AXICORP FINANCIAL SERVICES PTY LTD

ACN 127 606 348 AFSL 318232

MARGIN FOREIGN EXCHANGE &
CONTRACTS FOR DIFFERENCE

PRODUCT DISCLOSURE STATEMENT

CONTENTS

1. IMPORTANT INFORMATION

1.1 ABOUT THIS PDS

This Product Disclosure Statement (PDS) is dated 26 August 2021 and is issued by AxiCorp Financial Services Pty Ltd (Australian Financial Services Licence number 318232) ("**Axi**", "**we**", "**our**" or "**us**") in relation to its Margin FX Contracts and Contracts for Difference Products. This PDS is designed to assist you in making an informed decision regarding opening an Account and trading our Products. Before deciding whether to acquire our Products, you should read this PDS, the Financial Services Guide Client Agreement and the Retail Client Product Schedule and consider whether our Products are a suitable investment for you.

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

You have been provided this PDS as you are a Retail Client. If you are not a Retail Client, then this PDS does not apply to you nor do the protections afforded to Retail Clients.

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

1.2 GENERAL ADVICE WARNING

Information we provide is general information only. Any information provided to you in this PDS, on our Website, through the Trading Platform, by our staff, via email, chat or telephone or otherwise is generic and does not take into consideration your individual objectives, financial situation, needs or circumstances.

Accordingly, before applying to trade with us, you must decide whether our Products are suitable for you. We recommend that you obtain independent financial, taxation or other professional advice.

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

You should read and consider the risk factors associated with trading our Products in section 6 (Risk Warning). Retail Clients are entitled to negative balance protection which means that you cannot lose more than the amount of money held with Axi.

1.3 AXI AS THE PRODUCT ISSUER

Our creditworthiness as the product issuer has not been assessed by an approved rating agency. This means that we have not received an independent opinion of our capability and willingness to repay our debts from an approved source.

1.4 ROLE OF ASIC IN AUTHORISING AXI

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

ASIC has not approved this PDS, the Client Agreement or any other document issued by us.

1.5 JURISDICTION NOTICE

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

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

You must be 18 years of age or over to use our Services.

1.6 CONFLICT OF INTEREST DISCLOSURE

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

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

1.7 OUR CONTACT DETAILS

Registered Office	Level 5, 126 Phillip Street Sydney, NSW, 2000 Australia
Place of Business	6 Middlemiss St. Lavender Bay, NSW 2060
Phone	1300 888 936 (+612 9965 5830)
Email	service@axi.com
Website	www.axi.com/au

1.8 TRADING & OFFICE HOURS

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

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

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

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

1.9 REFERENCES TO TIMES AND AMOUNTS

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

2. CLIENT SUITABILITY

2.1 SUITABILITY ASSESSMENT

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

To qualify to trade with us, we may require potential clients to undertake a suitability assessment.

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

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

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

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

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

Multiple-Choice Quiz

In order to qualify, a potential client must record a pass score (of 70% or higher). The quiz consists of 10 (ten) multiple choice questions, with at least 1 (one) correct answer required from each of the following sections:

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

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

Training Course

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

(2) The training provider must:
   - (a) have sufficient qualifications, knowledge and experience to provide training in derivative products; and
   - (b) provide ongoing support and coaching for a minimum 6 (six) week period.

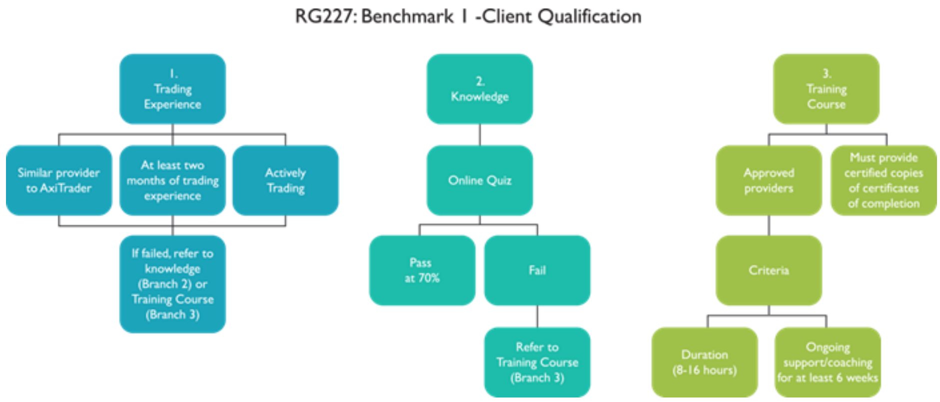
(3) The course must be for a minimum duration of 8-16 hours.

(4) The potential client must provide us with a copy of their certificate of completion.

(5) If a training course fulfils the above requirements, then an individual will be considered qualified to trade with us.

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

Figure 1



2.2 OPENING AN ACCOUNT

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

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

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

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

Trading Platforms available to you.

Axi offers the following Trading Platforms from which clients can choose to open an Account and trade in our Products, based on their individual needs and requirements. These are:

- the third-party platforms MetaTrader 4 (MT4) and MetaTrader 5 (MT5), licensed to Axi by MetaQuotes Ltd, and accessible through a web browser or an application downloaded via a mobile device.

2.3 ANTI-MONEY LAUNDERING

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

You also warrant that:

a) you are **<u>not</u>** aware and have no reason to suspect that:
   - (i) the monies used to fund your transactions have been or will be derived from or related to any money laundering, terrorism financing or other illegal activities whether prohibited under Australian law, international law, convention or by agreement; and
   - (ii) the proceeds of your investment will be

used to finance any illegal activities; and

b) if you are a politically exposed person or organisation as the term is used in the *Anti-Money Laundering and Counter-Terrorism Rules Instrument 2007 (No. 1*) then you have disclosed that fact to us.

2.4 ACKNOWLEDGEMENTS

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

- are aware that investing in derivatives carries a high level of risk to capital and due to the potential volatility and fluctuations in value, you may not get back the amount of your original investment;
- have considered your objectives, financial situation and needs and the significant risks of loss that accompany the prospects of profit associated with dealing in our Products and have formed the opinion that dealing in those Products is suitable for your purposes;
- were advised by us to obtain independent legal and financial advice concerning this PDS, the Client Agreement and any other ancillary information which you have questions about;
- consent to us collecting, maintaining, using and disclosing Personal Information about you and provided by you in accordance with our Privacy Policy;
- received or downloaded this PDS with the Client Agreement, and have read and understood those documents;
- agree that we will provide our Services to you based on the Client Agreement and that you will receive documents such as trade Confirmations and where applicable, daily statements in electronic form; and
- understand that Margin Calls will be delivered as set out in section 8.9 (Notification of Margin Call) below.

2.5 DEPOSITING FUNDS

Clients may deposit funds through various channels. We may process funds through a Related Body Corporate or a service provider.

All funds must be cleared funds on your Account before those funds are made available to use in dealing in Products.

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

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

You must ensure that any transfer made to us is from an account in your name and not from that of a third party. In the event we suspect third-party funding has occurred, we reserve the right to return the funds to the remitter and retain the balance in your Account, pending verification of proof of identity and the source of funds before processing. In the absence of verification, we reserve the right to retain the balance in your Account and you will not be permitted to withdraw the balance of your Account.

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

Where you have more than one Account with us, we may treat your Accounts as aggregated for the purposes of offsetting a negative balance, by using money on one Account to offset another Account.

2.6 CHANGING YOUR MIND – COOLING OFF PROVISIONS

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

3. REGULATORY BENCHMARK DISCLOSURE

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

Benchmark	Complies	Description	Website
Client Qualification Addresses the issuer’s policy on investor’s qualification for CFD trading.	☑	We operate a client qualification policy that is designed to ensure that clients have appropriate experience in or knowledge and understanding of our derivative products. Applicants can demonstrate appropriateness by demonstrating sufficient trading experience, by passing a multiple- choice-quiz or by completing a satisfactory training course.	Benchmark 1
Opening Collateral Addresses the issuer’s policy on the types of assets accepted from investors as opening collateral.	☒	We operate several different payment options for clients to fund accounts including credit card funding but do not accept non-cash collateral. We do not encourage the use of borrowed funds to trade leverage products. To accommodate flexible payment alternatives available to clients, Axi allows opening collateral initial funding payments in excess of the $1,000 benchmark prescribed by ASIC.	Benchmark 2
Counterparty risk – hedging Addresses the issuer’s practices in hedging its risk from client Positions and the quality of the hedging counterparties.	☑	Within our risk management framework, we have assessed the market risk and counterparty risks arising from entering into OTC CFD transactions with customers and hedging counterparties and applied controls to mitigate those risks. Those controls include the enforcement of leverage limits, market risk limits and daily loss limits. Criteria have been established for the selection of hedging counterparties to provide reasonable assurance as to the quality of our hedging facilities. Clients are indirectly exposed to counterparty risks notwithstanding these protections and should review the disclosures in the risk warning section of Axi’s PDS and refer also to the Client Agreement.	Benchmark 3
Counterparty risk – financial resources Addresses whether the issuer holds sufficient liquid funds to withstand significant adverse market movements.	☑	We maintain a written policy and procedures with regards to the management and ongoing monitoring of our financial resources. These address the methodology employed, linkages to the budgetary planning process, scenarios used and roles and responsibilities for measuring and monitoring our financial condition. We do not perform regular testing of our financial position under stressed conditions due to the fact that exposures are subject to significant variation and the results generated at any point in time may not be applicable to our financial position at other points in time. To mitigate the risks of failing to satisfy the financial requirements, we have established a capital buffer based upon historical market moves and measure and monitor capital daily. Financial resources are also subject to external audit on an annual basis. If you require further information about our financial position, please contact us and request a copy of our audited financial statements. These will be provided at no cost to you.	Benchmark 4

Benchmark	Complies	Description	Website
Client Money Addresses the issuer's policy on client money.	☑	We have a defined client money policy and hold client moneys on trust on a segregated basis. Funds held in trust on behalf of Retail Clients and Sophisticated Investors may only be withdrawn by Axi as permitted under the Australian Client Money Rules, as defined in this PDS and the Client Agreement. Funds held in trust on behalf of Wholesale Clients may be used by Axi to meet its obligations incurred in connection with margining, guaranteeing, securing, transferring, adjusting or settling dealings in derivatives, including dealings on behalf of other clients.	Benchmark 5
Suspended or halted underlying assets Addresses the issuer's practices in relation to investor trading when the underlying asset is suspended or halted.	☑	We may suspend trading when the Underlying Instrument is suspended or halted or when we are unable to offer an orderly market. If market conditions in the Underlying Instrument become erratic or prevent us from determining a fair price, we may suspend trading, refuse to accept orders or transactions, change Margin Requirements, or re-price or close out Positions. We are not under any obligation to quote or deal in these circumstances but may do so if we are reasonably satisfied that we can provide our Services effectively.	Benchmark 6
Margin Calls Addresses the issuer's practices in the event of client Accounts entering into Margin Calls.	☑	We have established minimum Margin Requirements for all instruments and the Trading Platforms monitor the Margin Requirements of all open Positions for each client against the client's account equity. We maintain and apply a written policy in relation to Margin Call practices and discretions. In accordance with Applicable Law, for Retail Clients Axi has an obligation to close out Positions if Margin Requirements are not satisfied, that is, where your net equity falls below 50% of the margin required to cover your Positions.	Benchmark 7

4. QUESTIONS & ANSWERS

4.1 WHAT ARE MARGIN FX CONTRACTS?

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

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

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

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

The balance in your Account will also be affected by other amounts you must pay to us in respect of your Account.

4.2 WHAT IS A CFD?

A Contract for Difference or CFD is an agreement under which you may speculate on fluctuations in the price of an Underlying Instrument. The price of the CFD is based on the price or level of the relevant Underlying Instrument, which may be an Index, Commodity, Futures Contract, share (equity security), ETF, cryptocurrency or other Underlying Instrument as may be notified to you from time to time. **However, you will not own or have any interest or right in the Underlying Instrument and cannot close an open Position through an exchange or other CFD provider**
The amount of any profit or loss made on a CFD will be the net of:

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

4.3 WHAT IS A POSITION?

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

4.4 WHAT IS "OVER THE COUNTER"?

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

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

Refer to section 6 (Risk Warning) for more information.

4.5 WHAT CHARGES ARE PAYABLE WHEN DEALING IN OUR PRODUCTS?

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

- payment of Margins;
- commissions;
- Swap Charges, Rollover Charges or Financing Charges;
- administration charges
- Share CFD short lending fees
- Share CFD live market data charges.

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

Example of going long in Margin FX

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

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

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

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

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

A Rollover Benefit is generated because AUD is the higher yielding currency and you are long AUD: 100,000 x (0.9280 – 0.9279) = USD10

You close your Position by selling AUD, realising a profit because of the appreciation in AUD:
100,000 x (0.9350 – 0.9280) = USD700

There is no commission or other charges on this transaction.

The total profit of this transaction is USD710.

Example of going short in Margin FX

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

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

A Rollover Charge is generated because AUD is the higher yielding currency and you are short AUD: 100,000 x (0.9278 – 0.92765) = USD15

You close your Position by buying AUD realising a loss because of the appreciation in AUD:
100,000 x (0.9352 – 0.9278) = USD740

There is no commission or other charges on this transaction.

The total loss of this transaction is USD755.

Other examples

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

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

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

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

Other CFDs: We derive our price by applying our spread to the prevailing bid and offer price in the Underlying Instrument.

Important information regarding Cryptocurrency CFDs

If a Cryptocurrency splits into two, new coins are created, this is known as a "**Hard Fork**". We will generally follow the coin that has the majority consensus of Cryptocurrency users and will therefore use this as the basis for our prices. In addition, we will also consider the approach adopted by the exchanges or market-makers we deal with, which will help determine the action we take. We reserve the right to determine which Cryptocurrency unit has the majority consensus behind them.

As the Hard Fork results in a second Cryptocurrency, we reserve the right to create an equivalent Position on your Accounts to reflect this. However, this action is taken at our absolute discretion, and we have no obligation to do so. If the second Cryptocurrency is tradeable on major exchanges, which may or may not include the exchanges we deal with, we may choose to represent that value, but have no obligation to do so. We may do this by making the Product available to close based on the valuation, or by booking a cash adjustment on your Accounts. If, within a reasonable timeframe, the second Cryptocurrency does not become tradeable, then we may void Positions that had previously been created at no value on your Accounts.

Over periods of substantial price volatility around fork events, we may take any action we consider necessary in accordance with our terms and conditions including suspending trading if we deem not to have reliable prices from the Underlying Market.

Cryptocurrency Soft Fork Events

A "**Soft Fork**" event reflects a Cryptocurrency change which influences the price but typically exhibit smaller price changes than a Hard Fork event. These events are simply passed through as an updated price of the symbol. We reserve the right but not the obligation to booking a cash adjustment on client accounts for any material Soft Fork adjustments.

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

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

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

Our aim in making any adjustment to pricing will be to act fairly to you. We will not seek to take advantage of pricing errors to advantage ourselves.

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

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

4.8 WHAT IS "SLIPPAGE"

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

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

Slippage should not be confused with a market gap. Markets may gap, either over the weekend or due to significant unexpected news events. In this scenario, orders cannot be executed at price levels within the gap and will instead be executed at the next available price of the new price level.

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

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

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

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

For our Bullion Spot CFDs and Other CFDs, we typically price Products whenever the Underlying Instrument is trading. If the Underlying Instrument is subject to exchange halts or suspension, then our pricing will typically be suspended or halted, and clients will not be able to enter or exit Positions.

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

4.10 WHAT PAYMENT OPTIONS DO I HAVE?

We offer several secure payment options for clients to fund their accounts.

These payment options allow instantaneous funding of accounts and meeting Margin Calls.

We may process payments through a Related Body Corporate or payment service provider.

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

4.11 WHAT IS THE MINIMUM BALANCE TO OPEN AN ACCOUNT?

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

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

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

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

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

4.13 WHAT ARE "LONG" AND "SHORT" POSITIONS?

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

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

See section 4.5 above for examples of 'long' and 'short' Positions.

4.14 WHAT ARE MY "FREE EQUITY" AND "TOTAL EQUITY"?

Your Total Equity is the aggregate of:

- the current cash balance in your Account;
- any accrued Swap Charges & Benefits, Financing Charges & Benefits and futures Rollover Charges & Benefits;
- your current unrealised profits and losses; and
- any credit deposited to your Account.

Total Equity is displayed in your Account Currency in the "Equity" field of the Trading Platforms.

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

Free Equity is displayed in your Account Currency in the left most value of the "FREE" field of the Trading Platforms.

4.15 WHAT IS MARGIN?

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

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

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

Total Margin Requirements will fluctuate with the value of the Underlying Instrument on which the contract is based, the increase or decrease of your Positions, any accrued Swap Charges & Benefits, Financing Charges & Financing Benefits and futures Rollover Charges & Benefits. Further, where you deal in a contract that is denominated in a currency other than your Account Currency, your Total Margin Requirement will be affected by changes in value of the respective currencies.

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

4.16 WHAT IS A MARGIN CALL?

A Margin Call is a demand for additional funds to be deposited into your Account to meet your Total Margin Requirement because of adverse price movements in your open Positions or a change in Margin Requirement.

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

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

4.17 HOW DO I CLOSE OUT A POSITION?

You close a Position by selecting a Position in the Trading Platform and clicking the 'Close' button.

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

4.18 CAN I HOLD LONG AND SHORT POSITIONS AT THE SAME TIME?

Yes, we call that "hedging". The Trading Platform will allow long and short Positions in the same instrument to be held at the same time.

Partially Hedged Positions

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

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

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

There are however financial risks associated with partially hedged Positions:

• you may be charged Financing Charges, Swap Charges, dividend adjustments or Rollover Charges on both sides of the Contract;
• charges in one Contract and Losses in other Contracts may trigger a liquidation of part or all of the hedged Contracts leaving you with a larger unhedged Position;

During periods of low liquidity, high volatility or prior to, or just following, the closing or opening of markets the spread may be wide resulting in increased Margin obligations which could lead to liquidation and/or losses.

Fully Hedged Positions

Alternatively, the open Position can be fully hedged by entering into a new offsetting Contract for the full amount of the open Position. The Initial Margin requirement on the net open Position will be nil. However, again, all open Contracts could be revalued against our current price and, given the difference between the bid and offer, there will be a Variation Margin on the net open Position which must be maintained.

A widening of the bid – offer spread at any time may trigger the Liquidation Level. If the Liquidation Level is triggered, offsetting Positions may be closed by us, leaving you exposed.

There are however financial risks associated with fully hedged Positions:

- you may be charged Financing Charges, Swap Charges, dividend adjustments or Rollover Charges on both sides of the Contract;
- charges in your hedged Contracts and Losses in other Contracts may trigger a liquidation of part or all the hedged Contracts leaving you with a Position exposure or an unhedged Position.

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

You may deposit funds through various channels as disclosed on our Website. See section 2.5 (Depositing Funds) for more information.

Withdrawals from your Account will usually be paid through the same channel you used for depositing funds or by other methods as disclosed on our Website.

We do not make payments to third parties and may need to request proof of bank account details prior to making a payment to an account not previously used by a client.

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

We are solely entitled to any interest derived from client money deposited in bank accounts. We may establish when and how much interest we will pay to clients on funds held.

Unless you are a Retail Client, we may charge interest on any negative balances in a currency ledger on your Account. Interest will be calculated separately on each currency ledger after deducting Margin Requirements for instruments held and valued in those currencies.

4.21 WHAT HAPPENS IF I HOLD A POSITION OVERNIGHT?

In relation to Margin FX Contracts and Bullion Spot CFDs, a Swap Charge or Swap Benefit may accrue daily for any trades held past the market close at 5PM New York time (00:00 Trading Platform server time) Monday to Friday. The Swap Charge or Swap Benefit is based on the relative interest rate between the two currencies.

For example, if you were buying the AUD and selling the USD, and the Australian interest rate is higher than the US Interest rate, you would typically receive a positive Swap Benefit overnight. If you were selling the AUD-USD or going 'short', you would typically pay a Swap Charge. The Swap process is completed at 5PM New York time (00:00 Trading Platform server time) Monday to Friday.

In relation to Futures CFDs, a Rollover Charge or Rollover Benefit may apply from time to time when a futures Rollover Charge occurs. For information on what charges or benefits may accrue at other times, see section 9.3 (Swaps, Financing and Rollovers).

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

The Trading Platforms contain= an extensive user guide which is accessible from the 'Help' menu. We also provide free practice accounts also known as "Demo" accounts. Contact our client services team for further details.

4.23 WHAT IF I NEED FURTHER INFORMATION?

You should speak to your financial advisor for information about whether investing in our products is right for you, or, alternatively, for general information on our products and services you can contact us by:

- Email: service@axi.com
- Website: www.axi.com

The "Contact Us" page of our Website provides international toll-free telephone numbers for clients from several countries and an international telephone number for clients from other countries.

5. KEY BENEFITS

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

5.1 SPECULATION

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

5.2 MARKET POSITION

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

5.3 LEVERAGE

The use of our financial Products involves a high degree of leverage. These contracts enable a user to outlay a relatively small amount (in the form of Initial Margin) to secure a larger exposure to the Underlying Instrument. But you must be aware that this leverage can work against you as well as for you. The use of leverage can lead to large losses as well as large gains. See section 6 (Risk Warning) for more information.

5.4 TRANSACTION COSTS

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

5.5 MULTIPLE ASSET CLASSES

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

5.6 TRADING PLATFORMS

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

- the ability to trade in small notional amounts as little as USD1,000 or 0.01 of a standard Contract;
- Margin foreign exchange markets open at 05:00pm New York time Sunday and close at 05:00pm New York time on Friday;
- CFDs are generally available during times the Underlying Instrument is trading;
- Real-time streaming of quotes and the facility to check your Accounts and Positions in real time and 24 hours a day on any global market which is open for trading; and
- full control over your Account and Positions.

5.7 WORKING ORDERS

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

Important notice about this section:
If you request placement of one of the types of orders described in this section, we have absolute discretion whether to accept and execute any such requests.

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

Stop-loss orders must be placed at a minimum distance from our current bid and offer prices. The minimum distance is specified on the Trading Platform and will be advised to you upon request. We will execute a stop-loss order once the offer price reaches the order price in the case of a buy-order, or our bid price has reached the order price in the case of a sell-order.

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

The operation of these order types should be discussed with one of our representatives.

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

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

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

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

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

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

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

How to place working orders with us:
Orders may be placed online via the Trading Platforms. If you require assistance you should contact one of our representatives. There are no fees specifically associated with using working orders via our online Trading Platforms.

Our right to impose order limits:
We retain the right to impose or change a limit on the number of open pending orders of each account to prevent the degradation of the Trading Platforms.

6. RISK WARNING

6.1 ARE OUR PRODUCTS APPROPRIATE FOR YOU?

You must carefully consider whether our Products are appropriate for you while considering your personal circumstances, financial markets experience and investment objectives. **In making this decision you should be aware you could both gain and lose large amounts of money. You could potentially lose all the funds you deposit into your Account.** Subject to negative balance protection, circumstances where your funds can be lost are explained below.

- If the market moves against your Position, or in the case of Commodity CFDs your Position is rolled over you may be required, at short notice, to deposit with us, further monies as Margin to maintain your Position. Those additional funds may be substantial. If you fail to provide those additional funds your Position may be liquidated if the Liquidation Level is triggered.

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

- If an Underlying Instrument is to be suspended, closed or revalued. Refer to sections 6.2 and 6.7 for a more detailed explanation about these risks.

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

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

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

- The high degree of leverage that is obtainable in dealing in Products because of small Margin Requirements can work against you as well as for you. The use of leverage can lead to large losses as well as large gains.

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

NEGATIVE BALANCE PROTECTION

Retail Clients are given the added safeguard of negative balance protection. This means that you cannot lose more than the amount of money held with Axi.

6.2 MARKET RISK

Derivative instruments are speculative & volatile

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

The prices of our Products may be influenced by, amongst other things, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events.

Dealing is affected by factors in the Underlying Instrument

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

Positions in another Contract or closing existing Positions.

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

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

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

In each case, as a result, a potentially profitable transaction may not be executed, or it may not be possible to close out a Position in a timely fashion at the price you require, resulting in reduced profits or higher losses.

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

Foreign exchange risks

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

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

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

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

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

Loss caused by spread

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

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

Interest rate fluctuations

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

Should you hold a long Position in a Bullion Spot CFD or Other CFD and the interest rate of the currency in
h it is denominated rises significantly then the value of the Position may drop significantly causing losses.

Subject to negative balance protection, should you hold a long Position in a Cash CFD and the interest rate of the currency in which it is denominated rises significantly then the value of the Position is likely to drop significantly causing losses however a Swap Benefit will be realised.

Rolling over Futures CFDs

Upon expiry of any Futures CFD, open Positions will be rolled on the Expiry Date of the CFD contract.

We will revalue the Position at the prevailing price. Clients are advised that the next serial CFD may trade at a premium or discount to the expiring contract and you may immediately have a profit or loss without conducting a new transaction.

6.3 LEVERAGE & DEALING ON MARGIN

You may incur losses due to a Margin FX Contract or CFD trading. Retail Clients will be entitled to negative balance protection.

Changes in Margin Requirements

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

If we determine that a Force Majeure Event exists, then we may (without prejudice to any other rights under the Client Agreement and at our sole discretion) increase the Margin

Requirement. Whilst we endeavour to provide as much notice as possible this may occur without us being able to provide prior notice. Accordingly, you should be prepared at any time to have funds equal to the notional value of their Positions available to meet any increase in the Total Margin Requirement.

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

You will incur a Margin Requirement based on the value of the Product determined by us. If you are a Retail Client and do not satisfy that Margin Requirement, we have an obligation, to close that Position and you will be liable for any loss suffered subject to negative balance protection.

Risk Resulting from Margin Calls

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

- some or all your open Positions being closed or liquidated by us;
- being prevented from opening new Positions or extending existing Positions

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

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

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

Margin Calls when Positions are Hedged or Partially Hedged

Clients are permitted to have both long and short Positions in the same instrument at the same time.

However, Margin Requirements still apply.

All open Contracts are revalued against the bid and offer respectively to calculate Variation Margin. Due to the bid – offer spread Variation Margins will apply even though the Positions may be hedged.

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

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

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

6.4 WE ACT AS PRINCIPAL & PRODUCT ISSUER

We are a market maker, not a broker, and accordingly will act as a principal, not as an agent, in respect of all transactions.

As we issue the Products, you are exposed to the financial and business risks, including credit risk, associated with dealing with us.

Protections normally associated with dealings on licensed markets are not available when trading in our Products. For example, in some jurisdictions, trading on a licensed securities exchange, often has the benefit of a guarantee system which provides protection from fraud or misconduct by brokers. Such guarantees do not apply to our Products.

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

6.5 COUNTERPARTY RISK

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

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

Our creditworthiness as the Product issuer has not been assessed by an approved rating agency. This means that we have not received an independent opinion of our capability and willingness to repay our debts from an approved source.

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

6.6 SEGREGATED ACCOUNTS

It is important to note that the holding of client moneys in one or more segregated bank account may not afford you absolute protection.

You could incur a loss, depending on the creditworthiness of us, our covering counterparties or counterparties holding client segregated assets.

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

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

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

What is an unsecured creditor?

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

6.7 OUR DISCRETIONS

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

Circumstances in which we may close client open Positions

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

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

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

Further, we reserve the right to close out your open Positions in part or in full, as soon as market conditions allow, if the Margin requirements on your Account is not satisfied. The Product Schedule contains further information on our default Liquidation Level.

Right to limit open Positions

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

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

Right to refuse transactions

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

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

6.8 REGULATORY & SOVEREIGN RISK

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

6.9 WARNING REGARDING ONE-CLICK DEALING

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

6.10 OPERATIONAL RISKS

Expert Advisors

Clients are advised of the risks in utilising expert trading advisors). We bear no responsibility for the performance of these trading systems and will accept no responsibility for losses arising from their use whatsoever.

Communication Networks

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

- reliability and stability of local and international communication connections;
- reliability and stability of clients' own personal computer or internet connection.

Trading Platforms

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

We reserve the right in unforeseen and extreme market situations to suspend the operation of the Trading Platforms or any part or section of them. In such an event, we may, at our sole discretion, and under the Client Agreement, with or without notice, close

out your open Contracts at prices we consider fair and reasonable at such time.

6.11 EVENT OF DEFAULT

In an Event of Default as defined in clause 9.1 of the Client Agreement, we may take all or any of the actions identified in clause 9.2 of the Client Agreement.

7. HOLDING YOUR MONEY

7.1 TRUST ACCOUNT

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

However, you should note that we are entitled, amongst other things, to pay, withdraw, deduct or apply any amounts from your money held in any trust account or used by us as permitted by the Australian Client Money Rules. The Australian Client Money Rules relevantly permit us to withdraw money from the segregated trust account in the following circumstances:

a) to defray brokerage and other proper charges (e.g. commissions);
b) to pay us other money to which we are entitled; and
c) where interest is earned on the account, and we have disclosed to you that we intend to keep any interest payments.

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

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

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

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

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

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

Under these client money reporting rules, we must:

- keep accurate records of the amount of reportable client money we receive from you, and retain them for a minimum of seven years;
- perform a daily and monthly reconciliation of the amount of reportable client money we have recorded against the amount actually held in the client money account, some of which will include your client money;
- notify ASIC within five business days if we fail to perform a reconciliation in accordance with the client money reporting rules or if we identify a discrepancy when performing a reconciliation;
- prepare and give to ASIC an annual directors' declaration and an external auditor's report on our compliance with the client money reporting rules within three months of the end of the financial year; and
- establish, implement and maintain policies and procedures designed to ensure our compliance with the client money reporting rules.

7.3 CLIENT CLASSIFICATION AS RETAIL OR WHOLESALE CLIENTS

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

Please note that we will assess your, Wholesale Client or Retail Client status from time to time using various tests as set out under the Corporations Act.

These tests include where you are:

(i) a business with over 20 employees (or 100 employees if a manufacturing business);
(ii) not a business but you provide a certificate given by a Qualifying Accountant within the preceding 6 months evidencing that you have net assets above AUD $2,500,000 or gross income of AUD $250,000 or more per annum in each of the previous two financial years. The certificate must be updated every 2 years;
(iii) a professional investor (as defined in section 9 of the Corporations Act);
(iv) determined by us, as an Australian Financial Services licensee, to be experienced in using financial services.

We will notify you in writing if you meet any of the required thresholds to be classified as a Wholesale Client under these tests.

If you request to be opted out from being classified as a Wholesale Client within 5 business days of our notification, we will ensure you retain Retail Client status.

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

We will also provide you with an annual notice of your current classification as a Wholesale Client or a Retail Client.

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

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

7.4 PROTECTION AFFORDED BY THE AUSTRALIAN CLIENT MONEY RULES

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

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

These rules override anything to the contrary in the *Australian Bankruptcy Act 1966, in the Corporations Act* or other law or any provision included in the Client Agreement.

7.5 WARNING ABOUT TRUST ACCOUNTS

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

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

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

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

7.6 WHAT IS AN UNSECURED CREDITOR?

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

8. MARGINS AND MARGIN CALLS

8.1 MARGIN AND MARGIN CALLS

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

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

These are the *Initial Margin* and *Variation Margin*.

8.2 INITIAL MARGIN

The Initial Margin is an amount of money, which is due from you at the time the Position is entered into. The Initial Margin is security to protect ourselves against possible market movements.
When you open a Position with us in Margin FX Contracts and CFDs you will need to have sufficient Free Equity in your Account to satisfy the Initial Margin Requirement for that Position. Initial Margin Requirements vary with each product and a list of current Standard Margin Rates is set out in the Product Schedule available on our Website.

8.3 EXAMPLES OF INITIAL MARGIN REQUIREMENTS

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

Margin FX Contracts and Bullion Spot CFDs

The Initial Margin Requirements for Margin FX Contracts and Bullion Spot CFDs are influenced by your Account leverage.

For these symbols your Initial Margin rate is calculated by using two factors; the symbol's Standard Margin Rate and your Account leverage.

Your Initial Margin Requirements can be calculated as follows:

Lot volume x Contract size x Margin Percentage.
To buy 1 Lot of EURUSD Margin FX Contracts at 1.2000 with a 3.33% Margin Percentage, the Margin Requirement would be calculated as follows:

1 Lot x EUR 100,000 Contract size x 3.33% Margin Percentage = EUR 3,330 Initial Margin

Please note the Margin Percentage value displayed in the Trading Platform's "Market Watch" window displays a Margin Percentage that is 100 times the actual Margin Percentage and as such must be divided by your Account leverage of 100 to arrive at your actual Margin Percentage.

If you refer to the Trading Platform's "Market Watch" Margin Requirements your Initial Margin can be calculated as follows:

Lot volume x Contract Size x 'Market Watch' Margin Percentage ÷ 100

For example, EURUSD is margined at 3.33% and the 'Market Watch' Margin Percentage displays that as 333%. The Margin Requirement would be calculated as follows:

1 Lot x EUR 100,000 Contract Size x 333% 'Market Watch' Margin Percentage ÷ 100 = EUR 3,330 Initial Margin

Other CFDs

All Other CFDs have a fixed Initial Margin Requirement, they are not influenced by your Account leverage.

Your Initial Margin Requirements on Other CFDs can be calculated as follows:

Lot volume x Contract Size x Contract Price x Margin Percentage.

To buy one Lot of US30 CFDs trading at USD25,000 with a 5% Margin Percentage, the Initial Margin Requirement would be calculated as follows:

1 Lot x 1 USD Contract Size x USD25,000 price x 5% Margin Percentage = USD1,250 Initial Margin

8.4 TOTAL EQUITY BALANCES

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

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

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

To assist you, Total Equity and Free Equity together with Initial Margin Requirement are available on the Trading Platform and are published in a daily statement. In the Trading Platform's Total Equity is displayed in the "Equity" field, Free Equity is displayed in the left most value of the "Free" field and Initial Margin is displayed in the "Margin" field.

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

8.5 PROFITS AND LOSSES

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

8.6 VARIATION MARGIN

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

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

8.7 CHANGE TO MARGIN REQUIREMENTS

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

Furthermore, if we determine that a Force Majeure Event exists then we may, without prejudice to any other rights under the Client Agreement and at our sole discretion, take any one or more of the steps outlined in clause 14.5 of the Client Agreement.
One of the steps that we may take is to increase the Margin Requirements from that specified up to 100%. Accordingly, in extreme cases, you should be prepared at any time to have funds equal to the notional value of your Margin FX Contract or CFD
available to meet any increase in the Margin Requirements by us.

8.8 MONITORING MARGIN REQUIREMENTS

Clients are responsible for monitoring their Margin Requirements. Positions are revalued whilst markets are open, and clients can monitor the requirements within the Trading Platforms.

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

8.9 NOTIFICATION OF MARGIN CALL

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

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

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

8.10 MARGIN CALLS WHERE SEVERAL POSITIONS ARE OPEN

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

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

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

8.11 MARGIN CALLS WHERE POSITIONS ARE HEDGED OR PARTIALLY HEDGED

Clients are permitted to have both long and short Positions in the same instrument at the same time.

However, Margin Requirements still apply.

By holding open an equal number of both bought and sold Contracts, the Initial Margin will be fully offset.

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

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

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

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

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

8.12 PAYMENT OF MARGIN CALLS

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

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

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

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

Once your Free Equity balance falls below zero, you may be restricted from opening new Positions on your Account until your Free Equity balance meets or exceeds e the Initial Margin Requirement of your next Position request.

8.13 FAILURE TO MEET MARGIN CALLS

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

8.14 REVALUATION OF POSITIONS

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

8.15 LIQUIDATION LEVEL

You are responsible for losses that you may incur, despite us having the right to close out your Position before the losses were incurred.

We may place a liquidation order for your open Position(s) when your Total Equity balance falls below the Liquidation Level or zero, whichever is the greater. The Liquidation Level is the ratio between Total Equity relative to your Initial Margin Requirement.

At or below this Liquidation Level, your open Positions may be liquidated When the Trading Platform automatically liquidates your Positions, those Positions will be ranked in order of profitability. The most unprofitable Position will be closed first, then the next most unprofitable and this pattern will continue until your Account is no longer in Margin Call. However, we are not obligated to, and do not represent or warrant that such liquidation orders will occur, that they will be executed, or that your open Positions will be closed out at any particular level.

The Liquidation Level is specified in the Product Schedule. We may vary the Liquidation Level by providing details on the Website and in our Product Schedule or otherwise in accordance with the Client Agreement. You can monitor your account's Total Equity relative to Initial Margin Requirement ratio, displayed as a percentage, in the far right value of the "Free" field in the Trading Platforms.

8.16 LIQUIDATION IN THE EVENT OF ACCOUNT CLOSURE

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

- contracts which are currently open and quoted by us;
- the Contract with the largest loss will be closed first; and
  remaining contracts will be closed in descending order based on the largest losses until the Account exits Margin Call.

For any open Position in a Product closed for trading, suspended or halted the liquidation will be effected when trading resumes at the opening price quoted by us should the Liquidation Level still be in breach.

9. FEES, COSTS AND CHARGES

9.1 GENERAL

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

- Margin Requirements
- Commissions;
- Swap Charges, Rollover Charges or Financing Charges;
- Exchange fees
- Share CFD market data charges
- deposit or withdrawal charges; and
- administration charges.

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

9.2 COMMISSIONS

Standard Account

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

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

We may charge commission or widen the spread on Share CFDs on our standard account. Where commission is charged it will be calculated on either a percentage of transaction value or a 'cents per share' basis and may vary depending on the underlying exchange. We also have a minimum commission charge. The commissions are set out in the Product Schedule available on our Website.

Pro Account

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

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

9.3 SWAPS, FINANCING AND ROLLOVERS

In relation to Margin FX Contracts and Bullion Spot CFDs, a Swap Charge or Swap Benefit may accrue daily for any open contracts as at the market close (5PM New York time (00:00 Trading Platform server time Monday to Friday).

In relation to Futures CFDs no daily Swap Charge or Swap Benefit will accrue. However, for any Contracts open at the Expiry Date, a Rollover Charge or Rollover Benefit will accrue. These rollovers occur every 1 or 3 months depending on the Underlying Instrument.

Financing Charges apply to Commodity Cash CFDs, Index Cash CFDs, Share CFDs and to Cryptocurrency CFDs.

Costs when Positions are Hedged or Partially Hedged

Clients are permitted to have both long and short Positions in the same instrument at the same time. However, costs apply to each Position.

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

Margin FX Contracts & Swaps

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

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

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

Bullion Spot CFDs Swaps

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

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

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

Futures CFD Rollovers

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

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

In order to minimise the bid – offer spread we typically switch from using the front month to the Next Serial Futures Contract 1-2 Trading Days prior to the Underlying Instrument's last Trading Day when liquidity can be limited.

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

The Underlying Instrument is the March ASX S&P200 and is due to expire when the June contract will become the Underlying Instrument. The prevailing prices are set out below:

	CFD	March Future	June Future
Pre-Rollover	5,919/ 5,923	5,920/ 5,922	5,935 / 5,937
After Rollover	5,934/ 5,938	5,920/ 5,922	5,935 / 5,397

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

(Current bid – entry price) x AUD25.00 x 10 Contracts
(5,919 – 5,950) x AUD25 x 10 = (AUD 7,750) Loss

When the Product is derived from the Next Serial Futures Contract the unrealised profit will be: (5,934 – 5,950) x AUD25 x 10 = (AUD 4,000) Loss

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

To adjust for this revaluation, we apply a Rollover Charge using the following calculation:

(Opening price new Contract – closing price expiring Contract) x AUD25.00 x 10 Contracts

(5,937 – 5,920) x AUD25.00 x 10 Contracts = AUD 4,250 Debit

The net effect of the revaluation and swap adjustment is:
Revaluation – swap adjustment = AUD 3,750 – AUD 4,250 = (AUD 500) Loss

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

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

Rollovers typically occur on a quarterly basis for Commodity CFDs and Index CFDs.

Other CFD Financing Charges and Benefits

Any Financing Charge or Financing Benefit for CFD Contracts is dependent upon the underlying settlement currency interest rates for Indices. For Commodities, the finance rate is dependent upon our liquidity providers who are additionally influenced by futures market curves, the size and direction of your Position and the spread that is applied at our discretion. The current finance rates are displayed in the Trading Platforms with a negative value representing a Financing Charge rate and a positive value representing a Financing Benefit rate.

Example:
If you hold a long US30 Cash Indices CFD Position over Monday end of day, you will receive a Financing Charge. Conversely, if you were short US30 in the above scenario then you may incur a Financing Benefit if the underlying central bank reference rate is higher than our financing spread. If you were short US30 in the above scenario then you may incur a Financing Charge if the underlying central bank reference rate is lower than a financing spread.

9.4 SETTLEMENT OF SWAP, FINANCING AND ROLLOVER CHARGES AND BENEFITS

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

9.5 SHARE CFD LIVE MARKET DATA CHARGES

Some Share CFD product sets will incur a monthly market data charge when you opt to subscribe to those Share CFDs product sets (e.g. Hong Kong Share CFD sets, Australian Share CFD product sets). Further information on the Share CFD product sets that will incur additional market data charges are provided in the Product Schedule.

9.6 CONVERSION FEES

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

9.7 INTEREST CHARGES APPLIED TO BALANCES

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

9.8 ADMINISTRATION CHARGES

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

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

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

10. CORPORATE ACTIONS AND EVENTS

10.1 WHAT IS A CORPORATE ACTION?

A corporate action is an event that brings about a material change to a share, or an event that is initiated by a company that has an impact on its shareholders. Dividends, share splits, acquisitions, and share buy backs are all examples of corporate actions. A corporate action can impact Share CFDs and Index CFDs.

10.2 NO SHAREHOLDER BENEFITS

As a holder of a CFD, if the CFD's Underlying Instrument is a share or other voting security, you do not have rights to vote, attend meetings or receive the issuer's reports, nor can you direct us to act on those rights. Other benefits such as participation in shareholder purchase plans or discounts are unavailable.

10.3 CORPORATE ACTION EVENTS

If there is a corporate action by the company which issues a CFD's Underlying Instrument, we may at our discretion make an adjustment to the terms of the CFD.

For example an adjustment may be made for share splits, consolidations or reclassifications of shares, bonus issues or 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 effect on the market value of the shares or, if the CFD relates to an Index, a substantial adjustment to the composition of the Index outside its own terms allowing for adjustments or weightings, a failure to publish the Index or a suspension or a cancellation of the Index.

We reserve the right to decide to make an adjustment in any circumstance we consider an adjustment is appropriate. We have discretion to determine the extent of the adjustment so as to place the parties substantially in the same economic position they would have been in had the adjustment event not occurred.

We may elect to close a Position (without prior notice to you) if a corporate event occurs and we determine that it is not reasonably practicable to make an adjustment.

10.4 SUSPENSIONS, INSOLVENCY and DE-LISTINGS

If an Underlying Instrument to which a CFD Contract relates is de-listed, insolvent, suspended or has halted trading for whatever reason, we may suspend trading in the CFD and we may increase the amount of Margin required to support that open Position in our reasonable discretion. If the open Position remains suspended for a time that we consider is unacceptable to us in our sole discretion, we may close out the open Position at the closing price. If an Underlying Instrument related to a CFD Contract has been de-listed, we may, at our discretion, close out all affected open Positions at the closing price.

10.5 TAKEOVERS

If your Contract's Underlying Instrument is shares in a company that is the subject of a takeover offer, your Contract will be suspended until the closing date of the takeover offer, when the Contract will be closed-out in line with the terms of the takeover offer. If the takeover offer is accepted or goes ahead anyway then the Contract will be closed out at an appropriate market value. We may also elect to close a CFD if the Underlying Instrument is the subject of a take-over offer, scheme of arrangement or other mechanism for change in control, prior to the closing date of the offer.

10.6 SHARE CFD DIVIDEND ADJUSTMENTS

If you hold a long Share CFD, you will be credited a dividend adjustment after the share finishes trading cum-dividend for an amount equal to the unfranked dividend value net of any applicable withholding tax on the relevant number of the CFD's Underlying Instrument. CFDs do not confer rights to any dividend imputation credits hence the dividend is unfranked.

Conversely, if you hold a short Share CFD, your Account will be debited a dividend adjustment after the share finishes trading cum-dividend for an amount equal to the pre-tax unfranked dividend on the Underlying Instrument.

10.7 INDEX CFD DIVIDEND ADJUSTMENTS

Index CFDs are made up of a group of shares that may pay dividends throughout the year. When a dividend is paid on a share, the value of the share will drop and therefore so does the value of the Index. Dividend adjustments are applied on these Products to negate the impact of the drop in Index price.

Short Positions will be positively impacted by the drop in Index price, so you will be debited the dividend adjustment value. Long Positions are negatively impacted so you are credited the dividend adjustment.

11. TAXATION IMPLICATIONS

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

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

11.1 TAXATION RULING: CONTRACTS FOR DIFFERENCE

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

A copy of Taxation Ruling 2005/15 is available at www.ato.gov.au.

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

11.1.1 the CFD transaction is entered into as an ordinary part of carrying on a business; or

11.1.2 the profit is made, or the loss is incurred, as a consequence of a business operation or commercial transaction entered into for the purpose of profit-making.

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

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

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

11.2 ADDITIONAL MATTERS NOT COVERED BY RULING

The following matters are also relevant when dealing in CFDs.

Capital Gains Tax
A CFD is a CGT asset under section 108-5 of ITAA 1997. On the maturity or closing-out of a CFD, CGT Event C2 happens (section 104-25 of 1997).

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

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

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

Interest on Debit Balances
Any interest on the debit balance of an investor's account is deductible.

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

11.3 THE INCOME TAX TREATMENT OF MARGIN FX CONTRACTS

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

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

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

11.4 TAXATION OF FINANCIAL ARRANGEMENTS

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

The legislation generally applies to all "financial arrangements" as defined in subdivision 230-A or included by the additional operation of subdivision 230J. However, certain financial arrangements, as detailed below are effectively subject to an exemption under subdivision 230-H. Division 230 of the legislation provides a range of elective methods for determining gains and losses; namely the fair value method, the retranslation method, the hedging method and the financial reports method. Where these selective methods are not, or cannot be made, the appropriate treatment is either the accruals or realisation method.

Relevantly, the legislation does not apply to:

a) financial arrangements of individuals;

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

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

d) financial arrangements of other entities;
    (i) with an aggregated annual turnover of less than $100 million – where the value of the entity's financial assets is less than $100 million; and
    (ii) where the value of the entity's assets is less than $300 million;
    (iii) except where the taxpayer elects to have division 30 of the legislation apply to all of its financial arrangements.

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

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

11.5 GOODS AND SERVICES TAX (GST) RULING

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

GST Determination GSTD 2005/3
The Commissioner has stated that the costs incurred in having a CFD Position open, such as commissions (on both opening and closing), dividend and corporate event adjustments, Daily Funding Charges and Margins are all considered financial supplies under the A New Tax System (Goods and Services Tax) Act 1999 ("the GST Act"). Consequently, they are input taxed and no GST is payable on their supply. GST may apply to certain fees and costs charged to you and you should obtain your own tax advice as to whether an input tax credit is available to you for such fees and charges as will depend on your personal circumstances.

11.6 RECORD KEEPING AND REPORTING

We comply with our tax reporting obligations, in accordance with Applicable Law. These obligations may include sharing your country of tax residence, tax identification data and summary information. Please refer to the OECD Automatic Exchange of Information website and IRS website for further information about common reporting standard rollouts and US single stock related withholding tax obligations.
You should seek independent tax advice on how tax reporting legislation may impact you.

11.7 DISCRETIONS

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

a) we will have due regard to our commercial objectives, which include;
    (i) maintaining our reputation as a product issuer;
    (ii) responding to the market forces;
    (iii) managing all forms of risks, including, but not limited to operational risk and market risk; and
    (iv) complying with our legal obligations;

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

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

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

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

12. CLIENT AGREEMENT

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

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

13. SUPERANNUATION FUNDS

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

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

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

14. REMUNERATION OF OUR ADVISERS AND THIRD PARTIES

14.1 REMUNERATION AND OTHER BENEFITS RECEIVED BY OUR EMPLOYEES

Our employees receive salaries, performance-related bonuses and other benefits.

14.2 SHARING OF COMMISSIONS AND OTHER AMOUNTS

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

14.3 REFERRAL BENEFITS FOR OTHER SERVICES PROVIDERS

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

15. COMPLAINTS AND DISPUTE RESOLUTION

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

If we are unable to resolve the complaint within 30 calendar days, we will: (a) inform you of the reasons for the delay; (b) provide you with updates on progress of the complaint; and (c) specify a date when a decision can be reasonably expected. We would expect that in most cases the above process would deal with the matter fully and to your satisfaction.

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

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

The Australian Financial Complaints Authority GPO Box 3
Melbourne VIC 3001
Toll Free (Australia only): 1800 931 678

Email: info@afca.org.au Website: www.afca.org.au

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

16. PRIVACY POLICY

The information you provide to us upon application and in connection with your transactions will primarily be used for the processing of your application and for complying with certain laws and regulations. We collect, maintain, use and disclose Personal Information in the manner described in our Privacy Policy. Our Privacy Policy is available on our Website or by calling our client services team.

17. INTERPRETATION AND GLOSSARY

INTERPRETATION

1. The defined terms used in this PDS are capitalised and set out in this section. A term that has an asterix next to it is a term not found in the PDS but is found in the Client Agreement.
2. If there is any conflict between the terms of this PDS and any applicable law, the applicable law will prevail
3. In this PDS any reference to a person includes bodies corporate, unincorporated associations, partnerships and individuals
4. In this PDS, all references to times of the day are to the time in Sydney, New South Wales, Australia, unless otherwise specified.
5. Headings, notes and examples in this PDS are for reference only and do not affect the construction of the Agreement.
6. In this PDS any reference to any enactment includes references to any statutory modification or re-enactment of such enactment or to any regulation or order made under such enactment (or under such a modification or re- enactment).
7. In this PDS the following terms and expressions have, unless the context otherwise requires, the following meanings:

ACCOUNT	means the account(s) that has been opened by us for the Client;
ACCOUNT CURRENCY	means the currency selected by you under the Client Agreement and which, in the absence of a selection will be AUD dollars;
AEST	means Australian Eastern Standard Time, being the time in Sydney, New South Wales, Australia;
AFSL	means an Australian Financial Services Licence;
AGREEMENT	means the agreement described in clause 1.1 of the Client Agreement, as amended, varied, or replaced from time to time;
AML/CTF ACT	means the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)* and all regulations, rules and instruments made under that Act;
APPLICABLE LAWS	means all: (a) applicable provisions of laws and regulations, including all relevant rules of government agencies, exchanges, trade and clearing associations and self- regulatory organisations, that apply to the parties, this Agreement and the transactions contemplated by this Agreement; and *(b)* Australian laws, procedures, standards and codes of practice that apply in relation to the parties, this Agreement and the transactions contemplated by this Agreement, including the Corporations Act, the ASIC Act, ASIC policy documents and the *Privacy Act 1988* (Cth); and applicable Market Rules;
APPLICATION FORM	means the application form and account opening documentation, including documentation required to be returned for the purposes of complying with Anti-Money Laundering and Counter-Terrorism Financing legislation, completed by you and submitted to us whether electronically or in hard copy;
ASIC ACT	means the *Australian Securities and Investments Commission Act 2001* (Cth);
ASSOCIATE*	means: (a) a person who is an officer, employee, agent, representative or associate of a party; (b) a Related Body Corporate of a party; and (c) a person who is an officer, employee, agent, representative or associate of a Related Body Corporate of a party;
AUSTRALIAN CLIENT MONEY RULES	means the provisions in Part 7.8 of the *Corporations Act 2001* (Cth) and the regulations made under those provisions that specify the manner in which financial services licensees are to deal with client moneys and property;
AUSTRALIAN PRIVACY LAWS	means the *Privacy Act 1988 (Cth)* (which includes the Australian Privacy Principles), and privacy regulations as issued by the Governor-General under section 100 of the *Privacy Act 1988* (Cth);
AUSTRALIAN DOLLAR AUD OR $	means Australian dollars;
AUTHORISATION*	means: (a) an authorisation, consent, declaration, exemption, notarisation or waiver, however it is described; and (b) in relation to anything that could be prohibited or restricted by law if a government agency acts in any way within a specified period, the expiry of that period without that action being taken;

AUTHORISED PERSON*	means you and/or any person authorised by you to give instructions to us under this Agreement;
AXI	means AxiCorp Financial Services Pty Ltd ACN 127 606 348 AFSL 318232. Axi is a brand name of AxiCorp Financial Services Pty Ltd ACN 127 606 348 AFSL 318232;
BASE CURRENCY*	means Australian Dollars or the currency as agreed under clause 3.3 of the Client Agreement;
BULLION	means gold, silver, palladium or platinum;
BULLION SPOT CFD	means a CFD whose price is derived from the valuation of a spot priced Underlying Instrument (being Bullion);
BUSINESS DAY	means any day other than a Saturday, Sunday or public holiday on which banks are open for business in London, England, New York, United States and Sydney, Australia (a) in the case of services relating to an Index to which Limited Trading Hours apply, any day on which the exchange on which the relevant security or each constituent security has its primary listing, or the exchange on which the Index operates, whichever is applicable, is open for trading, and will exclude any day on which all trading on the relevant exchange is closed or suspended; and (b) in the case of services relating to an Index to which Limited Hours Trading does not apply, any day on which any relevant exchange is open for trading;
CASH CFD	means a CFD whose price fluctuates by reference to the fluctuations in the value of an Underlying Instrument (being a Commodity or an Index) and that may incur an overnight Financing Benefit or Financing Charge;
CFD or CONTRACT FOR DIFFERENCE	means a Contract between you and us to buy or sell a derivative which is cash settled and whose price is derived from the value of an Underlying Instrument;
CLAIM*	means, in relation to a person, any claim, allegation, cause of action, proceeding, liability, suit or demand made against a person however it arises and whether it is present or future, fixed or unascertained, actual or contingent;
CLIENT	means you;
CLIENT AGREEMENT	means the Client Agreement for Margin FX Contracts and Contracts for Difference issued by us;
CLIENT MONEY	means the money Clients have deposited with us that are held by us in accordance with the Australian Client Money Rules;
CLIENT PORTAL	means the electronic gateway accessible over the Internet through our web browser.
CLOSE OF BUSINESS	means 17.00 New York time on a Business Day;
CLOSING DATE	means, in respect of a Position, the date on which the relevant Position is closed out;
COMMODITY	means oil or gas, or any other commodity acceptable to us;
COMMODITY CASH CFD	means a CFD whose value fluctuates by reference to the fluctuations in the value of Underlying Instrument relating to a spot priced crude oil Commodity and that may incur an overnight Financing Benefit or Financing Charge;
COMMODITY CFDS	means a CFD whose price fluctuates by reference to the fluctuations in the value of an Underlying Instrument (being a Commodity);
COMMODITY FUTURES CFDS	means a CFD whose value fluctuates by reference to the fluctuation in the value of the Underlying Instrument relating to a Commodity future that may incur a periodic Rollover Benefit or Rollover Charge.
CONFIRMATION	means a form of notification, which may be provided by us electronically, including via the internet, requiring access by the Client, confirming entry into a Position;
CONTRACT	means any transaction entered into between us and you, whether oral or written, including any derivative, option, future, contract for difference or other transaction relating to the financial products issued by us;
CONTRACT PRICE*	means the price we offer you to trade in our financial products from time to time and which is calculated by us according to the Client Agreement;
CONTRACT QUANTITY	means in relation to a Position, the number of Contract Units making up that Position;
CONTRACT SIZE	means in relation to a Product, the quantity of the Underlying Instrument included in a Contract Unit;
CONTRACT UNIT	means a single unit of a Product;
CONTRACT VALUE*	means, in respect of a Product, the Contract Price multiplied by the Contract Quantity multiplied by the Contract Size;
CORPORATIONS ACT	means the *Corporations Act 2001 (Cth)*;

CONTROLLER	in relation to the property of a corporation, means: (a) a receiver, or receiver and manager of that property; or (b) anyone else who (whether or not as an agent of the corporation) is in possession, or has control, of that property for the purpose of enforcing a security interest.
CRYPTOCURRENCY CFD	means a CFD whose value fluctuates by reference to the fluctuations in the value of an Underlying Instrument, which is a cryptocurrency exchange price;
DISPUTE*	means any dispute or difference between the parties arising out of, relating to or in connection with this Agreement or transactions under this Agreement, including any dispute or difference as to the formation, validity, existence or termination of this Agreement;
ERROR	has the meaning given in clause 3.5 of the Client Agreement;
ETF	A CFD where the Underlying Instrument is a share (equity security) of an exchange traded fund that typically holds a collection of various asset class investments like shares, Commodities and bonds;
EVENT OF DEFAULT	means an event described in clause 9.1 of the Client Agreement;
EXCHANGE RATE	means the exchange rate we may reasonably offer to you from time to time having regard to the applicable prevailing Interbank Rates and the spread that is available to you from us via the Trading Platform or on request;
EXPIRY DATE	means the day on which the Margin FX Contract, CFD or other Product expires (if applicable);
FINANCING BENEFIT	means a benefit you may receive where you have a Cash CFD, Share CFD or Cryptocurrency CFD Position held overnight and which is described in section 9.3;
FINANCING CHARGE	means a payment you may be required to make where you have a Cash CFD, Share CFD or Cryptocurrency CFD Position held overnight and which is described in section 9.3;
FORCE MAJEURE EVENT	means the definition given in clause 14.1 of the Client Agreement;
FREE EQUITY	is the amount you have available to satisfy any additional changes in Margin Requirements as described in section 4.14;
FUTURES CFD	means a CFD whose value fluctuates by reference to the fluctuations in the value of an Underlying Instrument, which is an Index futures contract;
FSG*	means our financial services guide, including any supplementary and replacement financial services guide, as replaced or amended from time to time;
INDEX	means a stock exchange or other index which is, or forms part of or is referenced by, an Underlying Instrument;
INDEX CASH CFD	means a CFD whose value fluctuates by reference to the fluctuations in the value of an Underlying Instrument, which is an Index and that may incur an overnight Financing Charge or Financing Benefit;
INDEX CFD	means an Index Cash CFD or an Index Futures CFD;
INDEX FUTURES CFD	means a CFD whose value fluctuates by reference to the fluctuations in the value of an Underlying Instrument, which is an Index futures contract;
INITIAL MARGIN	means Margin payable on the opening of a Position being such percentage of the Contract Value as specified by us, and as amended by us under clause 4.3 of the Client Agreement from time to time;

INSOLVENCY EVENT*	means any of the following: (a) you are dying, or ceasing to be of full legal capacity or otherwise becoming incapable of managing your own affairs for any reason; (b) you become, or you take any step that could result in you becoming, an insolvent under administration (as defined in section 9 of the Corporations Act); (c) an administrator is appointed to you; (d) any of the following occurs: (i) a Controller or analogous person is appointed to you or any of your property; (ii) an application is being made to a court for an order to appoint a Controller, provisional liquidator, trustee for creditors or in bankruptcy or analogous person to you or any of your property; or (iii) an appointment of the kind referred to in (ii) is being made (whether or not following a resolution of application); (e) the holder of a security interest or any agent on its behalf, appoints a Controller or takes possession of any of your property (including seizing your property within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth) or otherwise enforcing or exercising any rights under the security interest or Chapter 4 of that Act; (f) you fail to comply with a statutory demand under section 459F (1) of the Corporations Act; (g) an application is being made to a court for an order for your winding up; (h) an order is being made, or the passing of a resolution for your winding up; (i) you: (i) suspend payment of your debts, cease (or threaten to cease) to carry on all or a material part of your business, stating that you are unable to pay your debts or being or becoming otherwise insolvent; or (ii) are unable to pay your debts or otherwise are insolvent; (j) you take any step towards entering into a compromise or arrangement with, or assignment for the benefit of, any of your members or creditors;
	(k) a court or other authority enforces any judgment or order against you for the payment of money or the recovery of any property; or (l) any analogous event under the laws of any applicable jurisdiction, (m) unless this takes place as part of a solvent, amalgamation, merger or consolidation that has been approved by us;
INTERBANK RATE	means the mid Interbank Rate calculated by us with reference to the bid and offer prices for the Underlying Instrument most recently quoted by any one or more third party banks;
INTRODUCING BROKER*	means an independent entity that refers clients to us, including pursuant to an introducing broker agreement;
LIMITED TRADING HOURS	means the ability of the client to trade Margin FX Contracts and CFDs (where available) as are designated by us from time to time under this Agreement only during such hours as the relevant exchange is open;
LIQUIDATION LEVEL	means the percentage ratio of Total Equity relative to the Initial Margin Requirement that your Account can fall to before we will commence closing out Positions, as discussed at section 8.15 of this PDS;
LONG PARTY	means, in relation to a Product, the party that has notionally taken a long Position in respect of the relevant Underlying Instrument, for example, as shown in section 4.5 of this PDS;
LOSS	includes any loss, damage, liability or obligation, compensation, fine, penalty, charge, payment, cost or expense (including any legal costs and expenses on a full indemnity basis) however it arises and whether it is present or future, fixed or unascertained, actual or contingent;
LOT	means one standard Contract Unit;
MARGIN	means the sum of your Initial and Variation Margin requirements for all your open Positions, also referred to as Total Margin Requirement;
MARGIN CALL	means a demand for additional funds to be deposited into your Account to meet your Total Margin Requirement because of adverse price movements in your open Positions or a change in Margin Requirement;
MARGIN FX CONTRACT	means a Contract between you and us for the taking of Positions in a foreign currency;
MARGIN PERCENTAGE	means such percentage of the Contract Value as specified by us in the Product Schedule;
MARGIN REQUIREMENT	means the sum of your Initial and Variation Margin requirements for all your open Positions, also referred to as Total Margin Requirement;

MARKET ORDER	means an order placed to open or close a Margin FX Contract or CFD at our current price;
MARKET RULES	means the rules, regulations, customs and practices from time to time of any exchange, financial market, clearing house, clearing and settlement facility, or other organisation or market involved in the conclusion, execution or settlement of a transaction or contract (including in respect of an Underlying Instrument) contemplated by the terms of this Agreement and any exercise by such exchange, clearing house or other organisation or market of any power or authority legitimately conferred on it;
MATURITY DATE	means, in respect of an NDF, the date on which the NDF is to be closed out (unless terminated earlier);
MINIMUM TICK INCREMENT OR MIN TICK INCREMENT	represents the minimum possible price change between two successive transaction prices permitted by us as specified in the Product Schedule tables. The Minimum Tick Increment can represent either an upward or downward movement in price;
MINIMUM TRADING SIZE*	means such minimum Contract Quantity or Contract Value as we may specify on our Website from time to time for any type of Margin FX Contract or CFD;
NDF	means a non-deliverable forward contract in respect of a currency pair offered under this Agreement;
NET TERMINATION AMOUNT*	has the meaning given in clause 10 of the Client Agreement;
NEXT SERIAL FUTURES CONTRACT	means a contract of the same series as the futures contract, which is the Underlying Instrument of a CFD, but with the Expiry Date being the next occurring Expiry Date in the relevant series which we deem suitable to derive our pricing from;
OTHER CFD	means Cryptocurrency CFD, Commodity Cash CFD, Commodity Futures CFD, Share CFD's, ETF CFDs, Index Cash CFD and Index Futures CFD;
PDS	means our product disclosure statement, including a supplementary and replacement product disclosure statement;
PERSONAL INFORMATION	has the meaning ascribed to it under the *Privacy Act 1988 (Cth);*
POSITION	means the long or short Position you have taken in your Margin FX Contract, CFD or other Product with us;
PRIVACY POLICY	means our privacy policy as set out on our Website, as amended from time to time;
PRO ACCOUNT	means an Account where commissions are charged on transactions executed;
PRODUCT	means a product offered by us under this PDS and described in the Product Schedule;
PRODUCT SCHEDULE	means the Product Schedule published on our Website;
QUALIFYING ACCOUNTANT	means a 'qualified accountant' as defined in s88B of the Corporations Act, namely a person meeting the criteria under ASIC Instrument 2016/786 you are a 'qualified accountant' if you are: (a) a member of CPA Australia (CPAA) who: (i) is entitled to use the post-nominals "CPA" or "FCPA"; and (ii) is subject to CPAA's continuing professional education requirements; and (iii) at or about the time of the member's most recent renewal of membership, has confirmed in writing to CPAA that he or she complies with CPAA's continuing professional education requirements; (b) any member of Chartered Accountants Australia and New Zealand (CA ANZ) who: (i) is entitled to use the post-nominals "CA", "ACA" or "FCA"; and (ii) is subject to CA ANZ's continuing professional education requirements; and (iii) at or about the time of the member's most recent renewal of membership, has confirmed in writing to CA ANZ that he or she complies with CA ANZ's continuing professional education requirements; (c) any member of the Institute of Public Accountants (IPA) who: (i) is entitled to use the post-nominals "AIPA", "MIPA", or "FIPA"; and (ii) is subject to the IPA's continuing professional education requirements; and (iii) at or about the time of the member's most recent renewal of membership, has confirmed in writing to the IPA that he or she complies with the IPA's continuing professional education requirements; (d) any member of an eligible foreign professional body who: (i) has at least 3 years of practical experience in accounting or auditing; and (ii) is providing a certificate for the purposes of paragraph 708(8)(c) or 761G(7)(c) of the Corporations Act to a person who is resident in the same country (being a country other than Australia) as that member.

RELATED BODY CORPORATE	has the meaning given to it by the Corporations Act, with any necessary modifications for companies incorporated outside Australia;
REPORT*	means any daily statement, monthly statement or other report we provide to you;
RETAIL CLIENT	means any client except Sophisticated Investors and Wholesale Clients;
ROLLOVER BENEFIT	means a benefit you may receive on Futures CFD Positions held when the Underlying Instrument is changed to the Next Serial Futures Contract; and which are described in the relevant parts of the Product Schedule;
ROLLOVER CHARGE	means a charge you may have to pay on Futures CFD Positions held when the Underlying Instrument is changed to the Next Serial Futures Contract; and which is described in the relevant parts of the Product Schedule;
SERVICES	means the services provided by us under the Client Agreement;
SETTLEMENT DATE*	means such settlement date following the Closing Date or Maturity Date (if applicable) as we may reasonably determine in accordance with practice in the relevant market and notify to you at the time of entering into a Position;
SHARE CFD	A CFD where the Underlying Instrument is a share (equity security) of a company.
SHORT PARTY	means in relation to a Product, the party that has notionally taken a short Position in respect of the Underlying Instrument, for example, as shown in section 4.5 of this PDS;
SOPHISTICATED INVESTOR	means a client who is classified as a "sophisticated investor" pursuant to f section 761GA of the Corporations Act;
STANDARD ACCOUNT	means an Account where no commissions are charged on transactions executed and transaction fees are incorporated into the bid-offer spread for each product;
STANDARD MARGIN RATE	means such percentage of the Contract Value as specified by us in the Product Schedule;
SWAP CHARGE	means a payment you may be required to make where you have a Margin FX Contract or Bullion Spot CFD Position held overnight and which is described in sections 9.3 and 9.4;
SWAP BENEFIT	means a benefit you may receive where you have a Margin FX Contract or Bullion Spot CFD Position held overnight, and which is described sections 9.3 and 9.4;
TOTAL EQUITY	the way your Total Equity is calculated is described in section 4.14
TOTAL MARGIN REQUIREMENT	means the sum of your Initial and Variation Margin requirements for all your open Positions;
TRADING DAY	means in the case of Positions over an Underlying Instrument which is traded on, or references, an Underlying Market, a day on which the Underlying Market is open for trading in the ordinary course (and if there is more than one Underlying Market, a day on which all applicable Underlying Markets are open for trading in the ordinary course);
TRADING PLATFORM	means the trading platform we make available to you (including MT4 and MT5) via an internet or WAP service, and/or electronic routing service, including any software, by which you may trade with us online. This includes the Client Portal or any system through which we report Confirmation statements, etc.;
TRUST*	has the meaning given in clause 8.2 of the Client Agreement;
TRUST DEED*	has the meaning given in clause 8.2(c) of the Client Agreement;
UNDERLYING INSTRUMENT	means the underlying asset, security, currency pair, Commodity, futures contract, cryptocurrency, or Index, the reference to which the value of a Margin FX Contract or CFD is determined;
UNDERLYING MARKET	means the underlying market in which the Underlying Instrument is traded;
VALUATION TIME*	means, in respect of a Position: (a)the time the Position is opened; (b) the Close of Business on each Trading Day the Position is open (other than the Trading Day the Position is closed); and the time the Position is closed;
VARIATION MARGIN	means the unrealised profit or loss on an open Position, including any accrued Swap Charges & Swap Benefits, Financing Charges & Financing Benefits and futures Rollover Charges & Rollover Benefits as calculated by us and reported either in the Trading Platform or on a statement;
WEBSITE	means the internet address www.axi.com and includes the Trading Platform;
WE/US	means AxiCorp Financial Services Pty Ltd (ACN 127 606 348).
WHOLESALE CLIENT	means a wholesale client as defined in the Corporations Act, but excludes clients classified as Sophisticated Investors
YOU	means the Client.