonable at such time.

6.10 EVENT OF DEFAULT
In an Event of Default as defined in clause 9.1 of the Client Agreement, we may take all or any of the actions identified in clause 9.2 of the Client Agreement.
7. HOLDING YOUR MONEY

7.1 TRUST ACCOUNT

We will handle all client funds we receive in accordance with and subject to the Australian Client Money Rules. Where required, client funds will be paid into a trust account maintained by us with an authorised deposit-taking institution (ADI).

However, you should note that we are entitled, amongst other things, to:

- pay, withdraw, deduct or apply any amounts from your money held in any trust account or used by us as permitted by the Australian Client Money Rules.

Client Money Rules. The Australian Client Money Rules relevantly permit us to withdraw money from the segregated trust account in the following circumstances:

a) to defray brokerage and other proper charges (e.g. commissions);

b) to pay us other money to which we are entitled; and

c) where interest is earned on the account, and we have disclosed to you that we intend to keep any interest payments.

We do not hold individual segregated accounts and your moneys will be co-mingled into one or more trust accounts with our other clients’ moneys.

We are also obliged to deposit any moneys due to you in relation to dealings in our Products and we must deposit them into a trust account.

Those obligations to you under the Client Agreement and our Products are unsecured obligations, meaning that you are an unsecured creditor of us.

We are solely entitled to any interest derived from client money being deposited in a trust account by us in accordance with the Australian Client Money Rules, with such interest being payable to us from the relevant trust account when we determine.

7.2 RECORD-KEEPING, RECONCILIATION AND REPORTING UNDER THE AUSTRALIAN CLIENT MONEY RULES

Under the Australian Client Money Rules, we are required to comply with various record-keeping, reconciliation and reporting obligations in relation to any “reportable client money” we hold. “Reportable client money” is money held by a retail client in connection with OTC derivatives or overseas exchange-traded derivatives (such as foreign futures contracts).

Under these client money reporting rules, we must:

- keep accurate records of the amount of reportable client money we receive from you, and retain them for a minimum of seven years;

- perform a daily and monthly reconciliations of the amount of reportable client money we have recorded against the amount actually held in the client money account, some of which will include your client money;

- notify ASIC within five business days if we fail to perform a reconciliation in accordance with the client money reporting rules or if we identify a discrepancy when performing a reconciliation;

- prepare and give to ASIC an annual directors’ declaration and an external auditor’s report on our compliance with the client money reporting rules within three months of the end of the financial year; and

- establish, implement and maintain policies and procedures designed to ensure our compliance with the client money reporting rules.
7.3 CLIENT CLASSIFICATION AS RETAIL OR WHOLESALE CLIENTS

AxiTrader on-boards all clients as retail clients. If you wish to be treated as a wholesale client, we will require additional documentation to evidence that you meet one of the wholesale client categories under the Corporations Act. If you satisfy the criteria to be classified as a "wholesale client", we will classify you as such.

Please note that we will assess your wholesale client or retail client status from time to time using a financial value test as follows:

Under Corporations Act Reg 7.1.22, when calculating whether the $500,000 test is met in respect of a derivative, the value of the derivative is calculated by the notional value of the derivative. This means, that, for example, a client who enters into a derivative with a notional value of $500,000 will be regarded as a wholesale client, even if the position has a leverage of 100 times such that the client is only required to deposit $5,000 as Initial Margin.

Under Corporations Act Reg 7.1.17B a number of different derivatives (short or long) can be aggregated together to meet the $500,000 threshold if they are entered into "at or about the same time".

We will notify you in writing if you meet the required threshold to be classified as a wholesale client under the financial value test. If you request to be opted out from being classified as a wholesale client within 5 business days of our notification, we will ensure you retain retail client status.

If at any time you request to be treated as a retail client permanently, you will be classified as such and will not be subject to reclassification thereafter.

We will also provide you with an annual notice of your current classification as a wholesale client or a retail client.

Funds held in trust on behalf of a wholesale client may be used by AxiTrader to meet its obligations incurred in connection with margining, guaranteeing, securing, transferring, adjusting or settling dealings in derivatives, including dealings on behalf of other clients.

This may result in a shortfall in respect of your client money entitlement.

7.4 PROTECTION AFFORDED BY THE AUSTRALIAN CLIENT MONEY RULES

Under the Australian Client Money Rules, we must hold your moneys on trust. Furthermore, the Australian Client Money Rules provide that in the event that we lose our AFSL, become insolvent, merge with another licensee or cease to carry on some or all of the activities authorised by the licence, client money held by us or an investment of client money, will be dealt with as follows:

- money in the trust account is held in trust for the persons entitled to it, and is paid in the order set out below;
- if money in the trust account is invested, the investment is likewise held in trust for each person entitled to money in the account;
- the money in the account is to be paid in the following order:
  i. money that has been paid into the account in error;
  ii. the next payment is payment to each person who is entitled to be paid money from the account;
  iii. if the money in the account is not sufficient to be paid in accordance with the above paragraphs, the money in the account must be paid in proportion to the amount of each person's entitlement; and
  iv. if there is any money remaining in the account after payments made in accordance with the above paragraphs, the remaining money is payable to us.

These rules override anything to the contrary in the Australian Bankruptcy Act 1966, in the Corporations Act or other law or any provision included in the Client Agreement.
7.5  WARNING ABOUT TRUST ACCOUNTS

It is important to note that our holding your moneys in one or more trust accounts may not afford you absolute protection.

The purpose of trust accounts is to segregate our clients’ money, including your moneys, from our own funds. However, an individual client’s money is comingled into one or more segregated client Accounts.

Furthermore, segregated trust accounts may not protect your money from a default in the segregated customer accounts.

Should there be a deficit in the segregated trust accounts, then in the unlikely event that we become insolvent, you will be an unsecured creditor in relation to the balance of the moneys owing to you.

7.6  WHAT IS AN UNSECURED CREDITOR?

In the event that you become an unsecured creditor of us, you will need to lodge a proof of debt with the liquidator for the amount of moneys that are owing to you as evidenced by your account statements. The liquidator then assesses all proofs of debts to determine which creditors are able to share in the assets of the company, and to what extent depending on the amounts owing to them and any priority they may have to be paid.

8.  MARGINS AND MARGIN CALLS

8.1  MARGIN AND MARGIN CALLS

Margin FX Contracts and CFDs are subject to Margin Requirements, which is your responsibility to meet to maintain your Positions.

There are two components of the Margin, which you may be required to pay in connection with Positions. These are the Initial Margin and Variation Margin.

8.2  INITIAL MARGIN

The Initial Margin is an amount of money, which is due from you at the time the Position is entered into. The Initial Margin is security to protect ourselves against possible market movements.

When you open a Position with us in Margin FX Contracts and CFDs you will need to have sufficient Free Equity in your Account to satisfy the Margin Requirement for that Position. Margin Requirements vary with each product and a list of current Standard Margin Rates is set out in the AxiTrader Product Schedule available on our Website.

8.3  EXAMPLES OF MARGIN REQUIREMENTS

Examples of the calculation of the Margin Requirement for various types of CFDs follow. You should refer to the AxiTrader Product Schedule for the current Margin Requirements applicable for each instrument.

Margin FX Margin Requirements

The Initial Margin requirement on Margin FX rate will be calculated by using two factors; your account leverage setting and the symbol’s standard margin rate. Your Margin Requirements on Cash Future CFDs can be calculated as follows: Lot volume x contract size x contract price / account leverage x standard margin factor.

For example, to buy one lot of EURUSD Margin FX contracts at 1.2000 with a 1% standard margin rate, the Margin Requirements would be calculated as follows: For a client with an account leverage of 100:1 the margin requirement is calculated as 1 lot x EUR
100,000 x 1.20000 price /100 leverage * 1 standard margin factor = EUR 1,200.

For a client with a higher account leverage of 400:1 the margin requirement is calculated as 1 lot x EUR 100,000 x 1.20000 price /400 leverage * 1 standard margin factor = EUR 300.

**Bullion CFDs Margin Requirements**

The Initial Margin Requirement on Bullion CFDs is generally 1% of the notional value of your Position. Margin Requirements on Bullion CFDs are calculated as follows: Margin Requirement = Contract Quantity x contract price x Margin Percentage.

For example, to buy 100 ounces (1 standard contract) of XAUUSD Bullion CFDs at a price of USD750 the Margin Requirement would be calculated as follows: (100 x 750) x 1% = USD 750.

**Cash Future CFDs Margin Requirements**

Cash Futures CFDs Initial Margin rate will be calculated by using two factors: your account leverage setting and the symbol's standard margin rate. Your Margin Requirements on Cash Future CFDs can be calculated as follows: Lot volume x contract size x contract price / account leverage x standard margin factor.

For example, to buy one Lot of USOIL CFDs trading at $70.00 with a 4% standard margin rate, the Margin Requirements would be calculated as follows: For a client with a leverage of 100:1 the margin requirement is calculated as 1 lot x 10 barrels x $70.00 price /100 leverage * 4 standard margin factor = USD 28.00.

For a client with a higher leverage of 400:1 the margin requirement is calculated as 1 Lots x 10 barrels x $70.00 price /400 leverage * 4 standard margin factor = USD 7.00.

**Commodity CFDs Margin Requirements**

The Initial Margin requirement on Commodity CFDs is generally 1%. Commodity CFDs have minimum point increments (or “ticks”) of between 0.01 and 1.0. As a result, your Margin Requirement can be calculated as follows: Margin Requirement = (Margin Percentage x current contract price / minimum point increment) x Contract Quantity.

For example, to buy 10 USWTI CFDs at a price of USD70, the Margin Requirement would be calculated as follows: (1% x 70/0.01) x 10 = USD 2,100.

Please refer to AxiTrader’s Product Schedule for individual commodity tick values.

**Index Cash CFDs Margin Requirements**

The Index Cash CFDs Initial Margin rate will be calculated by using two factors: your account leverage setting and the symbol’s standard margin rate. Your Margin Requirements on Index Cash CFDs can be calculated as follows: Lot volume x contract size x contract price / account leverage x standard margin factor.

For example, to buy two Lots of GER30 Index Cash CFDs trading at 12,000 with a 4% standard margin rate, the Margin Requirements would be calculated as follows: For a client with a leverage of 100:1 the Margin Requirement is calculated as 2 lots x 1 EUR x 12,000 price /100 leverage * 4 standard margin factor = EUR 960.

For a client with a higher account leverage of 400:1 the Margin Requirement is calculated as 2 lots x 1 EUR x 12,000 price /400 leverage * 4 standard margin factor = EUR 240.

**Index Future CFDs Margin Requirements**

The Initial Margin requirement for Index Future CFDs is generally 1% of the notional value of the Position. Margin Requirements on Index Future CFDs can be calculated as follows: Margin Requirement = Margin Percentage x contract price x Contract Quantity.

For example, to buy 10 AUS SPI 200 Index Future CFDs trading at 6,000, the Margin Requirement calculation would be as follows: 1% x 6,000 x 10 = AUD 600.

**Cryptocurrency CFD Margin Requirements**

The Initial Margin requirement on Cryptocurrency CFDs is generally 80% of the notional value of your
Position. Margin Requirements on Cryptocurrency CFDs are calculated in USD using a forex formula that incorporates the account leverage factor as follows: 
\[
\text{Margin Requirement} = \text{Contract Quantity} \times \text{contract size} \times \text{contract price} / \text{account leverage} \times \text{Initial Margin factor}.
\]
For example, to buy 2 Bitcoin (standard contracts size of 1) of BTCUSD CFDs at a current market price of USD 4,000 and 1:400 account leverage and 80% Initial Margin. The Margin Requirement would be calculated as follows: 2 x 1 x USD 4,000 x 1/400 x 80 = USD 1,600.

8.4 TOTAL EQUITY BALANCES
The Total Equity of your Account will fluctuate reflecting the money you have deposited in your Account, the dealings you have conducted and the Positions you hold.

Your Total Equity and Margin Requirements are revalued in line with movements in our prices.

Once a Position is opened, the Total Margin Requirement must always be maintained for the open Position(s). It is your responsibility to ensure that your Account is sufficiently funded at all times, especially during volatile trading periods.

To assist you, Total Equity and Free Equity together with Total Margin Requirement are available on the Trading Platform and are published in a daily statement.

You will only be allowed to withdraw funds up to the ledger balance in your Account. Clients must maintain a positive ledger balance (in cleared funds) whilst Positions are open. Additionally, you will only be allowed to deal and maintain open Positions on the basis of cleared funds in your Account, not on promised funds or funds in transit.

8.5 PROFITS AND LOSSES
Profits made from your dealing activities increase the Total Equity in your Account. Losses made as a result of your dealing activities decrease the Total Equity balance on your Account, and therefore the Total Equity available for dealing in Margin FX Contracts and CFDs or holding Positions.

8.6 VARIATION MARGIN
The Variation Margin is an amount payable when a Position moves against you. Again, this amount is determined by us in our discretion and is intended to protect us against unrealised losses which you may have suffered.

The Variation Margin liability is incurred at the time of the occurrence of any movement in the market that results in an unrealised loss.

8.7 CHANGE TO MARGIN REQUIREMENTS
We may under the Client Agreement exercise our right to alter the Margin Requirements of any Margin FX Contract or CFD at any time at our discretion.

Furthermore, if we determine that a Force Majeure Event exists then we may, without prejudice to any other rights under the Client Agreement and at our sole discretion, take any one or more of the steps outlined in clause 14.5 of the Client Agreement.

One of the steps that we may take is to increase the Margin Requirements from that specified up to 100%. Accordingly, in extreme cases, you should be prepared at any time to have funds equal to the notional value of your Margin FX Contract or CFD available to meet any increase in the Margin Requirements by us.

8.8 MONITORING MARGIN REQUIREMENTS
Clients are responsible for monitoring their Margin Requirements. Positions are revalued whilst markets are open and clients can monitor the requirements within the Trading Platform.

If the value of the Position moves against you, then you will be required to deposit additional funds (Variation Margin) and, if so, you will be subject to a Margin Call; i.e. to pay additional Margin or, alternatively, to close the Position in order to reduce your Initial Margin. In other words, you must maintain sufficient Free Equity in your Account in cleared funds to cover any increases in your Total Margin Requirement. If your Total Margin Requirement
exceeds your Total Equity, your Account will be placed on Margin Call. If your Account reaches the Liquidation Level some or all of your Positions may be liquidated.

8.9 NOTIFICATION OF MARGIN CALL

When an Account has insufficient funds to satisfy the Total Margin Requirements a Margin Call is generated and sent to the email address provided by the Client to AxiTrader. Clients are advised that they must maintain sufficient Free Equity to meet the Total Margin Requirement at all times. We are not obliged to allow time to forward funds to meet Margin Calls as markets can be volatile and AxiTrader may without notice, in its discretion, close out all or some Positions if the Margin Requirements are not satisfied.

Clients are warned not to rely solely on AxiTrader issuing a Margin Call email or notification. It is the client’s obligation to monitor Margin Requirements and ensure they maintain sufficient Free Equity to meet any potential adverse movement. We do not guarantee that Margin Calls will be received by you or that sufficient time will be available for you to forward monies to avoid suffering losses.

Derivatives can be highly volatile and consequently we can make Margin Calls at any time. It is your responsibility to monitor and manage your open Positions and exposures and ensure Margin Calls are met as required.

8.10 MARGIN CALLS WHERE SEVERAL POSITIONS ARE OPEN

Margin Calls will be made on a net Account basis, i.e. should you have several open Positions Margin Calls are netted across all open Positions. In other words, the unrealised profits of one Position can be used or applied as Initial Margins or Variation Margins to offset the unrealised losses of another Position.

However, should a client have another account any Free Equity will not be taken into consideration when assessing Margin Requirements. In other words, each Account is assessed individually and separately.

Note that any Free Equity in one account may be applied by AxiTrader to settle a deficit in another account.

8.11 MARGIN CALLS WHERE POSITIONS ARE HEDGED OR PARTIALLY HEDGED

Clients are permitted to have both long and short positions in the same instrument at the same time. However, Margin Requirements still apply.

By holding open an equal number of both bought and sold Contracts the Initial Margin will be partially offset. Clients will still be charged an Initial Margin but at a reduced rate.

In addition, all open Contracts are revalued against the bid and offer respectively for the purpose of calculating Variation Margin. Due to the bid – offer spread Variation Margins will apply even though the net Position may be hedged.

A widening of the spread during periods of low liquidity or high volatility may mean that Variation Margins are significant. Where Free Equity is relatively small this may result in triggering the Liquidation Level causing all open Contracts to be closed.

Clients are reminded that all open Contracts are rolled independently and not on a net basis. This means that there is a net cost incurred when holding open offsetting open Contracts even when the net open Position may be nil.

Consequently, clients are advised to monitor Total Margin Requirements even when partially hedged.

8.12 PAYMENT OF MARGIN CALLS

As pointed out in section 8.8, if your open Positions move against you and your Free Equity balance falls below your Total Margin Requirement, your Account will be placed on Margin Call.

Restoring your Free Equity and satisfying your Margin Call obligations will require:

- closing or reducing one or more of your open Position(s) in order to reduce your Total Margin Requirement; and/or
• depositing additional funds into your Account in order to satisfy the Total Margin Requirement.

If you choose to deposit additional funds into your Account, these additional funds must be cleared funds before they will be treated as having satisfied your Margin Call obligations.

Once your Free Equity balance falls below your Total Margin Requirement, you may be restricted from dealing on your Account until your Free Equity balance meets or exceeds your Total Margin Requirement.

8.13 FAILURE TO MEET MARGIN CALLS

If you fail to meet any Margin Call, or where we do not have time to make a Margin Call, then we may in our absolute discretion and without creating an obligation to do so, close out, without notice, all or some of your open Positions (or transactions) and deduct the resulting realised loss from your account.

8.14 REVALUATION OF POSITIONS

Under the terms of the Client Agreement, we may in our discretion revalue open Positions to market to bring forward the payment of unrealised profits and losses on those Positions. We have the right to limit the size of your open Positions, whether on a net or gross basis under any appropriate circumstances as determined by us.

8.15 LIQUIDATION LEVEL

We may place a liquidation order for your open Position(s) when your Total Equity balance falls below the Liquidation Level or zero, whichever is the greater. At or below this Liquidation Level, we may liquidate some or all of your open Positions. However, we do not represent or warrant that we will place such liquidation orders, that they will be executed, or that your open Positions will be closed out at any particular level. You are responsible for losses that you may incur, despite us having the right to close out your Position before the losses were incurred.

Liquidation Level is the ratio between Total Equity and Margin Requirement.

\[
\text{Liquidation Level} = \frac{\text{Account Balance +/-}}{\text{Unrealised Profits}} \times \text{Margin Requirement}
\]

The Liquidation Level is specified in the Product Schedule and within the Trading Platform. We may vary the Liquidation Level by providing details on the Website and in our Product Schedule or otherwise in accordance with the Client Agreement.

8.16 ORDER OF POSITION CLOSURE

In circumstances in which an Account becomes subject to forced closure (Liquidation) and there are open Contracts in a number of AxiTrader Products or multiple Contracts open in the same Product, Contracts will be closed according to the following rules:

• Contracts which are currently open and quoted by AxiTrader;
• The Contract with the largest Initial Margin requirement will be closed first; and
• Remaining contracts will be closed in descending order based on their Initial Margin requirement.

For any open position in an AxiTrader Product closed for trading, suspended or halted the liquidation will be effected when trading resumes at the opening price quoted by AxiTrader should the Liquidation Level still be in breach.
9. FEES, COSTS AND CHARGES

9.1 GENERAL
The fees and charges when dealing in Margin FX Contracts and CFDs may incorporate any or all of the following:

- Margin Requirements;
- Swap Charges and Rollover Charges;
- interest charges applied to debit balances in your Account;
- exchange fees; and
- administration charges.

The Product Schedule available on our Website sets out the current fees and commissions charged on Pro Accounts, the Margin Requirements and administration charges.

9.2 COMMISSIONS

Standard Account
No commissions are charged on transactions executed in our Standard Accounts.

Our transaction fees are incorporated into the AxiTrader spread, being the bid-offer spread for each product. Because we deal as principal, the prices we offer you may not be the same as those in the Underlying Market and may be wider.

The price offered to you may depend upon a number of factors including transaction size, term of the Product, our business relationship with you, the prevailing Underlying Market rates and in the case of swaps and rollovers on the differing interest rates applicable to the currency pair involved in a margin foreign exchange transaction.

Pro Account
Our commission on Pro Accounts pays for our clearing and aggregation costs, together with our cost of providing the service to you.

The commissions are set out in the Product Schedule available on our Website.

9.3 SWAPS AND ROLLOVERS

In relation to Margin FX Contracts and Bullion CFDs a Swap Charge or Swap Benefit may accrue daily for any open contracts as at the market close (5PM American EST (00:00 MT4 Server time Monday to Friday).

In relation to Cash Future CFDs no daily Swap Charge or Swap Benefit will accrue. However, for any Contracts open at the expiry date, a Rollover Charge or Rollover Benefit will accrue. These rollovers occur every 1 or 3 months depending on the Underlying Instrument. Financing charges apply to Cash Future CFDs.

Costs when Positions are Hedged or Partially Hedged
Clients are permitted to have both long and short positions in the same instrument at the same time. However, costs apply.

All open Positions are rolled independently and not on a net basis. This means that there is a net cost incurred when holding open offsetting open Positions even when the net open position may be nil.

Margin FX Contracts & Swaps
Any Swap Benefit or Swap Charge for Margin FX Contracts is dependent on the currency pair, the applicable swap rate in the interbank markets for the relevant dates, the size of the Position and the AxiTrader spread that is applied at our discretion.

The interbank swap rate that is applied reflects the interest rate differential between the two currencies, the demand for funds in those currencies and the prevailing market conditions.

Example: If you hold a long Australian Dollar / US Dollar (AUD/USD) Position over end of day and interest rates are higher in AUD than in USD, then you may receive a Swap Benefit. This is because you are long the high yielding currency. Conversely, if you were short AUD/USD in the above scenario then you may incur a Swap Charge. In circumstances where the two interest rates are near parity, almost equal to each other, a Swap Charge may be imposed for both long
and short open Positions, because of the impact of the AxiTrader spread.

**Bullion Swaps**

Any Swap Benefit or Swap Charge for Bullion CFDs is a variable rate dependent on the applicable swap rate in the Underlying Instrument for the relevant dates, the size of the Position and the AxiTrader spread that is applied at our discretion.

The Swap Charge or Swap Benefit is calculated by multiplying the total notional value of the Position by the swap rate.

**Example:** In general, interest rates on United States Dollars are higher than bullion lending rates. In this scenario, long parties to a Bullion CFD would typically incur a daily Swap Charge for Positions held over the market close. Conversely, short parties to a Bullion CFD will typically receive a Swap Benefit.

**Future CFD Swaps**

**There is a cost incurred when rolling Index Future CFD contracts. The cost is equal to the value of the bid – offer spread in the AxiTrader price.**

Rollover arises when the Underlying Instrument of the AxiTrader Product is due for expiry and AxiTrader commences deriving its price from the Next Serial Futures Contract. As the Next Serial Futures Contract will trade at either a discount or premium to the expiring futures contract the change in Underlying Instrument for revaluation purposes will cause a profit or loss on an AxiTrader account. The Swap Charge or Swap Benefit applied by AxiTrader adjusts for this revaluation but Positions that are rolled do incur the cost of the bid – offer spread.

In order to minimise the bid – offer spread AxiTrader typically switches from using the front month to the next serial contract 1-2 Trading Days prior to the Underlying Instrument’s last Trading Day when liquidity can be limited.

**Example:**

You are the Long Party to 10 AUS SPI200 Contracts at a price of 5,950.

The Underlying Instrument is the March ASX S&P200 and is due to expire when the June contract will become the Underlying Instrument.

The prevailing prices are set out below:

<table>
<thead>
<tr>
<th></th>
<th>AUD200 CFD</th>
<th>March Future</th>
<th>June Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Rollover</td>
<td>5,919 – 23</td>
<td>5,920 – 22</td>
<td>5,935 – 37</td>
</tr>
<tr>
<td>After Rollover</td>
<td>5,934 – 38</td>
<td>5,920 - 22</td>
<td>5,935 – 37</td>
</tr>
</tbody>
</table>

Your long position is currently revalued at the AxiTrader bid of 5,919 and the unrealised profit is calculated as follows:

\[(\text{Current Bid} – \text{Entry Price}) \times \text{AUD25.00} \times 10 \text{ Contracts} \]

\[(5,919 – 5,950) \times \text{AUD25} \times 10 = (\text{AUD 7,750}) \text{ Loss} \]

When the AxiTrader Product is derived from the next serial contract the unrealised profit will be:

\[(5,934 – 5,950) \times \text{AUD25} \times 10 = (\text{AUD 4,000}) \text{ Loss} \]

Due to the change in revaluation the unrealised loss will be reduced by AUD 3,750.

To adjust for this revaluation, AxiTrader applies a Rollover Charge using the following calculation:

\[ (\text{Opening Price New Contract} – \text{Closing Price Expiring Contract}) \times \text{AUD25.00} \times 10 \text{ Contracts} \]

\[(5,937 – 5,920) \times \text{AUD25.00} \times 10 \text{ Contracts} = \text{AUD 4,250 Debit} \]

The net effect of the revaluation and swap adjustment is:

\[ \text{Revaluation – Swap Adjustment} = \text{AUD 3,750} – \text{AUD 4,250} = (\text{AUD 500}) \text{ Loss} \]

That is, the net cost is equal to the value of the bid – offer spread in the AxiTrader Price.

If you were the Short Party to this contract in the same circumstances the revaluation would have resulted in a reduced unrealised profit. The Rollover Benefit would be a positive amount to compensate for the revaluation.
effect and the net cost would again be equal to the bid – offer spread in the AxiTrader Price.

Rollovers typically occur on a quarterly basis for Commodity CFDs and Index Future CFDs. However, the CAC40 is rolled on a monthly basis.

9.4 SETTLEMENT OF SWAP AND ROLLOVER CHARGES AND BENEFITS

Rollover Charges, Rollover Benefits, Swap Charges and Swap Benefits are accrued in the swap value field of the open trade Position when performed daily and are included in the calculation of Free Equity. When the Position is closed the total Rollover Charges are debited from the client Account in the Account Currency. In the event that there are insufficient funds in your Account the Fees will be debited and any balance due becomes a debt due and owing by you to us.

9.5 CONVERSION FEES

Profits or losses accumulated in your Account in currencies other than the Account Currency nominated by you will be converted to the nominated Account Currency, but at spreads that may differ from those shown on the Trading Platform.

9.6 INTEREST CHARGES APPLIED TO BALANCES

If you fail to make any payment required under the Client Agreement when it falls due, interest will be charged on the outstanding sum at a rate of 5% per annum over the cash rate determined and published by the Reserve Bank of Australia (or equivalent foreign government authority). Interest accrues and is calculated daily on the outstanding sum from the date payment was due until the date the client pays in full and is compounded monthly.

9.7 ADMINISTRATION CHARGES

Certain administrative fees and charges apply to our Services. These may include:

- deposit and withdrawal fees;
- international remittance fees;
- duplicate statements and audit letter fees; and
- debt collection or returned cheque fees.

Current fees and charges are set out in the Product Schedule.

10. TAXATION IMPLICATIONS

This section contains a summary of the Australian taxation implications for Australian residents dealing in Margin FX Contracts and CFDs, and is based on Australian taxation laws as at the date of this PDS. It is provided for guidance only.

Australian residents and non-Australian residents should, therefore, seek professional taxation advice that is based on their individual circumstances and in the case of non-residents the taxation laws of both Australia and their country of taxation.

10.1 TAXATION RULING: CONTRACTS FOR DIFFERENCE

The approach of the Commissioner of Taxation to the income tax and capital gains tax consequences of dealing in financial contracts for difference, such as CFDs, is reflected in Taxation Ruling 2005/15. We set out a summary of that ruling below which we believe is also relevant to the income tax treatment of Margin FX Contracts.


It is the Commissioner’s view that any gain a taxpayer makes from dealing in a CFD will be assessable income under section 6-5 of the Income Tax Assessment Act 1997 (ITAA 1997), while any loss it makes from dealing in CFD will be an allowable deduction under section 8-1 of ITAA 1997 provided that:

- the CFD transaction is entered into as an ordinary part of carrying on a business; or
- the profit is made, or the loss is incurred, as a consequence of a business operation or commercial transaction entered into for the purpose of profit-making.

A gain from dealing in a CFD will also be assessable income under section 15-15 of ITAA 1997 where a taxpayer is carrying on, or has carried out, a
profitmaking undertaking or scheme, and the gain from it is not assessable under 6-5 of ITAA 1997. Correspondingly, a loss from dealing in a CFD where the gain would have been assessable under section 15-15 of ITAA 1997 is an allowable deduction under section 25-40 of ITAA 1997.

A gain or a loss from a CFD entered into for the purposes of recreation by gambling will not be assessable under either section 6-5 or 15-15 of ITAA 1997, or deductible under section 8-1 or 25-40 of that Act.

The Commissioner is also of the view that a capital gain or a capital loss from a CFD entered into for the purpose of recreation by gambling will be disregarded under paragraph 118-37 (1)(c) of ITAA 1997.

10.2 ADDITIONAL MATTERS NOT COVERED BY RULING

The following matters are also relevant when dealing in CFDs.

Capital Gains Tax


However, to the extent that a gain from dealing in a CFD as a result of a CGT Event is assessable under section 6-5 or 15-15 of ITAA 1997, a capital gain arising from the event is reduced (section 118-20 of ITAA 1997). To the extent that a loss made from dealing in a CFD is deductible under sections 8-1 or 25-40 of ITAA 1997, the reduced cost base of the asset is reduced, thereby reducing the amount of the capital loss (subsection 110-55(4) of ITAA 1997).

Finally, in calculating any capital gain or loss, a taxpayer is entitled to take into account the cost of acquiring, holding and disposing of the CFD.

Interest

Any interest received in relation to a CFD is assessable income.

Interest on Debit Balances

Any interest on the debit balance of an investor’s account is deductible.

Interest Paid or Received due to holding a CFD

Interest that is paid or received due to holding a CFD forms part of any net gain or loss that a taxpayer makes when dealing in CFDs.

10.3 THE INCOME TAX TREATMENT OF MARGIN FX CONTRACTS

It is significant that Income Tax Ruling 2005/15 did not refer specifically to Margin FX Contracts.

Margin FX Contracts take the same legal form as currency CFDs. It should, therefore, be reasonably expected that the taxation implications of dealing in both instruments, will be identical and will be treated accordingly by the Commissioner. However, it may well be that he will adopt the view that currency CFDs fall under Division 775 of ITAA 1997, because not only is the physical currency caught, but also a right to receive foreign currency, with an extended definition which would appear to include cash-settled margin foreign exchange contracts. It should, however, be noted that the tax treatment would appear to be the same whether a Margin FX Contract falls for treatment under the above Ruling or under Division 775; that is they are treated on revenue account.

It is problematic whether the entry into a Margin FX Contract could ever be regarded as an exercise in recreation by gambling.

10.4 TAXATION OF FINANCIAL ARRANGEMENTS

The Tax Laws Amendment (Taxation of Financial Arrangements) Act (“the legislation”) provides a framework for the taxation of gains and losses from certain financial arrangements. Gains from the financial arrangements are assessable and losses are deductible.

The legislation generally applies to all “financial arrangements” as defined in subdivision 230-A or included by the additional operation of subdivision 230J. However, certain financial arrangements, as detailed below are effectively subject to an exemption under subdivision 230-H.

Division 230 of the legislation provides a range of elective methods for determining gains and losses;
namely the fair value method, the retranslation method, the hedging method and the financial reports method. Where these selective methods are not, or cannot be made, the appropriate treatment is either the accruals or realisation method.

Relevantly, the legislation does not apply to:

a) financial arrangements of individuals;

b) financial arrangements of superannuation funds (regulated and self-managed), approved deposit funds, pooled superannuation funds or managed investment schemes for the purposes of the Corporations Act 2001 where the value of the entity’s assets is less than $1 million;

c) financial arrangements of authorised deposit-taking institutions, securitisation vehicles and financial sector entities with an aggregated annual turnover of less than $20 million per year; or

d) financial arrangements of other entities;

(i) with an aggregated annual turnover of less than $100 million – where the value of the entity’s financial assets are less than $100 million; and

(ii) where the value of the entity’s assets is less than $300 million;

(iii) except where the taxpayer elects to have division 30 of the legislation apply to all of its financial arrangements.

e) the legislation has limited application to investors in CFDs and Margin FX Contracts. However, there may be special circumstances where it may be beneficial for you to elect to apply division 30 to your financial arrangements.

f) You should, therefore, seek independent tax advice on how the legislation may apply to you.

10.5 GOODS AND SERVICES TAX (GST) RULING

The Commissioner has also released a determination relating to the GST implications of trading in CFDs:

GST Determination GSTD 2005/3

The Commissioner has stated that the costs incurred in having a CFD position open, such as commissions (on both opening and closing), dividend and corporate event adjustments, Daily Funding Charges and Margins are all considered financial supplies under the A New Tax System (Goods and Services Tax) Act 1999 (“the GST Act”). Consequently, they are input taxed and no GST is payable on their supply. GST may apply to certain fees and costs charged to you and you should obtain your own tax advice as to whether an input tax credit is available to you for such fees and charges as will depend on your personal circumstances.
11. CLIENT AGREEMENT

This PDS summarises many important elements of the Client Agreement. However, it is not a comprehensive description for the terms and conditions of the Agreement and you must read it in its entirety. Indeed, you should consider seeking legal advice before entering into the Client Agreement, as the terms and conditions contained in it are important and affect your dealings with us.

You should note clause 13.1 of the Client Agreement, which empowers us to amend the Client Agreement.

11.1 DISCRETIONS

Under the Client Agreement, we may exercise a variety of discretions. In exercising such discretions, we will act in accordance with the following:

a) we will have due regard to our commercial objectives, which include;
   - maintaining our reputation as a product issuer;
   - responding to the market forces;
   - managing all forms of risks, including, but not limited to operational risk and market risk; and
   - complying with our legal obligations as a holder of an Australian Financial Services Licence;

b) we will act when necessary to protect our position in relation to the trade or event;

c) we will take into account the circumstances existing at the time and required by the relevant provision, and not take into account irrelevant or extraneous considerations or circumstances;

d) we may take into account your trading or investment experience; and

e) at all times, we will act reasonably, commercially and bona fide, and where required or appropriate provide you with prior notice before exercising that discretion.

12. SUPERANNUATION FUNDS

Complying superannuation funds are subject to numerous guidelines and restrictions in relation to their investment activities. These are contained in the Superannuation Industry (Supervision Act) 1993, the regulations made under that Act, and circulars issued by past and present regulators of superannuation funds, namely the Insurance and Superannuation Commission, the Australian Prudential Supervisory Authority and the Australian Taxation Office.

Some of the issues that should be considered by a trustee of a complying superannuation fund before entering into our financial Products include:

- prohibitions on borrowing and charging assets and whether dealing in financial products would breach those borrowing and charging prohibitions;
- the dealing in financial products in the context of a complying superannuation fund’s investment strategy, together with the fiduciary duties and other obligations owed by trustees of those funds;
- the necessity for trustees of a complying superannuation fund to be familiar with the risk involved in dealing in financial products and the need to have in place adequate risk management procedures to manage the risks associated in dealing in those products; and
- the consequences of including adverse taxation consequences if a superannuation fund fails to meet the requirements for it to continue to have complying status.
13. REMUNERATION OF OUR ADVISERS AND THIRD PARTIES

13.1 REMUNERATION AND OTHER BENEFITS RECEIVED BY OUR EMPLOYEES

Our employees who provide you with transaction execution may receive remuneration for the provision of these Services. Our employees also receive salaries, performance-related bonuses and other benefits.

13.2 SHARING OF COMMISSIONS AND OTHER AMOUNTS

We may share charges or benefits with our associates or other third parties or receive remuneration from them in respect of transactions we enter into with you. We may share such amounts with introducing advisers and referrers for the introduction or referral of clients to us.

13.3 REFERRAL BENEFITS FOR OTHER SERVICES PROVIDERS

You may have been referred to us by a service provider who may receive financial or non-financial benefits from us. These should have been disclosed to you by the service provider in question. Please note that such benefits will not impact transaction fees, the rate you will be offered or deposits or instalments payable for financial Products or Services undertaken with us.

14. COMPLAINTS AND DISPUTE RESOLUTION

We have an internal dispute resolution process in place to resolve any complaints or concerns you may have, quickly and fairly. Any complaints or concerns should be directed to the client services team (by telephone or email). We will do our best to resolve the issue at the first point of contact. However, if we are unable to do so to your satisfaction you may refer the complaint to the Complaints Officer. We will investigate your complaint and provide you with our decision and the reasons on which it is based, in writing. We will seek to resolve your complaint within 21 calendar days.

If we are unable to resolve the complaint within 45 calendar days, we will: (a) inform you of the reasons for the delay; (b) provide you with updates on progress of the complaint; and (c) specify a date when a decision can be reasonably expected. We would expect that in most cases the above process would deal with the matter fully and to your satisfaction.

If you are dissatisfied with the outcome, you have the right to lodge a complaint with the Australian Financial Complaints Authority (AFCA), an approved external dispute resolution scheme, of which we are a member, using the contact details below:

Online complaints form: https://www.afca.org.au/make-a-complaint/

The Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001

Toll Free (Australia only): 1800 931 678
Email: info@afca.org.au
Website: www.afca.org.au

You may also make a complaint via the ASIC Info line on 1300 300 630.

15. PRIVACY POLICY

The information you provide to us upon application and in connection with your transactions will primarily be used for the processing of your application and for complying with certain laws and regulations. AxiTrader collects, maintains, uses and discloses Personal Information in the manner described in our Privacy Policy. Our Privacy Policy is available on our Website or by calling our client services team.
16. INTERPRETATION AND GLOSSARY

INTERPRETATION

1. The defined terms used in this PDS are capitalised and set out in this section. A term that has an asterisk next to it is a term not found in the PDS but is found in the Client Agreement.

2. If there is any conflict between the terms of this PDS and any applicable law, the applicable law will prevail.

3. In this PDS any reference to a person includes bodies corporate, unincorporated associations, partnerships and individuals.

4. In this PDS, all references to times of the day are to the time in Sydney, New South Wales, Australia, unless otherwise specified.

5. Headings, notes and examples in this PDS are for reference only and do not affect the construction of the Agreement.

6. In this PDS any reference to any enactment includes references to any statutory modification or re-enactment of such enactment or to any regulation or order made under such enactment (or under such a modification or re-enactment).

In this PDS the following terms and expressions have, unless the context otherwise requires, the following meanings:

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACCOUNT</td>
<td>means the account(s) that has been opened by AxiTrader for the Client;</td>
</tr>
<tr>
<td>ACCOUNT CURRENCY</td>
<td>means the currency selected by you under the Client Agreement and which, in</td>
</tr>
<tr>
<td></td>
<td>the absence of a selection will be AUD dollars;</td>
</tr>
<tr>
<td>AEST</td>
<td>means Australian Eastern Standard Time, being the time in Sydney, New South</td>
</tr>
<tr>
<td></td>
<td>Wales, Australia;</td>
</tr>
<tr>
<td>AFSL</td>
<td>means an Australian Financial Services Licence;</td>
</tr>
<tr>
<td>AGREEMENT</td>
<td>means the agreement described in clause 1.1 of the Client Agreement, as</td>
</tr>
<tr>
<td></td>
<td>amended, varied, or replaced from time to time;</td>
</tr>
<tr>
<td>AML/CTF ACT</td>
<td>means the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006</td>
</tr>
<tr>
<td></td>
<td><em>(Cth)</em> and all regulations, rules and instruments made under that Act;</td>
</tr>
<tr>
<td>APPLICABLE LAWS*</td>
<td>means all:</td>
</tr>
<tr>
<td></td>
<td>(a) applicable provisions of laws and regulations, including all relevant</td>
</tr>
<tr>
<td></td>
<td>rules of government agencies, exchanges, trade and clearing associations and</td>
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<tr>
<td></td>
<td>self-regulatory organisations, that apply to the parties, this Agreement</td>
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<tr>
<td></td>
<td>and the transactions contemplated by this Agreement; and</td>
</tr>
<tr>
<td></td>
<td>(b) Australian laws, procedures, standards and codes of practice that apply</td>
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<tr>
<td></td>
<td>in relation to the parties, this Agreement and the transactions</td>
</tr>
<tr>
<td></td>
<td>contemplated by this Agreement, including the Corporations Act, the</td>
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<tr>
<td></td>
<td>ASIC Act, ASIC policy documents and the <em>Privacy Act 1988 (Cth)</em>; and</td>
</tr>
<tr>
<td></td>
<td>applicable Market Rules;</td>
</tr>
<tr>
<td>APPLICATION FORM</td>
<td>means the application form and account opening documentation, including</td>
</tr>
<tr>
<td></td>
<td>documentation required to be returned for the purposes of complying with</td>
</tr>
<tr>
<td></td>
<td>Anti-Money Laundering and Counter-Terrorism Financing legislation, completed</td>
</tr>
<tr>
<td></td>
<td>by you and submitted to us whether electronically or in hard copy;</td>
</tr>
<tr>
<td><strong>ASIC</strong></td>
<td>means the Australian Securities and Investment Commission;</td>
</tr>
<tr>
<td><strong>ASIC ACT</strong></td>
<td>means the <em>Australian Securities and Investments Commission Act 2001</em> (Cth);</td>
</tr>
<tr>
<td><strong>ASSOCIATE</strong></td>
<td>means:</td>
</tr>
<tr>
<td></td>
<td>(a) a person who is an officer, employee, agent, representative or associate of a party;</td>
</tr>
<tr>
<td></td>
<td>(b) a Related Body Corporate of a party; and</td>
</tr>
<tr>
<td></td>
<td>(c) a person who is an officer, employee, agent, representative or associate of a Related Body Corporate of a party;</td>
</tr>
<tr>
<td><strong>AUSTRALIAN DOLLAR AUD OR $</strong></td>
<td>means Australian dollars;</td>
</tr>
<tr>
<td><strong>AUSTRALIAN CLIENT</strong></td>
<td>means a client who is a resident within Australia (based on the address in their Application Form or as notified by the client to us from time to time);</td>
</tr>
<tr>
<td><strong>AUSTRALIAN CLIENT MONEY RULES</strong></td>
<td>means the provisions in Part 7.8 of the Corporations Act and the regulations made under those provisions that specify the manner in which financial services licensees are to deal with client moneys and property;</td>
</tr>
<tr>
<td><strong>AUSTRALIAN PRIVACY LAWS</strong></td>
<td>means the <em>Privacy Act 1988</em> (Cth) (which includes the Australian Privacy Principles), and privacy regulations as issued by the Governor-General under section 100 of the <em>Privacy Act 1988</em> (Cth);</td>
</tr>
<tr>
<td><strong>AUTHORISATION</strong></td>
<td>means:</td>
</tr>
<tr>
<td></td>
<td>(a) an authorisation, consent, declaration, exemption, notarisation or waiver, however it is described; and</td>
</tr>
<tr>
<td></td>
<td>(b) in relation to anything that could be prohibited or restricted by law if a government agency acts in any way within a specified period, the expiry of that period without that action being taken;</td>
</tr>
<tr>
<td><strong>AUTHORISED PERSON</strong></td>
<td>means you and/or any person authorised by you to give instructions to us under this Agreement;</td>
</tr>
<tr>
<td><strong>AXICORP OR AXITRADER</strong></td>
<td>means AxiCorp Financial Services Pty Ltd ACN 127 606 348 AFSL 318232. AxiTrader is the registered trading name of AxiCorp Financial Services Pty Ltd ACN 127 606 348 AFSL 318232;</td>
</tr>
<tr>
<td><strong>AXITRADER PRODUCTS</strong></td>
<td>means the financial products issued by AxiTrader;</td>
</tr>
<tr>
<td><strong>AXITRADER SPREAD</strong></td>
<td>means the difference between the bid and offer prices of a Contract quoted from time to time by us and, where appropriate, expressed as a percentage of the relevant price;</td>
</tr>
<tr>
<td><strong>AXITRADER SWAP RATE</strong></td>
<td>means the rate that AxiTrader may determine from time to time having regard to the Interbank Rate and the AxiTrader spread;</td>
</tr>
<tr>
<td><strong>BASE CURRENCY</strong></td>
<td>means Australian Dollars or the currency as agreed under clause 3.3 of the Client Agreement;</td>
</tr>
<tr>
<td><strong>BULLION</strong></td>
<td>means gold, silver, palladium or platinum;</td>
</tr>
<tr>
<td><strong>BULLION CFDS</strong></td>
<td>means a CFD whose value fluctuates by reference to the fluctuations in the Underlying Instrument which relate to Bullion;</td>
</tr>
</tbody>
</table>
| **BUSINESS DAY** | means any day other than a Saturday, Sunday or public holiday on which banks are open for business in Sydney, New South Wales, Australia;  
(a) in the case of services relating to an index to which limited trading hours applies, any day on which the exchange on which the relevant security or each constituent security has its primary listing, or the exchange on which the index operates, whichever is applicable, is open for trading, and will exclude any day on which all trading on the relevant exchange is closed or suspended; and  
(b) in the case of services relating to an index to which Limited Hours Trading does not apply, any day on which any relevant exchange is open for trading; |
<p>| <strong>CASH FUTURE CFD</strong> | means a CFD whose value fluctuates by reference to the fluctuations in the value of an Underlying Instrument, which is an equity index future or cash contract, or an oil cash contract; |
| <strong>CFD</strong> | means a Contract between you and us for the taking of Positions in an Underlying Instrument; |
| <strong>CLAIM</strong> | means, in relation to a person, any claim, allegation, cause of action, proceeding, liability, suit or demand made against a person however it arises and whether it is present or future, fixed or unascertained, actual or contingent; |
| <strong>CLIENT</strong> | means you; |
| <strong>CLIENT AGREEMENT</strong> | means the Client Agreement for Margin Foreign Exchange and Contracts for Difference issued by AxiTrader; |
| <strong>CLIENT MONEY</strong> | means the money Clients have deposited with us that are held by us in accordance with the Australian Client Money Rules; |
| <strong>CLOSE OF BUSINESS</strong> | means 17.00 Sydney time on a Business Day; |
| <strong>CLOSING DATE</strong> | means, in respect of a Position, the date on which the relevant Position is closed out; |
| <strong>COMMODITY</strong> | means oil or gas, or any other commodity acceptable to us; |
| <strong>COMMODITY CFDS</strong> | means a CFD whose value fluctuates by reference to the fluctuations in the value of an Underlying Instrument relating to a commodity; |
| <strong>CONFIRMATION</strong> | means a form of notification, which may be provided by us electronically, including via the internet, requiring access by the Client, confirming entry into a Position; |
| <strong>CONTRACT</strong> | means any transaction entered into between us and you, whether oral or written, including any derivative, option, future, contract for difference or other transaction relating to the financial products issued by us; |</p>
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONTRACT PRICE</td>
<td>means the price we offer you to trade in our financial products from time to time and which is calculated by us according to the Client Agreement;</td>
</tr>
<tr>
<td>CONTRACT QUANTITY</td>
<td>means in relation to a Position, the number of Contract Units making up that Position;</td>
</tr>
<tr>
<td>CONTRACT SIZE*</td>
<td>means in relation to a Product, the quantity of the Underlying Instrument included in a Contract Unit;</td>
</tr>
<tr>
<td>CONTRACT UNIT*</td>
<td>means a single unit of a Product;</td>
</tr>
<tr>
<td>CONTRACT VALUE*</td>
<td>means, in respect of a Product, the Contract Price multiplied by the Contract Quantity multiplied by the Contract Size;</td>
</tr>
<tr>
<td>CORPORATIONS ACT</td>
<td>means the Corporations Act 2001 (Cth);</td>
</tr>
<tr>
<td>CONTROLLER</td>
<td>has the same meaning as in the Corporations Act;</td>
</tr>
<tr>
<td>CRYPTOCURRENCY CFD</td>
<td>means a CFD whose value fluctuates by reference to the fluctuations in the value of an Underlying Instrument, which is a cryptocurrency exchange price;</td>
</tr>
<tr>
<td>DISPUTE*</td>
<td>means any dispute or difference between the parties arising out of, relating to or in connection with this Agreement or transactions under this Agreement, including any dispute or difference as to the formation, validity, existence or termination of this Agreement;</td>
</tr>
<tr>
<td>EQUITY INDEX FUTURES CONTRACT*</td>
<td>means a futures contract over an equity index;</td>
</tr>
<tr>
<td>ERROR</td>
<td>has the meaning given in clause 3.5 of the Client Agreement;</td>
</tr>
<tr>
<td>EVENT OF DEFAULT</td>
<td>means an event described in clause 9.1 of the Client Agreement;</td>
</tr>
<tr>
<td>EXCHANGE RATE</td>
<td>means the exchange rate we may reasonably offer to you from time to time having regard to the applicable prevailing Interbank Rates and the AxiTrader spread that is available to you from us via the Trading Platform or on request;</td>
</tr>
<tr>
<td>EXEMPT WHOLESALE CLIENT*</td>
<td>means a wholesale client as defined in the Corporations Act, but excludes clients classified as &quot;sophisticated investors&quot; pursuant to the terms of section 761GA of the Corporations Act;</td>
</tr>
<tr>
<td>EXPIRY DATE</td>
<td>means the day on which the Margin FX Contract, CFD or other Product expires (if applicable);</td>
</tr>
<tr>
<td>FORCE MAJEURE EVENT</td>
<td>means the definition given in clause 14.1 of the Client Agreement;</td>
</tr>
<tr>
<td>FOREIGN EXCHANGE CONTRACT OR FX CONTRACT</td>
<td>means an FX Contract or an NDF;</td>
</tr>
<tr>
<td>FREE EQUITY</td>
<td>is your Total Equity less your Total Margin Requirement;</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>FSG*</td>
<td>means our financial services guide, including any supplementary and replacement financial services guide, as replaced or amended from time to time;</td>
</tr>
<tr>
<td>INDEX</td>
<td>means an index which is, or forms part of or is referenced by, an Underlying Instrument;</td>
</tr>
<tr>
<td>INDEX CASH CFD</td>
<td>means a CFD whose value fluctuates by reference to the fluctuations in the value of an Underlying Instrument, which is a cash index futures contract;</td>
</tr>
<tr>
<td>INDEX FUTURE CFD</td>
<td>means a CFD whose value fluctuates by reference to the fluctuations in the value of an Underlying Instrument, which is an equity index futures contract;</td>
</tr>
<tr>
<td>INITIAL MARGIN</td>
<td>means, Margin payable on the opening of a Position being such percentage of the Contract Value as specified by us, and as amended by us under clause 4.3 of the Client Agreement from time to time;</td>
</tr>
<tr>
<td>INSOLVENCY EVENT*</td>
<td>means any of the following:</td>
</tr>
<tr>
<td></td>
<td>(a) you are dying, or ceasing to be of full legal capacity or otherwise becoming incapable of managing your own affairs for any reason;</td>
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<td></td>
<td>(b) you become, or you take any step that could result in you becoming, an insolvent under administration (as defined in section 9 of the Corporations Act);</td>
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<td></td>
<td>(c) an administrator is appointed to you;</td>
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<tr>
<td></td>
<td>(d) any of the following occurs:</td>
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<tr>
<td></td>
<td>(i) a Controller or analogous person is appointed to you or any of your property;</td>
</tr>
<tr>
<td></td>
<td>(ii) an application is being made to a court for an order to appoint a Controller, provisional liquidator, trustee for creditors or in bankruptcy or analogous person to you or any of your property; or</td>
</tr>
<tr>
<td></td>
<td>(iii) an appointment of the kind referred to in (ii) is being made (whether or not following a resolution of application);</td>
</tr>
<tr>
<td></td>
<td>(e) the holder of a security interest or any agent on its behalf, appoints a Controller or takes possession of any of your property (including seizing your property within the meaning of section 12 of the Personal Property Securities Act 2009 (Cth)) or otherwise enforcing or exercising any rights under the security interest or Chapter 4 of that Act;</td>
</tr>
<tr>
<td></td>
<td>(f) you fail to comply with a statutory demand under section 459F(1) of the Corporations Act;</td>
</tr>
<tr>
<td></td>
<td>(g) an application is being made to a court for an order for your winding up;</td>
</tr>
<tr>
<td></td>
<td>(h) an order is being made, or the passing of a resolution for your winding up;</td>
</tr>
<tr>
<td></td>
<td>(i) you:</td>
</tr>
<tr>
<td></td>
<td>(i) suspend payment of your debts, cease (or threaten to cease) to carry on all or a material part of your business, stating that you are unable to pay your debts or becoming otherwise insolvent; or</td>
</tr>
<tr>
<td></td>
<td>(ii) are unable to pay your debts or otherwise are insolvent;</td>
</tr>
<tr>
<td></td>
<td>(j) you take any step towards entering into a compromise or arrangement with, or assignment for the benefit of, any of your members or creditors;</td>
</tr>
<tr>
<td></td>
<td>(k) a court or other authority enforces any judgment or order against you for the payment of money or the recovery of any property; or</td>
</tr>
<tr>
<td></td>
<td>(l) any analogous event under the laws of any applicable jurisdiction,</td>
</tr>
<tr>
<td></td>
<td>(m) unless this takes place as part of a solvent, amalgamation, merger or consolidation that has been approved by us;</td>
</tr>
<tr>
<td>INTERBANK RATE*</td>
<td>means the mid Interbank Rate calculated by us with reference to the bid and offer prices for the Underlying Instrument most recently quoted by any one or more third party banks;</td>
</tr>
<tr>
<td><strong>INTRODUCING BROKER</strong>*</td>
<td>means an independent entity that refers clients to us, including pursuant to an introducing broker agreement;</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>LIMITED TRADING HOURS</strong></td>
<td>means the ability of the client to trade Margin FX Contracts and CFDs (where available) as are designated by us from time to time under this Agreement only during such hours as the relevant exchange is open;</td>
</tr>
<tr>
<td><strong>LIQUIDATION LEVEL</strong></td>
<td>means the minimum Free Equity balance before AxiTrader will commence closing out Positions, as discussed at section 8.15 of this PDS;</td>
</tr>
<tr>
<td><strong>LONG PARTY</strong></td>
<td>means, in relation to a Product, the party that has notionally taken a long position in respect of the relevant Underlying Instrument, for example, as shown in section 4.5 of this PDS;</td>
</tr>
<tr>
<td><strong>LOSS</strong></td>
<td>includes any loss, damage, liability or obligation, compensation, fine, penalty, charge, payment, cost or expense (including any legal costs and expenses on a full indemnity basis) however it arises and whether it is present or future, fixed or unascertained, actual or contingent;</td>
</tr>
<tr>
<td><strong>LOT</strong></td>
<td>means one standard Contract Unit;</td>
</tr>
<tr>
<td><strong>MARGIN</strong></td>
<td>means the amount that you must have in your Account to enter into a Margin FX Contract, CFD or other Position with us;</td>
</tr>
<tr>
<td><strong>MARGIN CALL</strong></td>
<td>means a demand for additional funds to be deposited into your Account to meet your Total Margin Requirement because of adverse price movements in your open positions or a change in Margin Requirement;</td>
</tr>
<tr>
<td><strong>MARGIN FX CONTRACT</strong></td>
<td>means a Contract between you and us for the taking of Positions in a foreign currency;</td>
</tr>
<tr>
<td><strong>MARGIN PERCENTAGE</strong></td>
<td>means such percentage of the Contract Value as specified by us in the Product Schedule;</td>
</tr>
<tr>
<td><strong>MARGIN REQUIREMENT</strong></td>
<td>is the amount of Margin you are required to have in your Account from time to time in order to enter into a Margin FX Contract or CFD, or to maintain your Position/s;</td>
</tr>
<tr>
<td><strong>MARKET ORDER</strong></td>
<td>means an order placed to open or close a Margin FX Contract or CFD at our current price;</td>
</tr>
<tr>
<td><strong>MARKET RULES</strong>*</td>
<td>means the rules, regulations, customs and practices from time to time of any exchange, financial market, clearing house, clearing and settlement facility, or other organisation or market involved in the conclusion, execution or settlement of a transaction or contract (including in respect of an Underlying Instrument) contemplated by the terms of this Agreement and any exercise by such exchange, clearing house or other organisation or market of any power or authority legitimately conferred on it;</td>
</tr>
<tr>
<td><strong>MATURITY DATE</strong>*</td>
<td>means, in respect of an NDF, the date on which the NDF is to be closed out (unless terminated earlier);</td>
</tr>
<tr>
<td><strong>MINIMUM POINT INCREMENT</strong></td>
<td>represents the minimum possible price change between two successive transaction prices permitted by us. The Minimum Point Increment can represent either an upward or downward movement in price;</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
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</tr>
<tr>
<td><strong>MINIMUM TRADING SIZE</strong></td>
<td>means such minimum Contract quantity or Contract value as we may specify on our Website from time to time for any type of Margin FX Contract or CFD;</td>
</tr>
<tr>
<td><strong>NDF</strong></td>
<td>means a non-deliverable forward contract in respect of a currency pair offered under this Agreement;</td>
</tr>
<tr>
<td><strong>NET TERMINATION AMOUNT</strong></td>
<td>has the meaning given in clause 10 of the Client Agreement;</td>
</tr>
<tr>
<td><strong>NEXT SERIAL FUTURES CONTRACT</strong></td>
<td>means a contract of the same series as the futures contract which is the Underlying Instrument of a CFD, but with the Expiry Date being the next occurring Expiry Date in the relevant series;</td>
</tr>
<tr>
<td><strong>OPENING VALUE</strong></td>
<td>means in relation to a Position, the Contract Value as at the time of opening the Position;</td>
</tr>
<tr>
<td><strong>PDS</strong></td>
<td>means our product disclosure statement, including a supplementary and replacement product disclosure statement;</td>
</tr>
<tr>
<td><strong>PERSONAL INFORMATION</strong></td>
<td>has the meaning ascribed to it under the Privacy Act 1988 (Cth);</td>
</tr>
<tr>
<td><strong>POSITION</strong></td>
<td>means the long or short Position you have taken in your Margin FX Contract, CFD or other Product with us;</td>
</tr>
<tr>
<td><strong>PRIVACY POLICY</strong></td>
<td>AxiTrader’s privacy policy as set out on its websites, and as amended from time to time;</td>
</tr>
<tr>
<td><strong>PRO ACCOUNT</strong></td>
<td>means an Account where commissions are charged on transactions executed;</td>
</tr>
<tr>
<td><strong>PRODUCT</strong></td>
<td>means a product offered by AxiTrader under this PDS and described in the Product Schedule;</td>
</tr>
<tr>
<td><strong>PRODUCT SCHEDULE</strong></td>
<td>means the Product Schedule published on our Website;</td>
</tr>
<tr>
<td><strong>RELATED BODY CORPORATE</strong></td>
<td>has the meaning given to it by the Corporations Act, with any necessary modifications for companies incorporated outside Australia;</td>
</tr>
<tr>
<td><strong>REPORT</strong></td>
<td>means any daily statement, monthly statement or other report we provide to you;</td>
</tr>
<tr>
<td><strong>ROLLOVER BENEFIT</strong></td>
<td>means a benefit you may receive on certain Positions held overnight and which are described in the relevant parts of the Product Schedule;</td>
</tr>
<tr>
<td><strong>ROLLOVER CHARGE</strong></td>
<td>means a charge you may have to pay on certain Positions held overnight and which is described in the relevant parts of the Product Schedule;</td>
</tr>
<tr>
<td><strong>SERVICES</strong></td>
<td>means the services provided by us under the Client Agreement;</td>
</tr>
<tr>
<td><strong>SETTLEMENT DATE</strong></td>
<td>means such settlement date following the Closing Date or Maturity Date (if applicable) as we may reasonably determine in accordance with practice in the relevant market and notify to you at the time of entering into a Position;</td>
</tr>
<tr>
<td><strong>SHORT PARTY</strong></td>
<td>means in relation to a Product, the party that has notionally taken a short position in respect of the Underlying Instrument, for example, as shown in section 4.5 of</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
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<td>---------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>STANDARD ACCOUNT</td>
<td>means an Account where no commissions are charged on transactions executed and transaction fees are incorporated into the bid-offer spread for each product;</td>
</tr>
<tr>
<td>STANDARD MARGIN RATES</td>
<td>means such percentage of the Contract Value as specified by us in the Product Schedule;</td>
</tr>
<tr>
<td>SWAP CHARGE</td>
<td>means a payment you may be required to make where you have a short Margin FX Contract or CFD - other than an Index Future CFD or Commodity CFD – held overnight and which is described in paragraphs 9.3 and 9.4;</td>
</tr>
<tr>
<td>SWAP BENEFIT</td>
<td>means a benefit you may receive where you have a short Margin FX Contract or CFD - other than an Index Future CFD or Commodity CFD – held overnight and which is described in paragraphs 9.3 and 9.4;</td>
</tr>
<tr>
<td>TOTAL EQUITY</td>
<td>means the aggregate of the current cash balance in your Account and your current unrealised profits and losses;</td>
</tr>
<tr>
<td>TOTAL MARGIN REQUIREMENT</td>
<td>means the sum of your Margin Requirements for all of your open Positions;</td>
</tr>
<tr>
<td>TRADING DAY</td>
<td>means in the case of Positions over an Underlying Instrument which is traded on, or references, an Underlying Market, a day on which the Underlying Market is open for trading in the ordinary course (and if there is more than one Underlying Market, a day on which all applicable Underlying Markets are open for trading in the ordinary course);</td>
</tr>
<tr>
<td>TRADING PLATFORM</td>
<td>means the trading platform we make available to you via an internet or WAP service, and/or electronic routing service, including any software, by which you may trade with us online. This includes the Client portal of the back-office accounting system through which we will report Confirmation statements, etc;</td>
</tr>
<tr>
<td>TRUST</td>
<td>has the meaning given in clause 8.2 of the Client Agreement;</td>
</tr>
<tr>
<td>TRUST DEED</td>
<td>has the meaning given in clause 8.2(c) of the Client Agreement;</td>
</tr>
<tr>
<td>UNDERLYING INSTRUMENT</td>
<td>means the underlying asset, security, currency pair, commodity, futures contract, cryptocurrency, or index, the reference to which the value of a Margin FX Contract or CFD is determined;</td>
</tr>
<tr>
<td>UNDERLYING MARKET</td>
<td>means the underlying market in which the Underlying Instrument is traded;</td>
</tr>
<tr>
<td>VALUATION TIME*</td>
<td>means, in respect of a Position:</td>
</tr>
<tr>
<td></td>
<td>(a) the time the Position is opened;</td>
</tr>
<tr>
<td></td>
<td>(b) the Close of Business on each Trading Day the Position is open (other than the Trading Day the Position is closed); and the time the Position is closed;</td>
</tr>
<tr>
<td>VARIATION MARGIN</td>
<td>means the unrealised profit or loss on an open position as calculated by AxiTrader and reported either in the Trading Platform or on a Statement;</td>
</tr>
<tr>
<td>WEBSITE</td>
<td>means the internet address <a href="http://www.axitrader.com">www.axitrader.com</a> and includes the Trading Platform;</td>
</tr>
<tr>
<td>WE/US</td>
<td>means AxiCorp Financial Services Pty Ltd (ACN 127 606 348) trading as AxiTrader.</td>
</tr>
<tr>
<td>-----------</td>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>YOU</td>
<td>Means the Client.</td>
</tr>
</tbody>
</table>