

# PRODUCT DISCLOSURE STATEMENT

Issuer: Finalto (Australia) Pty Limited

ACN 158 641 064

AFSL 424008

Date: 05 October 2021

## SECTION 1 – IMPORTANT INFORMATION

### 1.1. PURPOSE OF THIS PDS

This Product Disclosure Statement (“PDS”) has been prepared by Finalto (Australia) Pty Limited, trading as OPCMARKETS Australia and OPCMARKETS Global, (“FINALTOAU”, “OPCMARKETS Australia”, “OPCMARKETS Global”, “we”, “our” or “us”) as the issuer of the over-the-counter (“OTC”) derivatives (namely, contracts for difference (“CFDs”) and foreign exchange contracts offered by us.

When we use the term “you” or “client” we mean you, as the user of our services and the person acquiring CFDs and our other clients if the context requires.

This PDS describes the key features of CFDs, their benefits, risks, the costs and fees of trading in CFDs and other related information. You should read all of this PDS.

This PDS is designed to provide sufficient information to enable you to make an informed decision in relation to whether the CFDs described in this PDS are appropriate for you. You may also use this PDS to compare our financial products with similar financial products offered by other issuers (i.e. other CFD providers).

The CFDs offered by FINALTOAU are described in this PDS and are issued on the FINALTOAU Terms and Conditions. You should read all of this PDS, the Financial Services Guide and the Terms and Conditions before making a decision to deal in the financial products covered by this PDS. These documents can be found on our website. We recommend that you contact us if you have any questions arising from this PDS prior to entering into any Transactions with us.

FINALTOAU recommends that you obtain your own independent legal, tax and investment advice, taking into consideration your particular needs, objectives and financial situation before trading in CFDs.

A Glossary of terms used in the PDS is provided at section 7.

### 1.2. FINALTOAU DOES NOT GIVE PERSONAL ADVICE

FINALTOAU will not give you personal financial product advice. We only provide general financial product advice. Please refer to our Financial Services Guide for additional information.

This PDS does not constitute a recommendation or opinion that CFDs are appropriate for you. Potential investors should be experienced in derivatives and understand and accept the risks of investing in CFDs. The information in this PDS is general only and does not take into account your personal objectives, financial situation and/or needs. You should therefore consider the appropriateness of this information in light of your own personal objectives, financial situation and/or needs before acting on any information or advice provided in this PDS.

### **1.3. IMPORTANT INFORMATION ABOUT THIS PDS**

The information in this PDS is up to date at the time it was prepared but it is subject to change at any time. Any updated PDS will be posted on our website. It is your responsibility to familiarise yourself with the trading platform, fees, margin requirements and other information which are posted on our website from time to time.

If new information is materially adverse to you, we will either issue a new PDS or a supplementary PDS containing the new information. If the new information is not materially adverse to you, we will not issue a new PDS or a supplementary PDS to you, but you will be able to find the updated information on our website at [www.opcmarkets.com](http://www.opcmarkets.com) or by calling us using the contact details given in section 1.5 below. A copy will be provided free of charge. Changes that are not increases in fees or charges will be notified to you as soon as practicable.

### **1.4. JURISDICTIONS**

The distribution of this PDS in jurisdictions outside Australia may be subject to legal restrictions. Any person who resides outside Australia who gains access to this PDS should comply with any such restrictions as failure to do so may constitute a violation of applicable laws. The offer to which this PDS relates is not available to USA investors. FINALTOAU endeavours to provide the same level of protection for both its Australian and non-Australian resident customers. However, FINALTOAU cannot guarantee whether the Corporations Act 2001 (Cth) extends to protecting FINALTOAU's non-Australian resident customers.

Further, it may be illegal to deal or trade CFD Contracts in your jurisdiction via the internet. If that is the case, you must not make any deposits to FINALTOAU. It is your responsibility to comply with the national laws and regulations of your country of domicile.

### **1.5. CONTACT DETAILS**

You can contact us by the following means:

Telephone: +61 2 6145 2020

Mail: Level 29, 85 Castlereagh St, Sydney NSW, Australia

Email: [support@opcmarkets.com](mailto:support@opcmarkets.com)

Complaints: [complaints@opcmarkets.com](mailto:complaints@opcmarkets.com)

Visit our website: [au.opcmarkets.com](http://au.opcmarkets.com)

## Regulatory Benchmark Disclosure

ASIC has issued Regulatory Guide 227 (RG 227) entitled “Over-the-counter contracts for difference: Improving disclosure for retail investors” which sets out 7 disclosure benchmarks for both OTC CFD and Forex products that are aimed at helping retail investors understand the risks associated with CFD and Forex trading, assessing the potential benefits and whether trading in these products is suitable for them.

More information about the disclosure benchmarks can be found in ASIC RG 227 located on the ASIC website.

These seven disclosure benchmarks are not mandatory but are required to be addressed by FINALTOAU on an ‘if not, why not’ basis.

Benchmark	Meets the benchmark?	Additional Information
1. Client Qualification - requires FINALTOAU to maintain and apply a written client qualification policy that sets out minimum qualifications criteria a client needs to be able to demonstrate. This policy also outlines the “suitability” process in place to ensure that clients who do not meet the minimum qualification criteria are not able to open an account and trade.	Yes	Trading in CFDs is not suitable for all investors because of the significant risks involved. FINALTOAU assesses a potential client’s qualification and suitability by administering its Compliance Eligibility Quiz when they apply to open an account. FINALTOAU’s Client Qualification Policy can be obtained by contacting us.  See section 3.1 of this PDS for more information.
2. Opening Collateral - requires FINALTOAU to generally only accept cash or cash equivalents from clients as opening collateral. If credit cards are accepted than an issuer should accept no more than \$1000 via credit card to fund the opening of the account.	No	FINALTOAU only accepts money from clients as collateral.  FINALTOAU offers a full suite of payment options for clients to fund their Accounts. FINALTOAU provides credit card funding for the ease of providing a secure and convenient electronic payment system to its clients. FINALTOAU does not place limits on credit card payments. This is done in order to maximise payment flexibility for clients and provide clients with their choice of funding method.

		<p>You should be aware that using a credit card as opening collateral exposes you to the risk of double leverage in case you are trading in leveraged Financial Products, being the combined effect of using a credit card to fund your trading account. Your losses can be magnified by your use of a credit card. Notwithstanding to the above, this does not apply in case you are trading in non-leveraged Financial Products.</p> <p>Please note that your preferred method of funding is entirely a matter for you as we do not provide personal financial product advice that takes into account your personal circumstances, situation or financial objectives.</p> <p>See section 3.2 of this PDS for more information.</p>
<p>3. Counterparty Risk - Hedging - requires FINALTOAU to maintain and apply a written policy to manage its exposure to market risk arising from client positions which includes the factors it takes into account when determining if hedging counterparties are of sufficient financial standing and sets out the names of hedging counterparties as they stand from time to time</p>	<p>Yes</p>	<p>FINALTOAU maintains and applies a written policy to manage its exposure to market risk due to client positions. FINALTOAU's Hedging Policy can be obtained on the website or by contacting us.</p> <p>See section 3.16 of this PDS for more information.</p>
<p>4. Counterparty Risk - Financial Resources - requires FINALTOAU to maintain and apply a written policy to ensure it maintains adequate financial resources and which details how FINALTOAU monitors its compliance with its AFS Licence and how FINALTOAU conducts stress testing to ensure it holds sufficient</p>	<p>No</p>	<p>FINALTOAU does not conduct stress testing because it manages its risk by hedging trades on a back-to-back basis. This exposes FINALTOAU to a lower degree of risk which does not warrant stress testing.</p> <p>FINALTOAU maintains and applies a written policy to ensure the ongoing maintenance of adequate financial resources as required under its AFSL.</p>

<p>liquid funds to withstand significant adverse movements.</p>		<p>See section 4.2 of this PDS for more information.</p>
<p>5. Client Money - requires FINALTOAU to maintain and apply a clear policy with respect to the use of client money including whether it uses money deposited by one client to meet the Margin or settlement requirements of another.</p>	<p>Yes</p>	<p>FINALTOAU maintains and applies a clear policy with regards to the use of client money. FINALTOAU keeps client money in a segregated account with reputable banks. FINALTOAU's Client Money Policy can be obtained by contacting us.</p> <p>Subject to the Australian Client Money Rules, FINALTOAU may use client funds to margin, guarantee, secure, transfer, adjust or settle dealings in derivatives by the licensee (including dealings on behalf of people other than the client). Retail and Sophisticated Investor funds are not used for margining, guaranteeing, securing, transferring, adjusting or settling dealings in derivatives by FINALTOAU or on behalf of people other than the client.</p> <p>See section 3.4 of this PDS for more information</p>
<p>6. Suspended or Halted Underlying Assets - requires FINALTOAU to prohibit new CFD positions to be opened when trading in the Underlying Asset is halted or otherwise suspended.</p>	<p>Yes</p>	<p>FINALTOAU's policy is that no new open FINALTOAU's positions can be entered into when there is a suspension or trading halt in an Underlying Asset. However, FINALTOAU may exercise its absolute discretion to change margin requirements, re-price or close out an open CFD Transaction and cancel any order which has not been executed.</p> <p>FINALTOAU's discretion in this regard is unfettered and has no condition or qualification.</p> <p>See section 3.9 of this PDS for more information.</p>

<p>7. Margins Calls - requires FINALTOAU to maintain and apply a written policy about its Margining practices, including details on how FINALTOAU will monitor client Accounts, what rights FINALTOAU may exercise in relation to client Accounts (including the right to make a Margin call or Close Out positions), when FINALTOAU will exercise these rights and what factors it will take into account in deciding whether to exercise these rights. This benchmark also requires FINALTOAU to take reasonable steps to notify clients before Closing Out positions.</p>	<p>Yes</p>	<p>FINALTOAU maintains and applies a written policy about its Margining practices.</p> <p>FINALTOAU's Margining Policy can be obtained by contacting FINALTOAU directly.</p> <p>Trading in margin CFDs involves the risk of losing substantially more than the initial investment.</p> <p>See section 3.7 of this PDS for more information.</p>
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## SECTION 2 - FEATURES

### 2.1. NATURE OF A CFD

A CFD is an OTC derivative contract by which you can make a profit or loss from changes in the market price of an Underlying Asset without actually owning that Underlying Asset or having any indirect interest in it. A CFD is a derivative product because the value of the CFD is, in part, derived from the value of the Underlying Asset.

When trading in CFDs, clients do not obtain ownership of or any other rights to the Underlying Assets and do not receive physical delivery of such Underlying Assets. Similarly, you will not have the right to attend and / or vote at any general meeting of the issuer of the Underlying Asset to which your CFD corresponds to. You will not have a right to receive dividends, coupons or any other cash distributions made to the owners of such Underlying Assets. However, as set out, we will make positive or negative cash adjustments to your Account depending on the type of position that you hold in the relevant CFD in the event of any such corporate actions occurring in respect of the Underlying Asset.

FINALTOAU offers a range of CFDs namely, where the Underlying Asset classes are foreign exchange, shares, ETFs, indices, commodities, metals, bonds and cryptocurrencies. For a complete list of the CFDs FINALTOAU offer, please refer to our website.

A CFD is an agreement between the parties (FINALTOAU and the client) to pay in cash the difference in the price or value of the CFD between the time at which the CFD is entered into (“Opened”) and the time at which it is exited (“Closed Out”).

Essentially, the amount of any profit or loss made on the CFD Transaction will be equal to the difference between the price of the Underlying Asset when the CFD is Opened and the price of the Underlying Asset when the CFD is Closed Out, multiplied by the number of the Underlying Asset to which the CFD relates. The calculation of profit or loss is also affected by other payments, including Transaction costs.

You can buy or sell CFDs. If you buy a CFD, you profit from a rise in the Underlying Asset, and you lose if the price of the Underlying Asset falls. Conversely, if you sell a CFD, you profit from a fall in the price of the Underlying Asset and lose if the Underlying Asset price rises.

All CFDs offered by FINALTOAU are settled in cash. The CFDs do not result in the physical delivery of the Underlying Asset but are Closed Out by the client (or FINALTOAU when it exercises its discretion) by clicking on ‘Close’ button on the relevant open position. The client’s Account will be either credited or debited according to the profit or loss of the Transaction.

### **2.1.1 NATURE OF CRYPTOCURRENCY CFDs**

FINALTOAU does not buy or sell cryptocurrency nor does it operate as a digital currency exchange provider. From time to time FINALTOAU may, at its discretion, offer pricing on selected derivatives consisting of CFDs written over cryptocurrencies such as Bitcoin and Ethereum, and related indexes on baskets of them. Having a cryptocurrency as the Underlying Asset is different to having other assets as the Underlying Asset such as conventional foreign exchange pairs. It is important to note that while the instrument structure and specifications of such offerings are substantially similar to that of other CFDs or indeed Margin FX, the underlying markets are themselves very different. Broadly, although a variety of these different markets have become collectively known as “cryptocurrencies” or digital currencies, each cryptocurrency is different and subject to its own rules of creation, storage and transfer of ownership of their various units.

Our contracts are, of course, only for differences in the changes of the prices of those units as they trade in their underlying markets without creating any direct equity interest in them, as with all CFDs. As is the case with all CFDs, FINALTOAU’s cryptocurrency CFDs are cash settled and do not create any ownership interest in any underlying cryptocurrency traded. It is beyond the scope of this PDS to describe the mechanics behind these underlying cryptocurrency markets. You should familiarise yourself with the operations of the cryptocurrency markets on which the CFDs you wish to trade are written, prior to trading.

When trading in CFDs where the Underlying Asset is a cryptocurrency, you should be aware that the cryptocurrencies are traded on non-regulated decentralized digital exchanges. Accordingly, price formation and price movements of the cryptocurrencies depend solely on the internal rules of the particular digital exchange, which may be subject to change at any point in time and without notice. This often leads to a very high intra-day volatility in the prices of the cryptocurrencies which may be



substantially higher compared to other instruments. Therefore, by trading CFDs in cryptocurrencies you accept a significantly higher risk of loss of your invested amounts which may occur within a very short time frame as a result of sudden adverse price movements of the cryptocurrencies.

We derive our market and pricing data on the cryptocurrencies from the digital decentralized exchanges the cryptocurrencies are traded on. Due to the non-regulated nature of such exchanges, the market data and price feed information provided by such exchanges may be subject to the internal rules and practices of such exchanges which may significantly differ from the rules and practices observed by the regulated exchanges. In particular, you should be aware that the pricing formation rules of the cryptocurrency exchanges are not subject to any regulatory supervision and may be changed at the relevant digital exchange's discretion at any time. Similarly, such digital exchanges may introduce trading suspensions or take other actions that may result in suspension or cessation of trading on such exchanges or the price and market data feed becoming unavailable to us. The above factors could result in a material adverse effect on your open positions, including the loss of all of your invested amounts. Where a temporary or permanent disruption to or cessation of trading occurs on any digital exchange from which we derive our price feeds for the relevant cryptocurrency, your positions in such cryptocurrency will be priced at the last available price for the relevant cryptocurrency, and you may be unable to close or liquidate your position or withdraw any funds related to such position until the trading on the relevant digital exchange resumes (if at all). You accept that where trading resumes again at either the relevant original digital exchange or on any successor exchange thereof, there may be significant price differential (price gapping) which may impact the value of your CFD positions in the relevant cryptocurrencies and result in significant gains or losses. In the event that the trading resumes on any other successor exchange than the relevant original digital exchange, the Company reserve the right to perform adjustments in order to neutralize the effect of the price difference of the two exchanges. Where trading does not resume, your entire investment will potentially be lost.

CFDs in Cryptocurrencies shall be typically available for trading through our Online Trading Platforms, from 23:00 GMT on Sunday until 22:00 GMT on Friday provided the underlying exchange from where we draw relevant price feeds operate. You may not be able to open or close your position if it is outside FINALTOAU's opening hours. Should you open a position on a cryptocurrency CFD that extends over a weekend, you will be subject to increased priced volatility due to the weekend gap. As such, the gapping risk is increased upon opening hours for the Cryptocurrency CFDs.

Consequently, trading in cryptocurrency CFDs is, generally substantially riskier than trading CFDs over traditional markets. FINALTOAU will be adjusting its margin and leverage limits accordingly and plans to hedge 100% of its cryptocurrency exposures using house funds on a back to back basis with its hedge counterparty. You should take appropriate caution and seek independent professional advice as to whether cryptocurrency options are appropriate for your objectives, needs and financial situation.

## **2.2. PURPOSE OF CFDS**

People who trade in CFDs may do so for a variety of reasons. Some people trade for speculation, that is, with a view to profiting from fluctuations in the price or value of the Underlying Asset. For example, share CFD traders may be short-term investors who are looking to profit from intraday and overnight market movements in the Underlying Asset (share) of the CFD. CFD traders may have no need to sell or purchase the Underlying Assets themselves but may instead be looking to profit from market movements in the shares concerned.

Other people trade CFDs to hedge their exposures to the Underlying Asset of the CFD. For example, CFDs can be used as a risk management tool to enable those with existing holdings of exchange traded options, or “short” CFD positions to hedge their position by investing in CFDs. If the price of the Underlying Asset the investor holds falls, the short CFD positions will wholly or partly offset the losses incurred on the physical holdings.

### **Warning**

The use of leveraged CFDs involves a 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 Asset. 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. The leveraging in a CFD may lead to a loss of the Initial Margin and additional funds that you have deposited with us to maintain the CFD. From 29 March 2021, leverage ratios and initial margin requirements will be subject to the ASIC Corporations (Product Intervention Order—Contracts for Difference) Instrument 2020/986. Please refer to the table in Section 3.6 of this PDS or our website for more information on Initial Margins.

For the experienced investor, this leverage provides an attractive means of gaining exposure to the performance of the Underlying Asset without the need to invest in the actual physical asset. It should be noted that this warning is not applicable in case of trading with non-leveraged CFDs.

## **2.3. TERMS OF CFDS**

Unlike direct investments made by trading on an Exchange, CFDs are not standardised. The terms of each CFD are as agreed between you and FINALTOAU and are governed by this PDS, the Financial Services Guide and the Terms and Conditions.

CFDs give you no right to acquire the Underlying Asset. This is different from direct trading in the Underlying Asset where you acquire a beneficial interest in the actual Underlying Asset (see section 3.11 for additional details in relation to adjustment for corporate actions).

## **2.4. KEY FEATURES, BENEFITS AND RISKS OF CFDS**

Key features of CFDs:

- They are OTC derivatives issued by FINALTOAU.
- They closely replicate the price movement of the Underlying Asset i.e. if the price of the Underlying Asset changes so will the price of the CFD.
- They provide for cash settlement by payment of an amount calculated by reference to changes in values of the Underlying Asset (such as foreign exchanges, shares, ETFs, indices, commodities, metals, bonds and cryptocurrencies).
- When trading with leveraged CFDs require Margin payment by you to establish and maintain the CFD as an open position except when you are trading with non-leveraged CFDs.
- You have no right or obligation to acquire the Underlying Asset itself.
- They are for investing indirectly in a range of Underlying Assets traded around the world.

Key benefits of CFDs Transactions are:

- Ease of trading - CFDs are traded using the Online Trading Platform offered by FINALTOAU.
- Ease of access - CFDs allow you to make indirect investment in a very large number of Underlying Assets around the world.
- Gain Exposure – CFDs enable you to gain an exposure to an Underlying Asset such as currencies, cryptocurrencies, shares, share indices, commodities, metals, bonds, futures contracts or other specified assets without having to actually buy or sell the Underlying Asset.
- Speculate - You can use CFDs for speculation, with a view to profiting from market fluctuations in the Underlying Asset. You may take a view of a particular Underlying Asset and buy or sell a CFD depending whether your view is the particular Underlying Asset will go up or down in price.
- Hedge - You can use the CFDs as a risk management tool to hedge an exposure to an Underlying Asset.
- Trade in Small Amounts - The Online Trading Platform offered by FINALTOAU enables you to make Transactions in small amounts when trading with leveraged CFDs you may deposit the amount of funds that suits you, or the amount which is in line with the amount you are willing to risk provided you deposit an amount sufficient to meet your Margin obligations. Noting, that this is not applicable in case of trading with non-leveraged CFDs.
- Profit Potential in Both Rising and Falling Markets - You can trade in CFDs with a view to profiting in both rising and falling markets.
- Leverage – Leveraged CFDs allow you to trade using a relatively small amount of funds to have an exposure to the Underlying Asset without having to pay the full price or value of the Underlying Asset. This is called “leverage” and gives you the ability to hold a greater exposure for a smaller

initial outlay. Leverage increases the potential risks and rewards. Conversely, leverage also magnifies the potential losses.

- Flexibility – A benefit of entering into an OTC contract is that you are not bound by standardised contracts. Unlike exchange traded products, OTC contracts are not standardised. For example, FINALTOAU allows you to enter into transactions in flexible amounts, subject to any minimum value determined by FINALTOAU) with flexible settlement dates or maturity dates, whereas exchange traded products are a standard size and cannot be varied in duration.
- Potentially Lower Costs – Generally, using leveraged CFDs allows you to have exposures to an Underlying Asset at lower transaction costs than the same exposure taken in the actual Underlying Asset.
- Access to CFDs at Any Time – You can access our Online Trading Platform virtually 24 hours per day, and view FINALTOAU's live price quote 5 days per week which provides you with the opportunity to trade 24 hours a day on any global market which is open for trading.

Key risks of CFDs are:

- Be aware that leveraged CFDs carry the risk of significant loss because of the leverage obtained by you paying only a Margin (i.e. less than the full market value of the Underlying Asset). You can lose the entire amount you deposit with us plus any net profits credited to your Account. When trading with non-leveraged CFDs you may lose the entire invested amount.
- Your recourse against FINALTOAU is limited by FINALTOAU's recourse and actual recovery against its hedging counterparties. You have no recourse against the hedging counterparties used by FINALTOAU and you are dependent on FINALTOAU's success in recovering against the hedging counterparties and allocating that to your position.
- Derivative markets are speculative and volatile, as explained in this PDS. Under certain market conditions, the price of contracts may not maintain the usual relationship with markets because of unforeseeable events or changes in conditions, none of which can be controlled by us.
- You should be aware that trading in leveraged products such as CFDs offered by FINALTOAU is one of the riskiest forms of investment available in the financial markets and may not be suitable for all investors. In deciding whether or not you wish to become involved in dealing in CFDs, you should be aware that leveraged CFDs are speculative products and that carry significantly greater risk than non-g geared investment products such as share trading and you could lose large amounts of money. It should be noted that the Company also offers non-leveraged CFDs which are also speculative products however, without carrying the risks of leverage.
- Our prices are derived from prices in the underlying market. Under certain conditions, it could become difficult or impossible for you to manage the risk of your open Positions by entering into

opposite positions in another contract or closing existing positions. This is because the underlying market may lack liquidity, caused by insufficient trading activity. 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 require. This may lead to reduced profits and/or higher losses.

- Because of the difference between the buying and selling price of a CFD, the relevant price must move favourably 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 make a loss to the extent of our spread and any other charges you have incurred to us.
- As the CFD market is not a regulated market, the protections associated with licensed markets are not available to individuals, corporations or other entities trading in our products.
- See also section 4 - “Significant Risks”.

## **2.5. Negative Balance Protection**

We are obliged to provide negative balance protection for our retail clients on our trading platforms. With negative balance protection, the most you can lose is the entirety of your deposited funds with us, at the time the negative balance is incurred. This means that if retail clients incur a liability trading CFDs, your compensation is limited to the money/property already in the client account.

# **SECTION 3 – HOW TO ENTER INTO CFD TRANSACTIONS**

## **3.1. OPENING YOUR FINALTOAU ACCOUNT**

You need to establish an Account by completing the application form on our website. By opening an Account, you agree to be bound by the Terms and Conditions, the Financial Services Guide and the terms of this PDS.

We will assess wholesale client or retail client status from time to time. If you satisfy the criteria to be classified as a wholesale client, we may classify you as such. We are under no obligation to inform you if we classify you as a wholesale client.

Trading in the CFDs that FINALTOAU offers may not be suitable for all investors due to the significant risks involved. To trade in these products prospective clients are subject to a mandatory client qualification assessment which is an ASIC requirement.

FINALTOAU maintains and applies a written client qualification policy which sets out the minimum qualification criteria that prospective retail clients will need to demonstrate before we will open an Account for you. FINALTOAU’s policy outlines the “suitability” process in place to ensure that clients who do not meet the minimum qualification criteria are not able to open an Account and trade.

If you would like a copy of our Client Qualification policy, then please request a copy directly from us and we will provide it free of charge. All prospective retail clients are required to complete the “suitability test” at the

time they apply to open an Account.

We also maintain records of our assessments.

Thus, FINALTOAU can only accept retail investors who can demonstrate a satisfactory understanding of the different aspects of trading. This will be done by FINALTOAU asking you questions in order to assess your understanding and experience with OTC derivatives.

If it is necessary, FINALTOAU will recommend that you obtain further experience and education before opening an Account with FINALTOAU. Applicants who initially fail the assessment may re-apply for an Account and redo the questionnaire.

### **3.2. FUNDING YOUR ACCOUNT**

Once your application has been approved you may fund your FINALTOAU account in a number of ways. Clients may deposit funds as opening and ongoing collateral to maintain your Transactions.

FINALTOAU accepts the following forms of payments:

- Debit/credit cards;
- Direct credit, Electronic Funds Transfer, Wire transfers;
- E-wallets such as Skrill and Neteller.

FINALTOAU does not accept “cash equivalents” or non-cash assets as collateral (e.g. no securities or other assets as deposits). All deposits must be cleared funds before they will be available for you to commence trading. This can take up to 48 hours, or longer over non-banking days so we recommend that you maintain a sufficient Margin in your Account at all times to maintain your open positions.

When transferring funds to FINALTOAU you must ensure that the funds are appropriately referenced with your name and Account number to enable us to easily identify your funds and apply them to your Account promptly. All payments made to FINALTOAU must be free of any withholding tax or deduction.

FINALTOAU does not accept funds transferred from third parties, so it is your obligation to ensure that all funds transferred to us are from the bank account you have nominated in your application. We may, in our absolute discretion, without creating an obligation to do so, return any funds transferred or received from a third party, back to the bank account from which it was transferred.

FINALTOAU will not accept any liability or responsibility for any losses that you may suffer as a result of, or arising out of, or in connection with, us returning any transfer of moneys from a third party, including any losses incurred by you because you are subsequently in default of your obligations under the Terms and Conditions.

### **3.3. OPENING A CFD TRANSACTION**

The particular terms of each CFD Transaction are decided by you and FINALTOAU before entering into the

CFD Transaction.

You may place orders to deal in our products by using our Online Trading Platforms or by telephone to FINALTOAU's Trading Desk. A CFD Transaction is opened by either buying or selling a CFD. You may buy a CFD in the expectation that the price of the Underlying Asset on which the CFD is based will increase, which will have the effect that the price of the CFD will increase. You may sell a CFD in the expectation that the price of the Underlying Asset on which the CFD is based will decrease, which would have the effect that the CFD will decline.

Prices for CFDs are quoted by FINALTOAU with a bid price and an ask price. The CFD quote given to you by FINALTOAU allows you to buy the CFD at the ask quoted price or to sell the CFD at the bid quoted price.

Before you enter into a CFD Transaction, FINALTOAU will require you to have sufficient Equity in your Account to meet the relevant Initial Margin, pursuant to the ASIC Corporations (Product Intervention Order—Contracts for Difference) Instrument 2020/986 ('Instrument'). The Initial Margin required to buy or sell a CFD varies for each different CFD. To continue holding the CFD Transaction FINALTOAU will require you to have sufficient Equity in your Account to also meet adverse market movements against the open CFD Transaction (refer to Section 3.7 of this PDS for additional detail).

After you enter into a CFD Transaction (or Close Out an existing CFD Transaction), Confirmation of the Transaction will be given to you (such as being reported online or in an online FINALTOAU statement or record). See Section 3.10 of this PDS for information in relation to Closing Out a CFD Transaction.

In case you are using leverage, you are being loaned the money required to open your position. If you decide to keep the position open overnight, FINALTOAU will charge (or receive) 'overnight interest' on a daily basis.

Where the Underlying Asset is based on futures and therefore has an expiry, the CFD will be automatically rolled over by FINALTOAU at expiry. A rollover involves closing out the position and simultaneously re-establishing the position with an Underlying Asset with a later expiry date. The new position is to reflect both current market prices and the same long or short position, with the only difference being that the new position has an extended expiry. This allows you to continue to carry a position instead of it being automatically closed out on expiry.

### **3.4. CLIENT MONEY**

All money deposited into your account by you or a by person acting on your behalf, or which is received by FINALTOAU on your behalf, will be held by FINALTOAU in one or more segregated accounts it must maintain pursuant to the Corporations Act. To ensure FINALTOAU complies with the Corporations Act, ASIC regulatory guidance and the ASIC Client Money Reporting Rules, FINALTOAU is required to comply with various record-keeping, reconciliation and reporting obligations in relation to the retail and sophisticated client money held in the client money trust. Under these rules, FINALTOAU must:

- Keep records of retail and sophisticated client money received and retain such records for 7 years;
- Perform a daily and monthly reconciliation of the retail and sophisticated client money on FINALTOAU's accounts with the actual retail and sophisticated client money held in the client money trust;
- Notify ASIC within 5 business days if FINALTOAU identifies a breach of the ASIC Client Money Reporting Rules or if a discrepancy is identified by the reconciliation;
- Lodge with ASIC an annual director's declaration and an external auditor's report on FINALTOAU's compliance with the ASIC Client Money Reporting Rules within 4 months of the end of FINALTOAU's financial year; and
- Establish, implement and maintain policies and procedures designed to ensure FINALTOAU's compliance with the ASIC Client Money Reporting Rules.

FINALTOAU pays client money into the client trust account on the Business Day it receives the client money, or if that is not possible, on the following Business Day.

For money deposited in our client trust accounts, you should be aware that with the exception of clients that open the Segregated Bank Account type described below, all other clients' funds, regardless whether it is wholesale or retail client funds are co-mingled into one bank account i.e. all client money is co-mingled or mixed with other client money and is pooled into one bank account.

FINALTOAU may, pursuant to the Corporations Act, make payments out of the client trust account in the following circumstances:

- making a payment to, or in accordance with the written direction of, a person entitled to the money;
- defraying brokerage and other proper charges in the operation of the client's Account;
- paying FINALTOAU money to which it is entitled;
- making a payment that is otherwise authorised by law or pursuant to the operating rules of licensed market; and
- as otherwise permitted under the Terms and Conditions or any other agreement put in place between FINALTOAU and the client.

FINALTOAU is entitled to keep interest earned on the client trust account, as disclosed in our Terms and Conditions available on our website.

Please note that subject to the Australian Client Money Rules, monies paid by you into the client trust account to meet margins, deposits, fees, transaction settlements, hedging or other costs may be immediately forwarded out of the client trust account by FINALTOAU to our licensed third party clearing



and execution providers or other hedging counterparties, and applied against your margin, exchange, fee and settlement obligations. Client monies which are held in our segregated trust accounts in accordance with the Corporations Act, may be forwarded to licensed third party providers for the purposes of margining, guaranteeing, adjusting or settling dealings in derivatives by FINALTOAU. Retail and sophisticated investor funds are not used to margin, guarantee, secure, transfer, adjust or settle dealings in derivatives by FINALTOAU or on behalf of people other than the client.

Client money will not be used by the company for its internal purposes such as working capital. Money lodged or deposited into our client trust account are not treated as funds belonging to FINALTOAU but are treated as funds belonging to the clients. However it is important to note that holding your money in one or more segregated accounts may not afford you absolute protection.

Individual Client monies may not be insulated from a default in our client trust account and therefore, assets in the client trust account belonging to non-defaulting Clients are potentially at risk even though they do not cause the default. If there were to be a deficit in the overall client trust accounts, and in the event that FINALTOAU became insolvent before we could make up that deficit, our clients would be unsecured creditors with respect to the amount of the deficit in the client trust accounts. If we were to become insolvent, as an unsecured creditor you would need to submit to the liquidator appointed proof of the balance of our debt to you, as evidenced by your Account statements. FINALTOAU does not accept payments from or make payments to any third parties. In accordance with Australian Anti-Money Laundering and Counter Terrorism Financing regulations, FINALTOAU reports, where necessary, any suspicious transactions to AUSTRAC. FINALTOAU is entitled to retain all interest earned on client moneys held in segregated accounts with a bank or approved deposit-taking institution. The rate of interest earned by FINALTOAU on this account is determined by the provider of the deposit facility.

Separate Segregated Bank Account FINALTOAU may, upon written request from you, provide you with a "Separate Segregated Bank Account". To be eligible to open a separate segregated bank account, you must deposit a minimum amount set by FINALTOAU from time to time. Please contact FINALTOAU for further information.

The separate segregated bank account will be established with an Australian bank and be in the name of FINALTOAU (and the client) and be designated and operated as a client trust account under the Corporations Act. You will have no direct access to the Separate Segregated Bank Account as it will be operated solely by FINALTOAU. However, you will be able to closely monitor activity in the Separate Segregated Bank Account.

These particular separate segregated bank accounts are subject to the following conditions:

1. No direct withdrawals are allowed to these separate segregated bank accounts by the client.

Only FINALTOAU will be authorised to make withdrawals on your request. If the you wish to make a withdrawal, you are required to submit a normal withdrawal request to FINALTOAU and it will be

processed and paid according to FINALTOAU's normal withdrawal procedures; You will make their initial deposit to one of FINALTOAU's normal client trust accounts. The amount of this deposit will be transferred by FINALTOAU into the separate segregated bank account established for you; and

2. Each day, the monetary value of any profit arising from movements in prices against open Transactions will be transferred from one of FINALTOAU's normal client trust accounts to the separate segregated bank account. If there is a loss, then the amount of the loss will be withdrawn from the separate segregated bank accounts and transferred to one of FINALTOAU's normal client trust accounts.

Notwithstanding separate segregated bank accounts may be established, you may still be exposed to the risk that you may not receive all money owed to you. If there were to be a deficit in the overall client trust accounts when combined i.e. all normal client trust accounts and all of the separate segregated bank accounts, and in the event that FINALTOAU became insolvent before we could make up that deficit, you would be unsecured creditors with respect to the amount of the deficit in the client trust accounts (including the Separate Segregated Bank Accounts). If we were to become insolvent, as an unsecured creditor you would need to submit to the liquidator appointed to us, proof of the balance of our debt to you, as evidenced by your Account statements. Although each separate segregated bank account will be in the name of a specific client and FINALTOAU and be designated as a client trust account, a liquidator may not identify the balance of a particular separate segregated bank account as belonging to you and may decide to combine the balances of all client trust accounts before making any distribution to clients. Furthermore, if a you had made a deposit or generated profits and FINALTOAU had not yet transferred such amounts to the separate segregated bank account then such monies will be pooled in one of the normal client trust accounts.

Client monies to which FINALTOAU is entitled: Where you incur a liability to FINALTOAU through an unrealised or realised loss, FINALTOAU fees and charges, or otherwise, then at the time that liability is incurred FINALTOAU becomes entitled to the amount of funds held in the client trust account equivalent to the value of the loss. This is because FINALTOAU is the counterparty to every CFD Transaction with each client.

### **3.5. YOUR PROFITS OR LOSSES**

CFDs allow you to make a profit or loss from the fluctuation in the market value of the Underlying Asset. The amount of any profit or loss on a CFD Transaction will be the total of the difference between the opening value of the CFD Transaction (quantity x price) and the Closing value of the CFD Transaction (quantity x price). Your profit or loss will also take into account other charges such as rollover fee. See Section 5 of this PDS for details of fees and charges.

Worked examples explaining how potential profits and losses arise from CFD Transactions are provided on our website.

### **3.6. MARGINING OF LEVERAGED CFD TRANSACTIONS**

The type of Underlying Asset will determine the leverage ratio permitted by FINALTOAU in case of use of

leveraged CFDs. FINALTOAU allows a leverage ratio of between 1:1 and 1:400 depending on the Underlying Asset on which the CFD is based (Leverage Ratio). For details on the Leverage Ratio for different CFDs, please refer to our website [au.opcmarkets.com](http://au.opcmarkets.com) under Trading Conditions.

You must note that, on and from 29 March 2021, we are required under the ASIC Corporations (Product Intervention Order—Contracts for Difference) Instrument 2020/986 to provide all retail clients an initial margin of at least the following:

Underlying Asset of CFD	Required Initial Margin (as % of CFD's notional value)	Equivalent Leverage Ratio
Major currency pair	3.33%	30:1
Major stock market index	5%	20:1
Minor currency pair	5%	20:1
Gold	5%	20:1
Minor stock market index	10%	10:1
Non-gold commodity	10%	10:1
Other Assets not listed above	20%	5:1

Trading examples given below, and in this PDS are for illustrative purposes only. They do not represent the actual market conditions, pricing of financial instruments or the leverage/margin requirements. You must familiarise yourself with the workings of a trade, and consult a financial adviser if you are unsure of how it works.

By way of example, if the Underlying Asset is Gold (which has a Leverage Ratio of 1:20) this means that if you decide to make an initial CFD Transaction with an Initial Margin of US\$1,000, you will have an exposure of US\$20,000 (Leveraged Amount) but the CFD Transaction will only require US\$1,000 in Initial Margin to open the CFD Transaction and hold it open providing there are no adverse price movements against your open position. It is noted that in OPCMARKETS trading platform a tiered margin model is applied which adapts to the clients trading positions. As the volume/lot size per instrument increases, the margin required for the position is increased accordingly which means that accordingly the leverage will decrease for the volume falling within the next tier. Tiered margin is applicable in the following financial instruments: Forex, Indices, Commodities and Bonds on a per instrument basis. Meaning if the client has open positions across multiple instruments, the margin will be calculated separately for each instrument.

In order for you to continue to hold open CFD Transactions you must maintain sufficient Equity in your Account to cover the Initial Margin plus the value of any adverse market movements (generally known as maintenance margin). The Equity is the liquidating value of your Account and is calculated by deducting any unrealised losses from, and adding any unrealised profits to, the balance of your Account.

The Equity amount will fluctuate on a real time basis. For example, if the balance of your Account is US\$1,500 and you initially have no open positions then the Equity is US\$1,500. If you then open a CFD Transaction with an Initial Margin requirement of \$500, then the Equity will stay US\$1,500 (being the balance of your Account). If an unrealised loss arises of US\$300, then the Equity is US\$1,200 (being the balance of your Account less the unrealised loss).

During the period your CFD Transaction remains open with FINALTOAU, you must always maintain a “Margin Level” of at least 50%. The Margin Level is a percentage calculated as follows: (Equity divided by Used Margin) multiplied by 100, whereas:

Equity is the liquidating value of your Account and is calculated by deducting any unrealised losses from, and adding any unrealised profits to, the balance of your Account.

Used Margin is the amount of funds required to keep your Transactions open (see also Section 7 – Glossary). For calculation purposes, all relevant figures of Equity and Used Margin will be converted into your Account currency.

So if your Account balance is \$2,000 and you have an Initial Margin requirement of \$500 and unrealised losses of \$1,700 the Equity is \$300 (being \$2,000 less \$1,700) and the Used Margin is \$500 (being your initial margin requirement).

The margin level is calculated as follows:  $(\$300 / \$500) * 100 = 60\%$

Should the adverse market movement continue and unrealised losses increase to \$1,750 the Equity is \$250 (being \$2,000 less \$1,750) and the Used Margin is \$500. The margin level is calculated as follows:

$(\$250 / \$500) * 100 = 50\%$

Once your Margin Level falls below 50%, FINALTOAU will, without further notice, Close Out the open Transaction with the largest unrealised loss first and continue Closing Out open Transactions with the next highest unrealised loss until there is sufficient Equity in your Account to meet the Margin obligations of the remaining open Transactions. We will be required to continue closing your CFD positions until your Equity is more than 50% of the margin requirements, or until you have no more open CFDs.

**It is your responsibility to provide the funds for your Margin on time. Please note it can take up to 48 hours (or longer, over non-banking days) for your funds to be cleared and credited to your Account (depending on external factors outside the control of FINALTOAU). Any delay in crediting your Account is at your risk.**

**The leverage ratios and the calculations for margin requirements are not applicable in case of trading with non-leveraged CFDs.**

### **3.7. MARGIN CALLS**

First alert: A Margin Call means a situation where the margin requirements do not allow the client to

increase exposure on his account. Despite the Margin Call being reached, the positions will not be closed automatically. The automated system will cancel all placed active orders that can increase the exposure.

At 100% Margin Level, FINALTOAU may attempt to send you a notification. This notification is simply a warning for you and allows you to take action to prevent a possible future Margin Call. You can close partial positions or deposit additional funds. However, please note that in certain market conditions such as extreme volatility this may not be possible and funds will need to be deposited with us to retain your open Transaction. It is your responsibility to actively monitor and manage your Transactions and your obligations, including ensuring that you maintain sufficient Equity to maintain your open Transactions. The designated margin levels for each level of alert may change from time to time without notice to you.

Second Alert: Margin Stop Out is where the Margin Level falls below 50%. In these circumstances, FINALTOAU will automatically start closing orders for you, as required by the ASIC Corporations (Product Intervention Order—Contracts for Difference) Instrument 2020/986 ('Instrument'). It closes the largest loss first and then continues in that manner until Margin Level comes back to above 50%. Should your Margin Level then fall below the 50% the process will start again.

The designated margin levels for each level of alert may change from time to time without notice to you. The provisions of this clause 3.7 applies when you are trading in both leveraged and non-leveraged CFDs.

### **3.7.1. OPENING CFD TRANSACTIONS**

As described in Section 3.3 of this PDS in relation to opening a CFD Transaction (either in leveraged or non-leveraged CFDs), before you enter into a CFD Transaction, FINALTOAU will require you to have sufficient Equity in your Account to meet the relevant Initial Margin. The Initial Margin required to buy or sell a CFD Transaction varies for each different CFD. The Initial Margin requirement is set by FINALTOAU and calculated as a percentage of the fullface value of the relevant CFD. Please refer to our website for Initial Margin amounts applicable to each CFD FINALTOAU offers. FINALTOAU's margin requirements will be subject to the minimum requirements set out in Section 3.6 of this PDS.

If you wish to enter into a new CFD Transaction and you do not have sufficient funds (or Equity) in your Account to meet the Initial Margin, the Online Trading Platform will not allow the Transaction to be processed.

### **3.7.2. MAINTAINING OPEN CFD TRANSACTIONS**

All client positions are monitored by FINALTOAU on a real time mark to market basis to account for any market movements.

If the price quoted in a CFD moves against your open CFD Transaction (either in leveraged or non-leveraged CFDs), you may, in a relatively short time, sustain a total loss of the funds placed by way of Margin or additional deposit (subject to our procedure to Close Out open Transactions when the Margin Level falls below 50%. However, in fast moving markets or in the event of "gapping" of prices, the Equity

amount in your Account may fall to zero which would result in a total loss of all of your funds in the Account).

You may be required to deposit a substantial additional sum, at short notice, to maintain your Account balance at a sufficient level to cover Initial Margin requirements and also adverse price movements (i.e. unrealised losses) and ensure your Margin Level remains at above 50%. If you do not maintain sufficient Margin some or all of your open Transactions will be automatically Closed Out by FINALTOAU.

Our Margining policy requires us to take reasonable steps to notify clients before we Close Out a client's open position. Accordingly, Margin Calls may be made by electronic notification via the Online Trading Platform.

You must ensure that you log into the Online Trading Platform on a regular basis to monitor your Equity and Margin Level and any relevant notifications. You must also maintain an e-mail address at all times and keep us up to date and informed of your current email address.

FINALTOAU may attempt to provide you with sufficient notice of Margin Calls to enable you to meet them. However, please note that in certain market conditions such as extreme volatility this may not be possible and funds will need to be deposited with us to retain your open Transaction. It is your responsibility to actively monitor and manage your Transactions and your obligations, including ensuring that you maintain sufficient Equity to maintain your open Transactions.

When a Margin Call is not met by the client lodging additional funds or Closing Out some or all of their open Transactions the Online Trading Platform will automatically identify which open Transactions are in an unrealised loss position and will Close Out the open Transaction with the largest unrealised loss first and continue Closing Out open Transactions with the next highest unrealised loss until there are sufficient Equity in the client's Account to meet the Margin obligations of the remaining open Transactions, if any and the Margin Level is at or above 50%. Please take note that FINALTOAU advocates appropriate risk management techniques be adopted by clients such as placing stop-loss orders as this technique reduces the possibility of the Account receiving a Margin Call.

Trading in CFDs can involve the risk of losing some or all of your invested amount.

### **3.7.3 LIQUIDATION**

FINALTOAU reserves its rights to Close Out any or all of your open Transactions where a Margin Call has not been met or where your Margin Level is equivalent to or falls below 50% due to adverse price movements, without prior further reference to you.

When a Margin Call is not met by you by lodging additional funds or Closing Out some or all of your open Transactions and the Margin Level falls below 50%, you acknowledge and agree that our Online Trading Platform will automatically identify which open Transactions are in an unrealised loss position and will Close Out the open Transactions with the largest unrealised loss first and continue Closing Out open Transactions with the next highest unrealised loss, until there is sufficient Equity in the client's Account to meet the Margin

obligations of the remaining open Transactions, if any, and the Margin Level is at or above 50%.

At this stage, no further automated notifications will be made to clients informing them that some or all of their open Transactions have been Closed Out. Clients will be able to see which of their open Transactions have been Closed Out by logging into their Account on our Online Trading Platform

### **3.8. REAL TIME VALUATION OF AN OPEN CFD TRANSACTION**

During the term of a CFD Transaction (including leveraged and non-leveraged CFD), FINALTOAU will in its absolute discretion determine your open CFD Transaction's value, based on the real time value of the CFDs with reference to the Underlying Asset and other factors such as interest rates.

If trading in the CFD's Underlying Asset is suspended or halted by the relevant Exchange (or other market), the CFD Transaction will be valued by FINALTOAU at its absolute discretion.

Due to the nature of the CFD's offered by FINALTOAU, and consistent with industry practice for such OTC products, FINALTOAU's discretion is unfettered and so has no condition or qualification. While there are no specific limits on FINALTOAU's discretions, FINALTOAU must comply with its obligations as an AFS Licence holder to act efficiently, honestly and fairly. You therefore have the risk of relying on whatever value is determined by FINALTOAU in the circumstances permitted by the Terms and Conditions

### **3.9. SUSPENDED OR HALTED UNDERLYING ASSETS**

An Underlying Asset may be suspended, delisted or subject to a trading halt on the relevant Exchange (or other market) in various circumstances. FINALTOAU's policy is that no new open positions can be entered into when the trading in an Underlying Asset is suspended, delisted or subject to a trading halt. Accordingly, in such circumstances, FINALTOAU will cancel any client order in respect of a new CFD (leveraged or non-leveraged CFD as the case may be) and may, in its absolute discretion Close Out, increase margin requirements or re-price any open CFD Transaction.

In addition, if the CFD is over a security which ceases to be quoted on the relevant Exchange or is suspended from quotation for three consecutive Business Days on that Exchange, or such lesser period agreed between you and FINALTOAU, FINALTOAU has a discretion to Close Out your open CFD Transaction.

Where FINALTOAU exercises its discretion to Close Out any open CFD Transaction it also has the absolute and unfettered discretion to determine the value it will use to Close Out an open CFD Transaction.

The Underlying Assets of some of the CFDs offered by FINALTOAU are not traded on any Exchange and hence, trading in these CFDs will not be halted or suspended

### **3.10. CLOSING OUT AN OPEN CFD TRANSACTION**

If you wish to Close Out an existing open CFD Transaction (either leveraged or non-leveraged CFD) before it expires, you can close the relevant open CFD Transaction by accessing the Online Trading Platform, to determine the price (or level) quoted by FINALTOAU for the CFD, with the view to closing the open CFD

Transaction (or part of it).

As described in Section 3.3 of this PDS in relation to opening a CFD Transaction, prices for CFDs are quoted by FINALTOAU with a bid price and an ask price. The CFD quote given to you by FINALTOAU allows you to buy the CFD at the ask quoted price or to sell the CFD at the bid quoted price. It does not matter whether you are opening a CFD Transaction or Closing Out an existing open CFD Transaction, the way FINALTOAU provides quotes are the same. To Close Out a bought (long) open CFD Transaction you sell a CFD and it is matched against the bought CFD, and to Close Out a sold (short) open CFD Transaction you buy a CFD and it is matched against the sold CFD. You must select 'close' when closing the position, otherwise you will simply open a new transaction in the opposite direction of your existing position, without closing the position.

FINALTOAU will quote the current price or value and you will then decide whether to accept the price or value, and if so, you would instruct FINALTOAU to Close Out your open CFD Transaction.

FINALTOAU decides the prices it quotes. In general, without limiting FINALTOAU's discretion, it should be expected that FINALTOAU will act reasonably and have regard to a range of relevant factors at the time, such as the value of the hedge contract taken by FINALTOAU to hedge its CFD issued to you, the market price of the Underlying Asset for the CFD, any foreign currency exchange rates which are relevant due to the denomination of your CFD or Account and any suspension or halt in trading of the Underlying Asset. In the worst case, it is possible that the price determined by FINALTOAU may be zero.

Although there are no specific limits on FINALTOAU's discretions, FINALTOAU must comply with its obligations as an AFS licensee to act efficiently, honestly and fairly.

### **3.11. CORPORATE ACTIONS WHERE UNDERLYING ASSET IS A SHARE TRADED ON AN EXCHANGE**

Where the Underlying Asset of a CFD is a share in a company and if there is a corporate action by that company, FINALTOAU may in its discretion make an adjustment to the terms of your CFD Transaction. For example, an adjustment will ordinarily be made by FINALTOAU for:

- subdivisions or splits;
- consolidations;
- reclassifications of shares;
- bonus issues;
- other issues of shares for no consideration;
- rights issues;
- buy backs;



- in specie distributions;
- takeovers;
- schemes of arrangement or similar corporate actions;
- a corporate action event that has a dilutive or concentrative effect on the market value of the shares.

FINALTOAU has a discretion to determine the extent of the adjustment and aims to place the parties substantially in the same economic position they would have been in had the adjustment event not occurred. Therefore, FINALTOAU has the right to decide to make an adjustment in any circumstance where we consider an adjustment is appropriate. Our discretion in this regard will be exercised reasonably in an effort to place you substantially in the same economic position that you would have been in had the adjustment event not occurred.

FINALTOAU may elect to Close Out a position (without prior notice to you) if the Underlying Asset of the CFD (being a share) is the subject of a take-over offer, scheme of arrangement or other mechanism for change in control.

### **3.12. DIVIDENDS**

If you buy a CFD where the Underlying Asset is a share in a company i.e. you hold a “long” CFD, your Account will be credited with an amount equal to the gross dividend on the relevant number of the CFDs as soon as practical, typically on the Business Day after the ex-dividend date (note that such CFDs do not confer rights to any dividend imputation credits).

Conversely, if you sell a CFD where the Underlying Asset is a share in a company i.e. you hold a “short” CFD, your Account will be debited by an amount equal to the gross dividend on the relevant number of the Share CFDs on the ex-dividend date

### **3.13. NO OTHER SHAREHOLDER BENEFITS WHERE UNDERLYING ASSET IS A SHARE TRADED ON AN EXCHANGE**

As a holder of a CFD where the Underlying Asset is a share, you do not have rights to vote, attend meetings or receive the company’s reports, nor can you direct FINALTOAU to act on those rights. Other benefits such as participation in shareholder purchase plans or discounts are also unavailable. This is because with CFDs where the Underlying Asset of a CFD is a share you do not own the Underlying Asset (share).

### **3.14. DEALING**

Quotes for CFDs are indicative only and so are subject to the actual price at the time of execution of your CFD Transaction. There is no assurance that the CFD will actually be dealt with at the indicative quote.

Quotes can only be given and Transactions made during the open market hours of the relevant Exchange (or market) on which the Underlying Assets are traded. The open hours of the relevant Exchanges are available by viewing the relevant Exchange website.

FINALTOAU may at any time in its discretion without prior notice impose limits on CFDs in respect of particular Underlying Assets (see section 4 – “Significant Risks”). Ordinarily FINALTOAU would only do this if the market for the particular Underlying Asset has become illiquid or its trading status has been suspended or there is some significant disruption to the markets including trading facilities.

You should be aware that the market prices and other market data which you view through FINALTOAU’s Online Trading Platform or other facilities which you arrange yourself may not be current or may not exactly correspond with the prices quoted for CFDs offered by FINALTOAU.

If you access your Account and any Online Trading Platform outside of the hours when orders may be accepted, you should be aware that the orders may be processed at a later time when the relevant Exchange is open to trading, by which time the market prices might have changed significantly.

### **3.15. TYPES OF ORDERS**

It is your responsibility to familiarise yourself with the order types available and how each order works in relation to your trades. Some of the types of orders which can be entered into the Online Trading Platform include, but are not limited to:

- **Market Order** – An order to buy or sell the identified CFD at the current quoted price that FINALTOAU provides either via the Online Trading Platform or over the telephone through one of our dealers. An order to buy is executed at the current quoted ask price and an order to sell is executed at the current quoted bid price.
- **Entry Limit Order** – An order (other than a market order) to buy or sell the identified CFD at a specified price. FINALTOAU will execute your limit order when one or more of the following conditions are met:
  - The offer price has reached the price of your buy limit order or the FINALTOAU bid price has reached the price of your sell limit order; or
  - The price offered by FINALTOAU has been bid or offered at your limit order price.
- **Entry Stop Order** – Entry Stop orders are orders placed by traders to enter the market at a less favorable price than the current price. A buy Entry Stop order is placed above the current market price. A sell Entry Stop order is placed below the current market price. When placing Entry Stop orders, the trader expects that once the market’s momentum breaks through the specified price, the trend’s movement will be confirmed and continue in that direction.
- **Take Profit Order** – This is the opposite of a Stop Loss. A Take Profit is used to lock in the trader’s profit if the market moves favourably. The trader sets in advance the price at which they want to close their position, and once that profit point is reached, the trade is executed.
- **Stop-Loss Order** – A stop-loss order is an instruction to buy or sell a CFD at a price which is worse than the opening price of an open position (or worse than the prevailing price when applying the stop-loss order to an already open position). It can be used to help protect against losses. Please

note that because of price gapping in an Underlying Asset (and thus, the CFD), the best available price that may be achieved could be materially different to the price set on the stop-loss order and as such, stop-loss orders are not guaranteed to take effect at the price for which they are set.

- One Cancels the Other (“OCO”) Order – An order that is linked to another order. If one of the orders is executed, the other will be automatically cancelled.
- Trailing Stop Order – A trailing stop order is the same as a stop-loss order with the only difference being that, instead of setting a price at which the order is activated or triggered, the trailing stop order is activated or triggered at a fixed distance from the current quoted price. For example, if a client has purchased a long open position and the quoted ask price increases, the trailing stop price will also increase and will trail behind the quoted ask price at the fixed distance set by the client. If the quoted ask price then decreases, the trailing stop price will remain fixed at its last position and if the quoted ask price reaches the trailing stop price, the order will be executed. Please note that because of price gapping in an Underlying Asset (and thus, the CFD), the best available price or rate that may be achieved could be materially different to the price set on the trailing stop order and as such, trailing stop orders are not guaranteed to take effect at the fixed distance for which they are set.

All orders (except market orders) can be set to be Good till Cancelled (“GTC”), meaning that it is effective until filled or cancelled by you. GTC orders do not automatically cancel at the end of the day on which they are placed.

Please refer to our website for some examples of how the above types of orders can be utilised in trading CFDs. Please contact FINALTOAU if you have further questions about our order types.

### **3.16. HEDGE CONTRACTS AND LIMITED RECOURSE**

FINALTOAU maintains and applies a written policy to manage its exposure to market risk from client open positions. This policy is available on request and also described briefly below.

This policy includes a risk management system in place to manage our exposure and assess our current hedge counterparties. This assessment takes into account the risks involved when dealing with a hedge counterparty and ensures that hedge counterparties are of creditable financial standing, licensed by a regulator, and are of sound reputation.

FINALTOAU’s policy to manage our exposure to market risk from client positions is to offset (hedge) all of its clients’ trades. FINALTOAU executes a “back to back” transaction for each client Transaction with our hedging counterparties, such as (but not limited to), Safecap Investments Limited which is regulated by the Cyprus Securities and Exchange Commission under license no. 092/08.

FINALTOAU is the only party contractually responsible towards its clients with respect to their trading and investment services provided to them at all times. FINALTOAU reserves the right to select different hedging

counterparties from time to time.

In the event that FINALTOAU chooses to use new counterparties to hedge, wholly or partly then they will be selected based on stringent criteria. All hedging counterparty must

- have a strong financial position;
- be licensed and regulated in their home jurisdiction;
- have demonstrated a risk management system.

If FINALTOAU defaults on its obligations, clients may become unsecured creditors in an administration or liquidation of FINALTOAU and will not have recourse to any assets of our hedging counterparties in the event of FINALTOAU's insolvency.

Once an order for a CFD is received, FINALTOAU will, at or about the same time, make a similar transaction (in its own name, on its own account) with a hedge counterparty to hedge the Transaction entered into with you. Once again, it is important to note that retail and sophisticated investor funds are not used to margin, guarantee, secure, transfer, adjust or settle dealings in derivatives by FINALTOAU or on behalf of people other than the client.

It is possible that FINALTOAU's hedge counterparties may become insolvent or it is possible that other clients of the hedge counterparty may cause a default which reduces the financial resources or capacity for the hedge counterparty to perform its obligations owed to FINALTOAU under the hedge contracts.

Since FINALTOAU is liable to you as principal on the CFD, FINALTOAU could be exposed to the insolvency of its hedge counterparties or other defaults which affects the hedge counterparties. FINALTOAU limits its liability to you under the terms of the CFDs by the extent to which FINALTOAU actually recovers against the hedge counterparties and allocates recovered funds to your Account. Under this arrangement your rights are only against FINALTOAU, which is the CFD issuer based and regulated in Australia.

It is therefore possible that FINALTOAU might not fully recover money lodged with hedge counterparties due to reasons not arising from your own CFDs, or it may incur costs in seeking the recovery or choose to terminate recovery efforts early, thereby reducing the proceeds available to FINALTOAU to allocate in its discretion to you. It is important to understand that you have no rights or beneficial interest in any contract which FINALTOAU has with the hedge counterparties and you cannot force FINALTOAU to make any decision about seeking recovery against the hedge counterparties. You are dependent on FINALTOAU taking that action to seek recovery and how it pursues that action, although FINALTOAU would act honestly, fairly and efficiently in deciding if and how to pursue that recovery action.

The credit risk which you have with FINALTOAU depends on its solvency generally as well as on the amount (and kind) of its capitalisation, its cash flow, all of its business risks, its clients and financial product concentration risks, its counterparty risks for all of its business and Transactions (not just the hedge contracts), its risk management systems and actual implementation of that risk management.

You should take into account all of these factors and not rely only on past financial statements since that could be materially incomplete information for your purposes, not current and therefore potentially misleading as a guide to the current solvency and credit-worthiness of FINALTOAU. FINALTOAU is required to prepare and lodge with ASIC within four months of the end of the annual year an annual director's report and an audited annual financial report, which are available by contacting FINALTOAU.

If FINALTOAU defaults on its obligations, clients will become unsecured creditors in an administration or liquidation and will not have recourse to any Underlying Assets in the event of the FINALTOAU's insolvency.

Please refer to Section 4 of this PDS entitled "Significant Risks" for additional information.

### **3.17. CONFIRMATIONS OF TRANSACTIONS**

By using the Online Trading Platform, a Confirmation of a CFD Transaction may be obtained by accessing the daily statement online, which you can print.

Once you have entered an order into the Online Trading Platform, the system will report the main features of your CFD Transaction in a "pop-up" window. This is a preliminary notification for your convenience and is not designed to be a Confirmation as required by the Corporations Act.

If you have provided FINALTOAU with an email or other electronic address, you will have consented to Confirmations being sent electronically, including by way of the information posted to your Account in the Online Trading Platform. It is your obligation to review the Confirmation immediately to ensure its accuracy and to report any discrepancies to FINALTOAU within 48 hours.

### **3.18. MARKET CONDUCT**

Some practices in placing orders and trading can constitute insider trading, market manipulation or creating a false market which is conduct prohibited under the Corporations Act. It is the client's responsibility to be aware of unacceptable market conduct practices and the legal implications. The client may be liable for penalties to regulators such as ASIC or be liable to FINALTOAU for costs to FINALTOAU arising out of those trading practices of the client which lead to the client, FINALTOAU or any other person suffering loss or penalty.

## **SECTION 4 – SIGNIFICANT RISKS**

Using CFDs involves a number of risks. You should seek independent advice and consider carefully whether (either leveraged or non-leveraged CFDs) CFDs are appropriate for you given your experience, financial objectives, needs and circumstances.

### **4.1. SIGNIFICANT RISKS IN TRADING CFDs**

Trading in leveraged CFDs involves a degree of risk and is not appropriate for everyone. It is important that you carefully consider whether trading our leveraged CFDs is appropriate for you in light of your objectives, financial situation and needs. FINALTOAU recommends that you do not risk money that you cannot afford

to lose and also, that you adopt a philosophy of capital preservation and implement risk mitigation techniques (such as the use of stop loss orders). Noting that FINALTOAU offers trading with non-leveraged CFDs.

You should consider the following significant risks involved in CFDs:

**Market risk:** The market prices of financial products can change rapidly and can be subject to price volatility. Prices depend on a number of factors including for example, interest rates, demand and supply, actions by the company concerned (where the Underlying Asset is a share) and actions of governments.

It may become difficult or impossible for you to Close Out an open CFD Transaction. This can, for example, happen when there is a significant change in the Underlying Asset's value over a short period.

Stop-loss orders may not always be filled and, in any event, may not limit your losses to the amounts specified in the order. For further information, see section 3.15 - "Types of Orders".

**Margin risk:** you must provide FINALTOAU with sufficient Equity (being Margin) to be able to continue to hold your open leveraged CFD Transactions. If the price of the Underlying Asset moves so will the price of a CFD Transaction and you may be required at very short, or no notice, to deposit cleared funds into your Account. This can occur at any time of the day or night, including when banks are closed. These amounts can be substantial. If you fail to meet your Margin requirement in case of trading with leveraged CFDs, FINALTOAU will Close Out your open Transactions when the Margin Level equals or falls below 50%. For these reasons you should be prepared to devote a sufficient amount of time to monitoring your positions and implement appropriate risk management techniques such as placing stop-loss orders.

**Close Out risk:** FINALTOAU has the right to Close Out your open Transactions without reference to you if particular events occur, including where the Margin Level equals or falls below 50%, and this may cause you loss.

**Market liquidity risk:** is the risk that it may not be possible to execute the full amount of a CFD transaction without seriously impacting the price. Trading in niche or specialised Underlying Assets may have very thin or illiquid trading volumes. Underlying asset liquidity will be reflected in the bid/offer prices as quoted by FINALTOAU for its CFD transactions. Generally, the more participants and volume there are in the Underlying Asset markets, the narrower the bid/offer spread typically become. An imminent news release which may have significant effect on the Underlying Asset market can also affect the bid/offer spread quoted by FINALTOAU for its CFD transactions.

**Gapping risk:** this is the risk that when there is increased volatility in the Underlying Asset the price may gap rather than follow a smooth trend. Accordingly, the price or rate of a CFD Transaction may move through your stop-loss order level, or the level at which FINALTOAU will Close Out some or all of your Transactions (i.e. when the Margin Level equals or falls below 50%). If this occurs, you could lose all of the amount in your Account.

**Foreign exchange risk:** Foreign currency conversions may be required for your Account depending on the CFD (see section 5 – “Costs, Fees & Charges” for a further description) and can expose you to foreign exchange risks between the time the CFD Transaction is entered into and the time the relevant conversion occurs.

Your Account may be denominated in Australian dollars or any other currency permitted by FINALTOAU from time to time. If you instruct FINALTOAU to effect a CFD Transaction denominated in a currency different from the denomination of your Account currency, FINALTOAU will convert the currency value of your Transaction into the Account currency when the CFD Transaction is Closed Out.

Foreign exchange markets can change rapidly. This exposes you to adverse changes in the value of your Account which can be large (depending on foreign exchange rates) and volatile. This will directly affect the value of a CFD Transaction where that CFD is denominated in a currency other the currency in which your Account is held.

**Not a regulated market:** The CFDs offered by FINALTOAU are OTC derivative products and thus, are not traded on a regulated Exchange and so are not covered by the rules of a regulated Exchange, such as guarantee or compensation funds.

**FINALTOAU and counterparty risk:** You have exposure to FINALTOAU for the performance of each CFD Transaction. This is common to all OTC financial market products.

Given you will be dealing with FINALTOAU as counterparty to every CFD Transaction, you will have an exposure to us in relation to each CFD Transaction. As FINALTOAU will be your counterparty to the CFD, there is the risk that FINALTOAU will not meet its obligations to you under the CFD. You can minimise your counterparty risk with FINALTOAU by limiting the amount of funds you lodge with FINALTOAU, trading prudently and requesting payment to you of any surplus in your Account which is not required to maintain open positions.

If FINALTOAU were to have reduced financial capacity or enters into administration or liquidation, then it may be unable to meet its obligations to you in full or at all, and you will become an unsecured creditor. As an unsecured creditor you would need to submit to the liquidator appointed to us proof of the balance of our debt to you, as evidenced by your Account statements. You will not have recourse to any Underlying Assets. FINALTOAU limits its market exposure by entering into opposite transactions with its hedge counterparties to hedge its exposures to clients. FINALTOAU’s practice is to enter into back-to-back positions with hedge counterparties which corresponds with FINALTOAU’s CFDs issued to clients. (see section 3.16 “Hedge Contracts and Limited Resource”). In addition, FINALTOAU must comply with the financial requirements imposed on it under its AFS Licence.

You should satisfy yourself that FINALTOAU is able to meet its obligation to you. You can assess FINALTOAU’s financial ability to meet its counterparty obligations by reviewing its financial statements. Should you wish to be provided with a copy of the most recent audited Financial Statement of FINALTOAU for you to review

then please request this information directly from us.

**You will be reliant on FINALTOAU's ability to meet its counterparty obligations to you to settle the relevant CFD Transaction. FINALTOAU limits this exposure by hedging all of the exposure it has to its clients. This is achieved by entering into back-to-back positions with its hedge counterparties. FINALTOAU is exposed to the financial performance by hedge counterparties and hedge counterparties may fail to perform their obligations to FINALTOAU, which might impact on FINALTOAU's resources to perform its obligations to you. In order to manage the overall risks and to continue to provide efficient trading systems for CFDs at a reasonable cost, FINALTOAU limits its exposure to you under CFDs by the amount it actually recovers from its counterparties (see section 3.16 - "Hedge Contracts and Limited Recourse") and as it allocates to your CFDs.**

**Client Money risk:** You should be aware that holding client money in the client trust account does not necessarily protect you from a deficit in the client trust account.

Please refer to section 3.4 of this PDS more additional explanation.

**Online Trading Platform:** You should be aware that there are a number of risks associated with using internet-based trading platforms. These risks are not just risks in using our Online Trading Platform but apply to other providers of trading platforms as well. Such risks include, but are not limited to, risks related to the use of software or telecommunications systems such as software errors and bugs, delays in telecommunications systems, interrupted service, data supply errors, faults or inaccuracies and security breaches.

A disruption to the FINALTOAU Online Trading Platform could mean you are unable to trade in a CFD offered by FINALTOAU and that you may suffer a financial loss or an opportunity loss as a result. These risks and the occurrence of disruptive events are generally outside the control of FINALTOAU and, accordingly, you will have no recourse against FINALTOAU in relation to the use of or availability of our Online Trading Platform or any errors in the software or related information systems. We shall have no liability to you (whether in contract or in tort, including negligence) for any loss, liability or cost whatsoever from any unauthorised use of our Online Trading Platform and in the event that any viruses, worms, software bombs or similar items are either introduced into our computer system or network or introduced into your computer or other electronic device via an Online Trading Platform or any software provided by us to you in order to enable you to use our Online Trading Platform, provided that we have taken reasonable steps to prevent any such introduction .

When you use FINALTOAU's Online Trading Platform, you must carefully read and follow the rules for that platform. It may impose rules regarding the timing of posting Margin, (such as when payment is effective) or how orders are managed.

**Access to our Online Trading Platform:** You are responsible for the means by which you access the Online Trading Platform. If you are unable to access the Online Trading Platform, it may mean that you are unable



to trade in CFDs (including Closing Out) and you may suffer a profit or loss as a result.

FINALTOAU may also suspend the operation of the Online Trading Platform or any part of it, without prior notice to you. Although this would usually only happen in unforeseen and extreme market situations, FINALTOAU's discretion is not limited. If the Online Trading Platform is suspended, you may have difficulty contacting FINALTOAU, or at all, or your orders may not be able to be executed at prices quoted to you. You may place orders by telephone with one of our dealers if you can contact FINALTOAU by telephone.

FINALTOAU may impose volume limits on client Accounts or filters on trading, which could prevent or delay execution of your orders, at your risk. You have no recourse against FINALTOAU in relation to the availability of the Online Trading Platform nor for any errors in the software.

There may be a risk that you may not be able to execute orders if your computer terminal is not on.

**Cyber security risks:** You should be aware of risks arising from third-party interference in relation to internet-based trading platforms, which may include unauthorised access to our or your IT systems or devices, data breaches, business interruption and financial loss in the event that your trading account is accessed by a third party.

**Substantial Losses:** You could sustain a loss, greater than the amount that you have paid to us to establish and maintain a CFD Transaction. If the Underlying Asset's value moves against your CFD Transaction, you are responsible for monitoring and meeting the Margin requirements.

If you fail to provide those additional funds within the required time, your entire open positions may be liquidated (Closed Out) at a loss. There is no limit on the amount of Margin which may be called in order to meet a revised valuation of your open CFD Transaction.

Any resultant loss will be debited to your Account and may result in a negative balance.

**Plugin Risk:** Our platforms allow you to plug in third-party applications to help you trade. They are often called 'expert advisors' or 'Auto Trading' or 'trades copier'. Third-party plugins can be risky because you may lose control of your trades and suffer financial loss, the software may stop working leaving you stuck with open positions, some are offered by fraudulent or illegal underground entities in difficult to reach jurisdictions or some may trade in a way that breaches this PDS or the Terms and Conditions. You should never provide your account username or password to a third party. You are wholly responsible for managing the risks associated with using third-party plugins.

**Leverage:** A degree of leverage may be involved in trading in leveraged CFDs because a client only has to outlay a relatively small amount (Initial Margin) to secure an exposure to the Underlying Asset without having to pay the full price of holding the Underlying Asset. This can work against you as well as for you. The use of leverage can lead to large losses as well as large gains. As mentioned above under "Significant Risks in Trading CFDs - Margin Risk" (refer Section 4.1 of this PDS), the leverage in a CFD may lead to a loss larger than an Initial Margin (refer to Section 3.6 of this PDS) and additional Margin you deposit with us to

establish or to maintain the CFD Transaction. Our powers on default, indemnities and limitations on liability: If you fail to pay, or provide security for, amounts payable to FINALTOAU or fail to perform any obligation under your CFD Transactions, FINALTOAU has extensive powers under the Terms and Conditions with you to take steps to protect our position including, for example, the power to Close Out positions and to charge default interest. Further, FINALTOAU's liability to you is expressly limited (to the extent permitted by law) to performing its obligations. You should read the Terms and Conditions carefully to understand these matters. It should be noted that the specific risk is not applicable in case of trading with non-leveraged CFDs.

**Irregular or Illegal Trading:** You should be aware that the trading is regulated by the agreement between FINALTOAU and the client. This specifies conduct that is deemed as irregular or illegal. If you engage in any of this conduct, your CFD Transactions may be terminated without recourse to FINALTOAU. Conduct that has been specified as irregular or Illegal include but is not limited to;

- Fraud;
- Attack;
- Commission laundering;
- Making an unusual transaction or Unusual transactions;
- Sniping;
- Illegal actions leading up to a transaction using multiple IP addresses to attack our systems in a 'Distributed Denial of Service-like' manner;
- Using any means to intentionally cause price latency on our system;
- Placing orders based on manipulated prices;
- Arbitrage trading on prices offered by our platforms;
- Hedging by taking an offsetting position in a related instrument with a view of gaining profit from beneficial trading conditions such as bonuses offered by the Hedged trade. Scalping meaning, a trading strategy that involves opening and Closing a position within 120 seconds of its opening;
- Placing future "buy-stop" or "sell-stop" orders within one hour prior to the release of financial data is prohibited. FINALTOAU shall hold the right to cancel any such orders without prior notice to you;
- Using an Expert Advisor or Auto Trading to identify instances of off market pricing;
- Coordinated transactions by, or in conjunction with other parties in order to take advantage of system errors and delays on system updates.

**Operational risk:** There is always operational risk in a CFD Transaction. For example, disruptions in operational processes such as communications, computers and computer networks, or external events may

lead to delays in the execution and settlement of a CFD Transaction. **FINALTOAU** is not liable to you if losses arise owing to delays, errors or failures in operational processes outside our control, in particular, due to faults in the Online Trading Platform.

#### **4.2. COUNTER PARTY RISK FINANCIAL RESOURCES**

FINALTOAU maintains and applies a written policy to ensure the ongoing maintenance of adequate financial resources. This policy can be provided to you upon request and is described briefly below.

We further maintain a detailed Risk Register, in which key risks of our business are identified, reviewed and controls implemented.

Steps are taken to ensure FINALTOAU's financial requirements are maintained and include, but are not limited to, monitoring compliance with our AFS Licence conditions, the Corporations Act and ASIC policy (such as that set out in RG 166) and in particular monitoring of the level of net tangible assets held, liquidity requirements, surplus liquid funds calculation, cash needs requirements and conducting a daily and monthly client cash segregation calculation.

Our external independent auditor will conduct an audit each financial year and a copy of the audited financial statements can be provided to you upon request.

The credit risk which you have with FINALTOAU depends on its solvency generally as well as on the amount (and kind) of its capitalisation, its cash flow, all of its business risks, its client and financial product concentration risks, its counterparty risks for all of its business and transactions, its risk management systems and actual implementation of that risk management.

To allow you to assess the credit risk to FINALTOAU please request in writing a copy of our latest audited financial statements.

#### **4.3. GENERAL RISKS**

FINALTOAU strongly recommends that, if you are not familiar with CFDs, you obtain independent legal, financial and taxation advice before proceeding with a CFD Transaction.

Further, FINALTOAU recommends that you should consider the following:

- It is your responsibility to understand the nature and risks associated with each CFD Transaction.
- In entering into any CFD Transaction, neither FINALTOAU nor any of its representatives will provide you with personal advice, or is to be taken as providing you with personal advice as to any strategy, risk profile or financial result.
- CFD trading is highly speculative and can be volatile. There is no guarantee or assurance that you will make profits, or not make losses, or that unrealised profits or losses will remain unchanged.

- Past performance of markets is never an assurance or indicative of future performance.
- The value of your Account may fluctuate according to foreign exchange rates and interest rates, as well as other market conditions such as fluctuations in the price of the Underlying Asset which are outside of our control and which are not able to be forecast.
- Trading with FINALTOAU may give rise to actual or potential conflicts of interests, because FINALTOAU is acting as principal in its CFD Transactions with you and also because it may be transacting with other persons, at different prices or rates. The policy used by FINALTOAU is that as principal it issues the CFD Transaction to you based on the price it quotes you, not by acting as broker to you. FINALTOAU obtains the price it quotes to you by getting a quote from its hedge counterparties.
- Information about prices or rates may come from several sources and may not be current at the time given to you. FINALTOAU does not take responsibility for information about rates or other financial market data or statements and FINALTOAU relies on your acknowledgment that you do not rely on any such information given to you or discussed with you. FINALTOAU only undertakes to perform the CFD Transaction agreed with you at the price or rate for that CFD Transaction, and not at any other price or rate available.
- The CFDs are valued by FINALTOAU. Typically, this is by direct reference to the price or rate of the Underlying Asset on the relevant Exchange (or other market). If the relevant Exchange (or other market) fails to provide that information (for example, due to a failure in the Exchange's trading system or data information service) or trading in the Underlying Asset is halted or suspended, FINALTOAU may exercise its discretion to determine a value for or cancel or adjust a transaction. Due to the nature of CFDs, in common with industry practice for such financial products, FINALTOAU's discretion is unfettered and so has no condition or qualification. You therefore have the risk of relying on whatever value is determined by FINALTOAU.

## SECTION 5 – COSTS, FEES AND CHARGES

FINALTOAU will give notice of any increases to these costs, fees and charges at least 30 days before the increase takes effect. For changes that are not increases, FINALTOAU will give notice as soon as practicable.

### **Spread**

The spread is the difference between the buy and sell price quoted by FINALTOAU. FINALTOAU may profit from part, or all, of the spread which can be calculated at any given time by comparing the Bid and Offer prices quoted.

### **Commission**

For stock CFDs, in addition to the market spread, we charge you a commission fee to enter and exit a trade which is applied together upon opening the position. All commission charges are converted to your

account currency at the prevailing market currency conversion rate. The commission fee is set at ten (10) USD per side. Furthermore, we may share charges or benefits with our associates, hedging counterparties or other third parties or receive remuneration from them in respect of CFD Transactions we enter into with you. These commissions do not amount to any additional payment by you and are instead taken out of the spread of your transactions.

### **Rollovers**

Where you hold a CFD Transaction open overnight, you will be charged (or receive) a “rollover” fee/benefit or funding cost/benefit for holding CFDs overnight. These charges vary. Our hedging counterparties charge and/or pay FINALTOAU a “rollover” fee or benefit and FINALTOAU passes these “rollover” fees and benefits to you.

Please Note: our Trading Platform calculates overnight rollover at 2200 GMT (from the first Sunday of November to the Saturday before the second Sunday of March) or 2100 GMT (from the second Sunday of March to the Saturday before the first Sunday of November) and the rollover fee/benefit is debited or credited to and from your Account.

On Fridays at 2200 GMT (from the first Sunday of November to the Saturday before the second Sunday of March) or 2100 GMT (from the second Sunday of March to the Saturday before the first Sunday of November), overnight rollover fees and benefits are multiplied by three (x3) in order to compensate for the upcoming weekend.

For CFD where Underlying Asset is foreign exchange, overnight rollover fees and benefits are multiplied by three (x3) on Wednesdays rather than Fridays; at 2200 GMT (from the first Sunday of November to the Saturday before the second Sunday of March) or 2100 GMT (from the second Sunday of March to the Saturday before the first Sunday of November).

The overnight rollover values for a particular CFD can be seen in the “Instruments window” on the Online Trading Platform.

Rollover values will differ depending on whether the position held is short or long. All rollover values are per single CFD and the final rollover fee or benefit will be for the total amount of CFDs held.

For CFDs based on futures, the contract price difference when rolling over to a contract with a later expiry will be reflected in the pricing. Any stop loss/take profit, entry stop or entry limit orders attached to your futures CFD Order before it is rolled over will be adjusted to symmetrically (point-for-point) reflect the price differences between the expiring contract underlying your original CFD Order as at its expiration date and the rolling over (new) contract underlying your CFD Order.

Please refer to our website for up-to-date rollover fees and benefits for our CFDs.

### **Administrative Fees**

FINALTOAU will pass on any fees incurred by it by third-party providers with respect to telegraphic transfers

or wire fees. FINALTOAU does not profit as a result of these fees which are passed on to you.

### **Inactive and Dormant Account**

Any Account(s), held with FINALTOAU where you have:

- not placed an order to enter into a CFD Transaction;
- not opened or Closed Out any Transactions; and/or
- not made a deposit into the Account;

for a period of 90 days and more, shall be classified by FINALTOAU as an inactive Account (“Inactive Account”).

Such Inactive Accounts will be subject to a monthly charge of USD 10, relating to the maintenance/administration of such Inactive Accounts. Any Inactive Accounts, which hold zero balance, shall be reclassified to a dormant account (“Dormant Account”). For reactivation of Dormant Accounts, you must contact FINALTOAU’s Customer Support Department [support@opcmarkets.com](mailto:support@opcmarkets.com). and inform them of your wish to reactivate the Dormant Account. Your Dormant Account will then be reactivated (subject to you depositing cleared funds with FINALTOAU and, if required, up-to-date identification and verification documentation provided to FINALTOAU by yourself) and become an Active Account. However, where you have not done any of the following:

- placed an order;
- opened or Closed Out any Transactions; and/or
- made a deposit into the Account;

for a period of 90 days or more, then this Account will once again become an Inactive Account and subsequently a Dormant Account if the balance/Equity of the Account is zero.

### **Credit Card & Remittance Fees**

If you use a credit card to deposit or withdraw funds, any fees incurred by FINALTOAU will be passed on to you. Banks or other third party remittance and payment institutions used by you for the transfer of funds may also charge a fee which FINALTOAU in its discretion may also pass onto you at cost. You will be notified at least 30 days prior to FINALTOAU passing on such additional fees to you.

### **GST and other Taxes**

You are responsible for any stamp duty, transaction duty, GST or similar goods and services or value-added tax payable in respect of services provided to you or any transaction made.

## SECTION 6 – GENERAL INFORMATION

The terms governing your dealing in CFDs with FINALTOAU are set out in this PDS together with the Terms and Conditions found at [au.opcmarkets.com](http://au.opcmarkets.com).

The Terms and Conditions include terms for your dealings with us for the products covered by this PDS and also the dealings in other products offered by FINALTOAU which are not covered by this PDS but are covered by a separate PDS. By opening an Account with us you agree to the Terms and Conditions.

### **6.1. ACCOUNTS DENOMINATED IN CURRENCY OTHER THAN AUSTRALIAN DOLLAR**

Your Account may be denominated in Australian dollars or any other currency permitted by FINALTOAU from time to time. If you instruct FINALTOAU to effect a CFD Transaction denominated in a currency different from the denomination of your Account currency, FINALTOAU will convert the currency value of your CFD Transaction into the Account currency when the CFD Transaction is Closed Out.

Therefore, you need to take into consideration the denominated currency in the CFDs that you trade. This is because any foreign currency conversion between your Account, which is denominated in one currency, and CFDs, which are denominated in a different currency, can expose you to foreign exchange risk.

### **6.2. QUERIES AND DISPUTES**

For any disputes about a Transaction or Confirmation, please see section 6.7. – "Complaints Handling".

### **6.3. FINALTOAU INSURANCE**

FINALTOAU has professional indemnity ("PI") insurance arrangements in place as required under section 912B of the Corporations Act. Our PI insurance takes into account the volume and nature of our business, the number and nature of our clients, our representatives and the potential extent of our liability.

Our PI insurance also covers potential claims in relation to the conduct of representatives who no longer work for us (but who did so at the time of the relevant conduct).

### **6.4. TAXATION IMPLICATIONS**

Trading in CFDs has the potential for generating profits and the potential for generating losses and accordingly will have taxation implications for clients, depending on the current tax laws and administration, the nature of the client for tax laws, the terms of the Transactions and other circumstances. These are invariably complex and specific to each client. The tax implications of any profits or losses may be significant depending on the personal circumstances of the individual client. FINALTOAU does not provide tax advice and recommends you consult your tax advisor before trading in these financial products.

The following information should be regarded as general information only.

- a) Australian Taxation Regime for CFDs

The Australian Taxation Office (ATO) has released Taxation Ruling 2005/15 which describes the income tax and capital gains tax consequences of dealing in CFDs. A copy of Taxation Ruling 2005/15 is available from the ATO's website [www.ato.gov.au](http://www.ato.gov.au).

You should note that this is a public ruling that the purpose of Part IVAAA of the Taxation Administration Act 1953 (Cth) and therefore, if the ruling applies to an investor or trader, the Commission of Taxation is bound to assess that person on the basis outlined in the ruling. Penalties may apply where the treatment outlined in a taxation ruling is not followed and the investor or trader has a tax shortfall.

- b) The following statements do not set out all of the content of the ruling and there might be other taxation aspects that are relevant to your particular circumstances

Profits and Losses on CFDs: Any gains derived or losses incurred by you in respect of a CFD ordinarily should be included in your assessable income. When calculating the amount of profit or loss, you need to consider the difference between the closing value and the opening value and any fees, and adjustments for dividends or other distribution amounts on your open positions paid or received by you.

- c) Dividends and Imputation credits

CFDs where the Underlying Asset is a share do not pay dividends nor carry imputation credits. However, FINALTOAU will make adjustments for dividends as described in section 3.12 of this PDS.

- d) Tax File Number Withholding Rules

The tax file number withholding rules only apply to those investments as set out in income tax legislation. FINALTOAU's current understanding is that those withholding rules do not apply to its CFD products; however, if it is later determined to apply and you have not provided FINALTOAU with your tax file number or an exemption category, FINALTOAU may be obliged to withhold payments at the highest marginal tax rate and remit that amount to the ATO.

- e) Good and Services Tax

With the exception of fees and charges as set out in this PDS, amounts payable for or in respect of CFDs are not subject to goods and service tax, in accordance with Australian Taxation Office Ruling GSTD 2005/3, available from [www.ato.gov.au](http://www.ato.gov.au).

- f) Other Fees, Charges, or Commissions

If the CFD gives rise to gains that are assessable or losses that are deductible, any fees other than charges or commissions ordinarily should be available as a deduction at the time they are paid by the investor or trader and debited against their Account.

## **6.5. ENVIRONMENTAL, SOCIAL AND ETHICAL CONSIDERATIONS**

FINALTOAU does not specifically take labour standards or environmental, social or ethical considerations into account in the selection, retention or realisation of CFDs.



## 6.6. COOLING OFF

There is no cooling off arrangement for CFD Transactions offered by FINALTOAU. This means that you do not have the right to return the CFD Transaction, nor request a refund of the money paid to acquire the CFD Transaction. If you change your mind after entering into a CFD Transaction with FINALTOAU, you must Close Out the open positions, and take the risk of a loss being incurred in doing so if prices in the Underlying Asset have moved.

## 6.7. COMPLAINTS HANDLING

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 Complaints Officer (by telephone, our website complaint form or letter) at the address and telephone provided in this PDS.

If we are unable to resolve the matter, you may after 30 days have elapsed since the complaint was made, refer the matter to our independent external dispute resolution scheme, the Australian Financial Complaints Authority (AFCA) an external dispute resolution (EDR) scheme to deal with complaints from consumers in the financial system.

Using AFCA is free to consumers. If you would like to access the scheme, please lodge a complaint:

Online: [www.afca.org.au](http://www.afca.org.au)

Email: [info@afca.org.au](mailto:info@afca.org.au)

Phone: 1800 931 678

Mail: Australian Financial Complaints Authority GPO Box 3 Melbourne VIC 3001

## 6.8. PRIVACY

In accordance with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006, FINALTOAU has an obligation to collect information about and verify the identity of its clients. This information is referred to as Know Your Client (“KYC”) information. FINALTOAU will carry out its customer identification and verification procedures in accordance with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and the Privacy Act 1988 and the Australian Privacy Principles.

We value the privacy of the personal information you provide us. When we collect, use, disclose or handle your personal information, we are bound by Australian law. Our full privacy policy is available on our website [au.opcmarkets.com](http://au.opcmarkets.com). If you want access to, or wish to correct or update any personal details that you have provided to us, please do so as soon as possible.

## SECTION 7 – GLOSSARY

“Account” means your account with FINALTOAU established under the Terms and Conditions.

“Terms and Conditions” means the Terms and Conditions of your Account with FINALTOAU by which you

and FINALTOAU deal in Transactions.

“AFS License” means Australian financial services license.

“ASIC” means Australian Securities and Investments Commission.

“ASX” means the securities and other Exchanges operated by ASX Limited (including, when applicable the ASX 24).

“Australian Dollar” or “\$” means the lawful currency of the Commonwealth of Australia.

“Business Day” means a weekday which is not a gazetted public holiday in Sydney.

“Contract for Difference” or “CFD” means a contract between the client and FINALTOAU to pay in cash the difference in prices of the Transaction at the time the Transaction is opened and the time the Transaction is Closed Out or expires.

“Close Out”, “Closed Out”, “Closing Out” in relation to a CFD Transaction mean discharging or satisfying the obligations of the parties under the CFD Transaction and this includes:

- I. as a result of the entering into an equal and opposite offsetting CFD Transaction to match against an existing open CFD Transaction of the same kind; and
- II. making adjustments for fees and charges.

“Confirmation” means any confirmation of a Transaction issued by FINALTOAU and includes an electronically transmitted confirmation.

“Corporations Act” means the Corporations Act 2001 (Cth).

“Equity” means the liquidating value of an Account and is calculated by deducting any unrealised losses from, and adding any unrealised profits to, the balance of the Account.

“Exchange” means an exchange or market in which Underlying Assets are listed from time to time.

“FINALTOAU” means Finalto (Australia) Pty Limited ACN 158 641 064.

“Initial Margin” means the amount which you are required to deposit with FINALTOAU to enter a Transaction any given time. Please see Section 3.6 of this PDS, or refer to our website for more information.

“Margin” means the amount required to be deposited in your Account to maintain your open Transactions. This may be the Initial Margin paid to open the position or if the prices have moved since the position has opened, the funds required to cover adverse price movements in relation to your open Transactions.

“Margin Call” means a demand for additional funds required to be deposited into your Account to meet Margin requirements because of adverse price movements against an open Transaction(s).

“Margin Level” means a percentage calculated as follows: (Equity divided by Used Margin) multiplied by

100.

“Online Trading Platform” means the online trading platform offered by FINALTOAU to enable you to enter into Transactions

“OTC” means an over-the-counter financial product which is not traded on an Exchange.

“Sophisticated Investor” – is defined in s 761GA of the Corporations Act

“Transaction” means any of the kinds of OTC products offered by FINALTOAU which are traded under this Agreement.

“Underlying Asset” means an asset from which the CFD derives its price and includes, foreign exchange, shares, ETFs, indices, commodities, bonds, metals and cryptocurrencies.

“Used Margin” means the amount of money that must be maintained in your Account to ensure that you have sufficient funds to cover Initial Margin requirements and also to cover against unrealised losses on all of your open Transactions at any one time.

Some expressions used in this PDS which are set out in this Glossary are based on the definitions in the FINALTOAU Terms and Conditions. You must read the Terms and Conditions in full, including all of the definitions in the Terms and Conditions. It can be found on our website at [au.opcm Markets.com](http://au.opcm Markets.com)