Xtrade.au Pty Ltd AFSL 343628

Risk Disclosure Notice

Margin FX and other Contracts for Difference (**CFDs**)

Date 22 December 2023

Risk Warning: Trading Margin FX and other CFDs is risky. It isn't suitable for everyone and, you could lose substantially more than your initial investment. You don't own or have rights in the Underlying Assets. Past performance is no indication of future performance and tax laws are subject to change. The information in this document is general in nature and doesn't take into account your or your client's personal objectives, financial circumstances, or needs. Please read our legal documents and ensure you fully understand the risks before you make any trading decisions. We encourage you to seek independent advice.

Table of contents

1. Scope of this notice 1
2. Risk Disclosure 1
3. Risk associated with trading Margin FX and other CFDs 1
4. Appropriateness Assessment 8
5. Volatility 8
6. Fees 9
7. Collateral requirements..9
8. Past Performance 9
9. No Advice...9
10. Glossary 10

1. Scope of this notice

Xtrade.AU Pty Ltd (the "**Company**", "**Xtrade.AU**", "**we**", "**us**", "**our**") provides you with this notice to help you understand the risks that might arise when trading Margin FX and other CFDs. This notice is non-exhaustive, and you need to bear in mind that it doesn't contain all the risks and aspects involved in trading Margin FX and other CFDs or how the risks relate to your personal circumstances. You should carefully read this notice in conjunction with our Terms and Conditions, legal documents and information available to you through our website, in light of your personal circumstances, before deciding to open an Account and trade with us.

We recommend that you seek independent professional advice if you're unsure.

2. Risk Disclosure

Xtrade.AU is licensed as an Australian Financial Services Licensee ("**AFSL**") pursuant to section 913B of the *Corporations Act 2001* (Cth) (the "**Corporations Act**") regulated by the Australian Securities and Investments Commission ("**ASIC**") under AFSL number 343628.

This notice cannot and does not disclose or explain all of the risks and other significant aspects involved in dealing in Margin FX and other CFDs and is designed to explain in general terms the nature of the risks particular to dealing in the financial instrument of Margin FX and other CFDs and to help clients make investment decisions on an informed basis.

The Company will initially classify all prospective clients as Retail Clients (as defined by the Corporations Act). Prior to applying for an account, the client should consider carefully whether trading in the financial instruments of Margin FX and other CFDs is suitable in the light of your personal circumstances and financial resources. Trading in the financial instruments of Margin FX and other CFDs entails the use of leverage. In considering whether to engage in this form of trading, the Client should be aware of the risks associated with trading Margin FX and other CFDs, and other relevant considerations described in this Risk Disclosure Notice (in the sections below).

3. Risk associated with trading Margin FX and other CFDs

The Margin FX and other CFDs available for trading with the Company are non-delivery spot transactions giving an opportunity to make profit on changes in currency rates, commodity, stock market indices or share prices called the underlying instrument.

The Client should unreservedly acknowledge and accept that:

(a) regardless of any information which may be offered by the Company, the value of the Margin FX and other CFDs may fluctuate downwards or upwards and it is even probable that the investment may become of no value; and

(b) they run a great risk of incurring losses and damages as a result of the dealing in Margin FX and other CFDs and accepts and declares that they are willing to undertake this risk.

For many members of the public, dealings in Margin FX and other CFDs will not be suitable. The Client should not engage in any dealings directly or indirectly in Margin FX and other CFDs unless they understand the risks involved in dealing in them.

Some of the key significant risks involved in Margin FX and CFD trading include, but are not limited to, the following:

Risk	**Explanation**
Macro-economic Risk	The general state of the Australian and international economies as well as changes in taxation policy, monetary policy, interest rates and statutory requirements are some of the factors which may influence the progress of currency markets.
Market Risk	This is the risk that markets may move in a direction that is not anticipated. External market forces can cause markets and prices to change quickly. Such forces include: • changing supply and demand relationships; • governmental, agricultural, commercial, trade programs and policies; • national and international political and economic events; and • the prevailing psychological characteristics of the marketplace. As the price of your position is based on an underlying asset, these factors may affect your position and our ability to execute, settle or close out transactions on your behalf.
Gapping	In fast moving or illiquid markets ‘gapping’ may occur. Gapping occurs when market prices do not follow a ‘smooth’ or continuous trend and are typically caused by external factors such as world, political, economic, and corporate related events. Should gapping occur in the underlying asset on which your product is based, you may not be able to close out your position or open a new position at the price at which you have placed your order. Further, in instances of ‘gapping’ any conditional orders opened on your account, these orders will be filled at the next best available price which may be substantially different from the price selected when entering your conditional order.
Variation Margins	Should the price of the underlying asset on which your product is based move against you, you may receive a Margin Call from us and, at short notice, be required to deposit a Variation Margin into your account in order to maintain your position. Should we make a Margin Call which may be substantial, you must deposit the amount of funds that we request into your account immediately. In the event of you failing to make Margin payments we may reduce or, as required by the ASIC Order, close all your open positions without further notice. You will be liable for any shortfall.

Risk	Explanation
	Positions are marked-to-market on a daily basis, with payments being settled daily to account for market movements. You must be in a position to fund such requirements at all times. Initial and Variation Margin must be paid immediately after the Margin Call. The general policy of Xtrade.AU is that payment of the Margin Call must be received within 24 hours of the call although in times of extreme price volatility this may mean as little as 1 hour. In rare circumstances, the markets could move against your position giving Xtrade.AU no time to make a Margin Call on you to request additional funds for Xtrade.AU to protect its positions. In this situation, as mandated by the ASIC Order, Xtrade.AU will terminate your open positions, and any other open positions as required.
Leverage	The high degree of leverage is a particular feature of Margin FX and other CFDs. This stems from the margining system applicable to such trades, which generally involves a comparatively modest deposit in terms of the overall contract value, so that a relatively small movement in the underlying market can have a disproportionate effect on the Client's trade. As Margin FX and other CFD products are highly leveraged, a small price movement in the underlying asset in which they are based can result in substantial profits or losses exceeding your Initial Margin. Therefore, you could be required to pay further funds representing losses and other fees on your open and closed positions. However, the recourse of Xtrade.AU to recover those losses are limited to the money held in your Client account and trading accounts. The prices of our products may be volatile and fluctuate rapidly over wide ranges. Price fluctuations may be as a result of uncontrollable events or changes in a variety of conditions as described above in Market Risk. Below is a hypothetical example of how gearing (leverage) magnifies losses/profits (without taking into account fees & charges):

Item	Share purchase amount	CFD purchase amount
Initial outlay	$10,000	$10,000 (as initial margin)
Reference shares purchased	1000	5,000
Initial price	$10.00	$10.00
Value	$10,000.00	$50,000
Gearing	0%	80%
Share result where share price falls	Share price falls to $8.75. Shares now worth $8,750 (i.e. loss of $1,250 or -12.5%)	Share price falls to $8.75. CFDs now worth $43,750 (i.e. loss of $6,250 or -62.5% on

<table>
<tr><th>Risk</th><th>Explanation</th></tr>
<tr><td></td><td><table>
<tr><td></td><td></td><td>original outlay of $10,000)</td></tr>
<tr><td>Share result where share price rises</td><td>Share price rises to $11 Shares now worth $11,000 (i.e. profit of $1,000 or +10%)</td><td>Share price rises to $11 CFDs now worth $55,000 (i.e. profit of $5,000 or +50% on original outlay of $10,000)</td></tr>
</table></td></tr>
<tr><td>Liquidity [and slippage]</td><td>Under certain conditions, it may be difficult or impossible to close out a position. This can occur when there is significant change in the price of the underlying asset over a short period of time.</td></tr>
<tr><td>Stop Loss Orders Unavailable</td><td>Certain products can be traded in conjunction with our limit and stop loss orders which are designed to either optimise your exposure to the market or limit your loss by instructing that trades be executed at pre-determined price levels. Stop losses are instructions placed by the Client with Xtrade.AU to close out an open position if a market trades through a specific level. Stop loss orders are often used to attempt to limit the amount which can be lost on a position. We note that stop losses are not guaranteed and the execution of such orders will depend on market volatility and liquidity.

So, whilst stop losses generally allow you to control potential losses should the market move against you, please be aware that stop loss orders may not always limit your losses the way you anticipate. The operation of these order types should be discussed with your Xtrade.AU representative.</td></tr>
<tr><td>Powers of Xtrade.AU</td><td>Should you fail to pay any amounts due and payable to Xtrade.AU, including Margin Calls, or maintenance of minimum account balances, Xtrade.AU have extensive powers to close out positions and charge default interest. Under the Terms and Conditions you also indemnify Xtrade.AU and its employees, agents and representatives against certain losses and liabilities (subject to terms of the ASIC Order).

You should read the Terms and Conditions carefully to ensure you understand these powers and responsibilities.</td></tr>
<tr><td>Electronic Trading Platform Risk</td><td>You shall be responsible for providing and maintaining the means by which to access the electronic trading platform, which may include, without limitation, a personal computer, modem and telephone or other access line. While your connection may be generally reliable, technical problems or other conditions may delay or prevent access thereto.

If you are unable to access the internet and thus the electronic trading platform, it will mean you may be unable to trade in a product offered by Xtrade.AU when desired and you may suffer a loss as a result. Should the system be unavailable, Clients may place their orders via telephone with a representative of Xtrade.AU.

Furthermore, in unforeseen and extreme market situations, such as a major terrorist event or other catastrophe, Xtrade.AU reserves the right to suspend the operation of the electronic trading platform or any part or sections of it. In such an</td></tr>
</table>

Risk	Explanation
	event, Xtrade.AU may, at its sole discretion (with or without notice), close out your open contracts at prices it considers fair and reasonable at such a time. Xtrade.AU may impose volume limits on Client accounts at its sole discretion. Please note that such measures would only be implemented in extreme market conditions, and such discretion only reasonably exercised in the best interests of the Client.
Regulatory Risk	Changes in taxation and other laws, government, fiscal, monetary and regulatory policies may have a material adverse effect on your dealings in Margin FX or other CFDs, as may any regulatory action against Xtrade.AU. The Client should take the risk that if they trade in Margin FX and other CFDs, they may be or become subject to tax and/or any other duty, for example, because of changes in legislation or their personal circumstances. The Company does not warrant that no tax and/or any other stamp duty will be payable. The Client should be responsible for any taxes and/or any other duty which may accrue in respect of their trades.
Xtrade.AU Risk	The risk of Xtrade.AU being unable to operate its business as a result of a regulatory impediment such as Xtrade.AU ceasing to hold an Australian Financial Services Licence or because ASIC imposes a stop order on the PDS issued by Xtrade.AU or Xtrade.AU ceasing to exist.
No Cooling Off	There are no cooling-off arrangements for Margin FX or other CFD contracts. This means that when Xtrade.AU arranges for the execution of a Margin FX or other CFD contract, you do not have the right to return the product, nor request a refund of the money paid to acquire the product.
Market Volatility	Markets are subject to many influences which may result in rapid fluctuations and reflect unforeseen events or changes in conditions with the inevitable consequence being market volatility. Given the potential levels of volatility in certain markets, it is therefore recommended that you closely monitor your positions with Xtrade.AU at all times. Certain markets are highly volatile and are very difficult to predict. Due to such volatility, in addition to the spread that Xtrade.AU adds to all calculations and quotes. **No Margin FX or other CFD product offered by Xtrade.AU, or any other financial services provider, may be considered as a safe trade.** However, Xtrade.AU offers Clients a way of managing volatility by working orders. Certain products can be traded in conjunction with our limit and stop loss orders which are designed to either optimise our exposure to the market or limit your loss by instructing that trades be executed at pre-determined price levels. Stop losses are instructions placed by the Client with Xtrade.AU to close out an open position if a market trades through a specific level. Stop loss orders are often used to attempt to limit the amount which can be lost on a position. We note that stop losses are not guaranteed and the execution of such orders will depend on market volatility and liquidity. The operation of these order types should be discussed with your Xtrade.AU representative. You should refer to our Terms and Conditions with respect to the operation of these order types. Under certain conditions it could become difficult or impossible for you to close a position. For example, this can happen when there is a significant change in prices over a short period. Lack of liquidity in foreign exchange markets due to extreme volatility or uncertainty of trading in those markets may also affect the

Risk	Explanation
	ability of Xtrade.AU to open or close a position thereby reducing profits or increasing losses. A 'spread' position (i.e. the holding of a bought contract for one specified date and a sold contract for another specified date) is not necessarily less risky than a simple long (i.e. bought) or short (i.e. sold) position. Furthermore, a "spread" may be larger at the time you close out the position than it was at the time you opened it. You should be aware that if you acquire a product offered for trading or speculative purposes (that is where you do not have a risk you need to protect yourself from), you will be fully exposed to movements in the underlying asset. The risk of loss will be increased where you borrow to acquire the product as the total loss which may be incurred will be the loss on the product together with the amount you borrowed.
Counterparty Credit Risk	Margin FX and CFD contracts are not traded on a regulated exchange. Investors must deal directly with Xtrade.AU to open and close positions. Given you are dealing with Xtrade.AU as counterparty to every transaction, you will have an exposure to us in relation to each transaction. This is common to all OTC financial market products. The obligations of Xtrade.AU to make payments in respect of the contracts are unsecured obligations of Xtrade.AU, which means that you are subject to our credit risk. If we were to become insolvent, we may be unable to meet our obligations to you. Subject to the Australian Client Money Rules, Xtrade.AU enters into arrangements with third party execution and clearing providers for the facilitation of transactions and settlements, and avails monies received for margin calls and settlements to such providers for this purpose. Accordingly, Clients may be indirectly exposed to the financial risks of our counterparties and organisations with whom Xtrade.AU holds Client funds. If the financial condition of Xtrade.AU or assets of our counterparties or the parties with which we hold Client assets deteriorate, then Clients could suffer loss because the return of the Client capital could become difficult. Retail and sophisticated investor Client moneys are not used to margin, guarantee, secure, transfer, adjust or settle dealings in derivatives by Xtrade.AU or on people other than the Client. You are reliant on Xtrade.AU's ability to meet its counterparty obligations to you to settle the relevant contract. Xtrade.AU may choose to limit this exposure by entering into opposite transactions as principal in the wholesale market in relation to its exposures with Clients. In addition, Xtrade.AU must comply with the financial requirements imposed under its AFS Licence.
Foreign Exchange Risk	Your account is maintained in the currency you have nominated, that is, the Base currency. Where you deal in a product that is denominated in a currency other than the Base currency, all Initial and Variation Margins, profits, losses, interest rate payments/receipts and financing credits and debits in relation to that product are calculated using the currency in which the product is denominated. Accordingly, your profits or losses may be affected by fluctuations in the relevant foreign exchange rate between the time the order is placed and the time the position is closed, liquidated, offset or exercised. Upon closing a position that is denominated in a currency other than the Base currency of your account, you will be able to request that the foreign currency

Risk	Explanation
	balance be converted to the Base currency of your account. Any conversion will be at the exchange rate quoted by Xtrade.AU, and subject to the Conversion Fee. Until the foreign currency balance is converted to the Base currency, fluctuations in the relevant foreign exchange rate may affect the unrealised profit or loss made on the position.
Market Information Risk	Xtrade.AU may make available to you through one or more of its services, a broad range of financial information that is generated internally or obtained from agents, vendors or partners (**Third Party Providers**). This includes, but is not limited to, financial market data, quotes, news, analyst opinions and research reports, graphs or data (**Market Information**). Market Information provided by us by email or through our website is not intended as advice. Xtrade.AU does not endorse or approve the Market Information and we make it available to you only as a service for your own convenience. Xtrade.AU and its third-party providers do not guarantee the accuracy, timeliness, completeness or correct sequencing of the Market Information or warrant any results from your use or reliance on the Market Information. Market Information may quickly become unreliable for various reasons including, for example, changes in market conditions or economic circumstances. Neither Xtrade.AU nor the third-party providers are obligated to update any information or opinions contained in any Market Information and we may discontinue offering Market Information at any time without notice.
Operational Risk	Operational risk is inherent in every transaction, for example, disruption to Xtrade.AU's operational processes such as communications, computers, networks or external events may lead to delays in the execution of or settlement of a transaction. Xtrade.AU relies on a number of technology solutions to provide you with efficient services. Xtrade.AU has partly outsourced the operation of this trading platform to a third party and in doing so Xtrade.AU relies upon this third party to ensure the systems are updated and maintained. A disruption to the Xtrade.AU electronic trading platform may mean you are unable to trade in a product offered by Xtrade.AU when desired and you may suffer a loss as a result. An example of disruption includes the 'crash' of our computer-based trading system.
Risk Capital	You could lose all of the Initial Margin that you deposit if you wish to establish or maintain a position. All derivatives involve risk and there is no trading strategy that can eliminate it. The placing of contingent orders (such as a stop-loss order) may not always limit your losses to the amounts that you may want. Market conditions may make it impossible to execute such orders. In cases where you are speculating we suggest that you do not risk more capital than you can afford to lose. A good general rule is never to speculate with money which, if lost, would alter your standard of living.
Superannuation Funds	It should be noted that complying superannuation funds are subject to numerous guidelines and restrictions in relation to their investment activities which are contained in the *Superannuation Industry (Supervision) Act 1993* (Cth), and associated regulations and regulatory guidance material. Without being an exhaustive list, below are some of the issues that should be considered by a trustee of a complying superannuation fund:

Risk	Explanation
	• restrictions on borrowing and charging assets and whether dealing in over-the-counter derivative products would breach those borrowing and charging restrictions; • the purpose of dealing in over-the-counter derivative products in the context of a complying superannuation fund's investment strategy as well as the fiduciary duties and other obligations owed by trustees of those funds; • the necessity for a trustees of a complying superannuation fund to be familiar with the risk involved in dealing in over-the-counter derivative products and the need to have in place adequate risk management procedures to manage the risks associated in dealing in those products; and • the consequences of including adverse taxation consequences if a superannuation fund fails to meet the requirements for it to continue to hold complying status. If you are using superannuation funds to fund your account you must notify us, as this may impact your classification as a wholesale client or a retail client.
Investment decisions	You are solely responsible for the selection of the underlying asset for any orders you place with us, and as such, the performance of any investment in Margin FX or other CFDs using your trading account will depend mainly on your own investment decisions.
Adjustment Risk (CFDs)	Where an adjustment event occurs, Xtrade.AU reserves the right to adjust the terms of your CFD or order, OR not make the adjustment to the relevant CFD if it is not reasonably practicable. Xtrade.AU may also elect to close your CFD position in the event of the underlying securities being subject of a take-over offer, prior to the closing date of the offer.

4. Appropriateness Assessment

As part of the Xtrade.AU account-opening process, we will carry out an assessment of your appropriateness to trade Margin FX and other CFDs and determine, based on information you provide to us, if you have sufficient knowledge and experience to understand the risks involved in trading Margin FX and other CFDs. We'll inform you of the results of our assessment, but suggest you need to carefully consider whether trading Margin FX and other CFDs is right for you. If we warn you that trading Margin FX and other CFDs may not be appropriate for you, then you should refrain from trading Margin FX and other CFDs until you obtain sufficient knowledge and experience and have acquainted yourself with the relevant trading risks. For example, we suggest you trade Margin FX and other CFDs on a demo Account to build your knowledge and experience before trading Margin FX and other CFDs in a live environment.

5. Volatility

Margin FX and other CFDs are derivative securities, where their price is derived from the price of the Underlying Asset in which the Margin FX and other CFDs refer to. Derivative securities/markets can be highly volatile.

The prices of Margin FX and other CFDs, the Underlying Assets and Indices may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the Client or the Company.

Under certain market conditions it can be impossible to execute the Client's orders at any given declared price.

You are responsible for monitoring your Account and taking steps to limit your losses. We encourage you to employ ‘stop-loss orders’ to minimise your risk, but it is important for you to note that stop-losses are not guaranteed. If there are instances of illiquidity, slippage, or the market gaps up or down, your exit price will be the next available price, which could deviate significantly from your intended stop-loss price.

The prices of Margin FX and other CFDs will be influenced by, amongst other things, changing supply and demand relationships, governmental, agricultural, and commercial trade programs and policies, national and international political and economic events, and the prevailing psychological characteristics of the relevant marketplace.

Transactions in Margin FX and other CFDs are not undertaken on a recognized exchange, rather they are undertaken through the Company’s trading platform and, accordingly, they may expose the Client to greater risks than regulated exchange transactions. The Terms and Conditions and trading rules are established solely by the counterparty which in this case is the Company.

The Client is obliged to close an open position of any given CFD during the opening hours of the Company’s trading platform. The Client also has to close any position with the same counterparty with whom it was originally entered into, thus the Company.

6. Fees

Before the Client begins to trade, the Client should obtain details of all commissions and other charges for which the Client will be liable. If any charges are not expressed in money terms (but for example as a dealing spread), the Client should obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms. The value of open positions in Margin FX and other CFDs is subject to overnight premium. Overnight premium will cover the benefit/cost of the associated funding. Details of daily financing fees applied are available on the Company’s website.

7. Collateral requirements

Clients are required to deposit a minimum of collateral with the Company in order to open a position. The collateral will depend on the underlying instrument of the CFD, level of leverage chosen and the value of position to be established. The Company may not notify the Client for any additional requirements regarding the collateral needed to sustain a loss-making position. The Company has the discretionary right to start closing positions when collateral cannot maintain the Client’s position.

The Company guarantees that there will be no negative balance in the account when trading Margin FX and other CFDs.

8. Past Performance

Past performance, simulation or prediction of Margin FX and other CFDs does not guarantee future results. You should note that the value of your investment can decrease (as well as increase) as the market price of the Underlying Asset may fluctuate downwards (or upwards).

9. No Advice

We provide you with our products and services on an execution-only basis – which means that you are solely responsible for any decisions that you make in relation to our products and services.

10. Glossary

"Account" means your trading account with us.

"Agreements" means this notice, our Terms and Conditions, Application Form, and any information on our Platform or website which governs our relationship with you.

"Application or Regulation Form" means the online form that you complete on our website to open an Account.

"CFD" means a contract-for difference, a type of OTC derivative product that we offer.

"Client" means you.

"Conversion Fee" means [insert definition]

"Cryptocurrency" means a digital asset that's subject to significant volatility and risks.

"Contract" means an OTC derivative Contract between you and us, which is an agreement to pay or receive the difference in value of an Underlying Asset.

"Indices" means [insert definition]

"Initial Margin" means [insert definition]

"Liquidity Provider" means a counterparty that we pass trades to, to manage our risk, also known as a hedging counterparty.

"Margin" means the amount of money that you need to deposit into your Account to enter into or maintain a Contract with us under the Agreements.

"Margin FX Contract" means a leveraged foreign exchange Contract, a type of OTC derivative product that we offer.

"Order" means an offer that you make to enter into a Contract with us under the Agreements.

"Platform" means any online software that we make available to you for entering into Margin FX Contracts and Margin FX and other CFDs under the Agreements.

"Premium" The cost of holding a position overnight.

"Retail Client" has the same meaning as in our Terms and Conditions, in accordance with the Corporations Act.

"Terms and Conditions" means the current version of our terms and conditions, which form part of our legal relationship with you, as available on our website.

"Underlying Asset" means the instrument or asset that underlies your Order or Contract and determines the value of that Contract – for example a stock market index, commodity, currency pair, futures contract, equity, crypto currency or any other instrument or asset.

"Underlying Market" means the market in which an Underlying Asset is traded. For example, the Australian Securities Exchange.

"Variation Margin" means [insert definition]

“Wholesale Client” has the same meaning as in our Terms and Conditions, in accordance with the Corporations Act.

“Xtrade.AU”, “we”, “us”, “the Company” and “our” means Xtrade.AU Pty Ltd.