



# Product Disclosure Statement

## Margin Foreign Exchange & CFD Trading

TF Global Markets (Aust) Pty Ltd

ACN 158 361 561

Address: Level 14, 333 Collins Street, Melbourne, VIC, Australia 3000

Website: [www.ThinkMarkets.com](http://www.ThinkMarkets.com) Phone: +61-3-9093-3400

Australian Financial Services License Number: 424700

Preparation date: 08 November 2024

Web: [www.ThinkMarkets.com](http://www.ThinkMarkets.com) | Phone: AU: +61 3 9093 3400

**Risk warning:** CFDs are complex instruments and come with a substantial risk of losing money rapidly due to leverage and is not suitable for everyone. You do not own or have any interest in the underlying asset. You should consider whether you understand how CFDs work and whether you can afford to take the considerable risk of losing your money. Please ensure you fully understand the risks and take care to manage your exposure and seek independent advice if necessary. Consider relevant legal documents (Product Disclosure Statement, Target Market Determination, and Financial Services Guide) before you decide whether or not to acquire any of our products.

## TABLE OF CONTENTS

|     |                                                   |    |
|-----|---------------------------------------------------|----|
| 1.  | SUMMARY .....                                     | 2  |
| 2.  | KEY INFORMATION.....                              | 7  |
| 3.  | WHAT ARE WE AUTHORISED TO DO? .....               | 10 |
| 4.  | MARGIN FX CONTRACTS.....                          | 10 |
| 5.  | FORCED LIQUIDATION.....                           | 14 |
| 6.  | CFDS.....                                         | 15 |
|     | A. Bullion (gold or silver).....                  | 16 |
|     | B. Index CFD Trading or Indices .....             | 17 |
|     | C. Shares CFDs.....                               | 20 |
|     | D. Energy CFDs.....                               | 20 |
|     | E. Cryptocurrency CFDs.....                       | 21 |
| 7.  | FORCED LIQUIDATION REQUIREMENTS .....             | 21 |
| 8.  | MARGIN CALLS .....                                | 22 |
| 9.  | EXPIRY.....                                       | 23 |
| 10. | NEGATIVE BALANCE PROTECTION (NBP) .....           | 24 |
| 11. | MANAGING RISKS BY USING STOPS AND LIMITS .....    | 24 |
|     | 1. Stop Loss Order .....                          | 24 |
|     | 2. Profit Target Order .....                      | 24 |
|     | 3. Trailing Stop Loss Order .....                 | 24 |
|     | 4. Buy Limit Orders.....                          | 25 |
|     | 5. Sell Limit Orders.....                         | 25 |
|     | 6. Buy Stop Order.....                            | 25 |
|     | 7. Sell Stops .....                               | 25 |
| 12. | CONVERSION OF CURRENCY .....                      | 26 |
| 13. | TRADING FACILITIES.....                           | 26 |
| 14. | SIGNIFICANT BENEFITS.....                         | 26 |
| 15. | SIGNIFICANT RISKS .....                           | 27 |
| 16. | THE COSTS IN USING OUR PRODUCTS. ....             | 32 |
| 17. | HOW DOES THE ONLINE TRADING PLATFORM WORK? .....  | 32 |
| 18. | HOW MUCH MONEY DO YOU NEED TO TRADE? .....        | 33 |
| 19. | HOW DO WE HANDLE YOUR MONEY? .....                | 33 |
| 20. | CLIENT TERMS AND CONDITIONS.....                  | 34 |
| 21. | PROVIDING INSTRUCTIONS BY TELEPHONE .....         | 35 |
| 22. | TAX IMPLICATIONS.....                             | 35 |
| 23. | WHAT ARE OUR DIFFERENT ROLES? .....               | 36 |
| 24. | WHAT SHOULD YOU DO IF YOU HAVE A COMPLAINT? ..... | 36 |
| 25. | GLOSSARY .....                                    | 37 |

## 1. Summary

| Number | Issue                                                                                                       | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------|-------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | <b>Who is the issuer of this Product Disclosure Statement (PDS) and the Margin FX Contracts &amp; CFDs?</b> | TF Global Markets (Aust) Pty Ltd ( <b><i>TF Global, ThinkMarkets, us, we, or our</i></b> ) is both the issuer of this PDS and the provider of Margin FX Contracts & CFDs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 2      | <b>What is a foreign exchange transaction?</b>                                                              | Foreign exchange is about exchanging one currency for another. In a foreign exchange transaction one currency can be bought or sold in exchange for another currency.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 3      | <b>What financial products do we provide?</b>                                                               | Margin FX Contracts & CFDs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 4      | <b>What are Margin FX Contracts?</b>                                                                        | <p>A Margin FX Contract is an agreement to pay or receive the change in value of a currency pair depending on whether the price rises or falls. The prices of our Margin FX Contracts are based on the price of an underlying currency pair. However, you do not own any underlying currency or trade it on an exchange by owning a Margin FX Contract. By entering a Margin FX Contract, you are either entitled to be paid an amount of money or required to pay an amount of money depending on movements in the price of the contract. The amount of any profit or loss made on a Margin FX Contract will be the net of:</p> <ul style="list-style-type: none"> <li>• the difference between the price of the contract when the position is opened and the price of the contract when the position is closed.</li> <li>• any Margin adjustments in respect of the contract.</li> <li>• any Rollover Interest relating to the contract.</li> </ul> <p>The balance in your Account will also be affected by other amounts you must pay to us in respect of your Account such as interest on debit balances.</p> <p>Margin FX Contracts are speculative products and their Leverage places a significantly greater risk on your investment than non-Leveraged investment products such as conventional share trading.</p> |
| 5      | <b>What is a Contracts for Difference or “CFD?”</b>                                                         | <p>A CFD is an agreement to pay or receive the change in value of a share, a share index, a commodity, or a digital currency depending on whether the price rises or falls.</p> <p>The prices of CFDs are based on the price of an underlying share, share index, commodity, or digital currency. However, you do not own the underlying share, share index, commodity, or digital currency, or trade it on an exchange by owning the CFD. By entering a CFD you are either</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

|   |                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   |                                                                                           | <p>entitled to be paid an amount of money or required to pay an amount of money depending on movements in the price of the contract. The amount of any profit or loss made on a CFD will be the net of:</p> <ul style="list-style-type: none"> <li>the difference between the price of the contract when the position is opened and the price of the contract when the position is closed.</li> <li>any Margin adjustments in respect of the contract</li> <li>any Rollover Interest relating to the contract.</li> </ul> <p>CFDs are speculative products, and their Leverage places a significantly greater risk on your investment than non-Leveraged investment products such as conventional share trading.</p> |
| 6 | <b>What is a position?</b>                                                                | A position is a Margin FX Contract or CFD entered by you under the Client Terms and Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 7 | <b>A Margin FX Contract and a CFD are issued “over the counter”. What does this mean?</b> | Over the counter (“OTC”) means that you do not trade in Margin FX Contracts or CFDs through an exchange or market; rather, it is a transaction between you and ThinkMarkets. This means you can only enter contracts in relation to our products with us. You do not have the protections normally associated with trading on a regulated market. It is not possible to close a Margin FX Contract or a CFD by giving instructions to another provider, broker, or Australian financial services licensee.                                                                                                                                                                                                           |
| 8 | <b>What charges are payable when dealing in Margin FX Contracts &amp; CFDs?</b>           | <p>The common fees and charges you will incur when dealing in Margin FX Contracts &amp; CFDs may incorporate any or all the following:</p> <ul style="list-style-type: none"> <li>Payment of margins.</li> <li>Margin adjustments.</li> <li>Rollover Interest.</li> <li>Administration charges</li> <li>Commission Charges.</li> </ul> <p>In addition, ThinkMarkets will apply a bid / offer spread in respect of financial products, which will also affect the profits or losses you make when dealing with these contracts. Please refer to our current Financial Services Guide “FSG” for more information, a copy of which is available free of charge and on our website.</p>                                  |
| 9 | <b>How do I open an Account?</b>                                                          | <p>Read this PDS, the Client Terms and Conditions and our FSG, and then complete an application form. You may obtain these documents by:</p> <ul style="list-style-type: none"> <li>telephoning us on 1300-390-515 (within Australia) or +61-3-9093-3400</li> <li>going to our website at <a href="http://www.thinkmarkets.com">www.thinkmarkets.com</a></li> </ul>                                                                                                                                                                                                                                                                                                                                                  |

|    |                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |                                                                 | <ul style="list-style-type: none"> <li>writing to support at support@thinkmarkets.com</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 10 | <b>What is the minimum balance to open an Account?</b>          | No minimum deposit is required to open a standard account with ThinkMarkets. ThinkZero accounts will require an initial deposit of AUD\$500 or equivalent. Unless otherwise specified, all dollar amounts referred to in this PDS are denominated in Australian Dollars.                                                                                                                                                                                                                                                                                                                                                                                             |
| 11 | <b>How do you deal in Margin FX Contracts and CFDs with us?</b> | <p>You may place orders to deal in Margin FX Contracts and CFDs in two ways:</p> <ul style="list-style-type: none"> <li>by telephoning on 1300-390-515 (within Australia) or 61-3-9093-3400</li> <li>using our Trading Platform through a computer connected to the internet or your mobile telephone.</li> </ul> <p>ThinkMarkets will not accept orders or instructions from you through any other means, such as email, unless we have previously agreed with you to do so in writing. It is possible for a third party to place orders on your behalf provided that a written Power of Attorney or authority has been received and accepted by us in writing.</p> |
| 12 | <b>What are “long” and “short” positions?</b>                   | <p>You are “long” when you buy a Margin FX Contract &amp; CFD or place an order to open a position in the expectation that the price of the underlying instrument will increase, which would have the effect that the position’s price will increase.</p> <p>You are “short” when you sell a Margin FX Contract or CFD or place an order to open a position in the expectation that the price of the underlying instrument will decline, which would have the effect that the position’s price will decline.</p>                                                                                                                                                     |
| 13 | <b>How do I close-out a position?</b>                           | You may close an Open Position via our trading platform. You can choose to close all of an open position or partially close where applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 14 | <b>How do we deal with your money?</b>                          | Money which you deposit with ThinkMarkets will be regulated in accordance with the requirements of the <i>Corporations Act 2001 (Cth)</i> . See Part 18 of this PDS for more information.                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 15 | <b>What is my “Total Equity”?</b>                               | <p>Your “Total Equity” is the total of:</p> <ul style="list-style-type: none"> <li>the current cash balance in your Account; and</li> <li>your current unrealised profits and losses.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 16 | <b>What is my “Free Equity”?</b>                                | Your “Free Equity” is your Total Equity less your current Total Margin requirement. The Free Equity is the amount that you may withdraw from your Account or use to cover additional Margin requirements.                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

|    |                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 17 | <b>What is Margin?</b>                                                                           | <p>"Margin" is the amount that you must have in your Account to enter a Margin FX Contract or CFD with ThinkMarkets. The level of Margin required to open and maintain these Contracts is called the "Initial Margin Requirement". The sum of your Margin requirements for all your open positions is called the "Total Margin Requirement". Margin requirements will fluctuate with the value of the Underlying Asset on which the Contract is based. Further, where you deal in a Contract that is denominated in a currency other than the Base Currency of your Account, your Margin requirement may also be affected by fluctuations in the relevant foreign exchange rate.</p> |
| 18 | <b>What is a Margin Call by us?</b>                                                              | <p>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 on your open positions that have resulted in a Margin Call as defined by our Margin Call policy which is available free of charge on our website: <a href="https://www.thinkmarkets.com/au/support/legal-and-regulation/margin-call-policy/">https://www.thinkmarkets.com/au/support/legal-and-regulation/margin-call-policy/</a></p> <p>ThinkMarkets can only facilitate additional fund deposits on your behalf within normal banking hours.</p>                                                                      |
| 19 | <b>How are payments made in and out of my Account?</b>                                           | <p>You may deposit funds by bank wire and other available payment methods listed on our website. All funds must be cleared funds in your Account before they are treated as satisfying your Total Margin Requirement including any Margin Call or can be made available for you to use in dealing in Contracts.</p>                                                                                                                                                                                                                                                                                                                                                                  |
| 20 | <b>Do I receive interest on money held in my Account or pay interest on moneys I owe to you?</b> | <p>ThinkMarkets does not pay interest on credit balances in your Account. You will pay interest on any unpaid sums due to us. Interest will accrue daily from the due date until the date on which payment is received in full at a rate not exceeding 3%p.a. above our applicable reference rate from time to time and will be payable on demand. The applicable reference rate is available from us on request.</p>                                                                                                                                                                                                                                                                |
| 21 | <b>Do I pay or receive any Rollover Interest?</b>                                                | <p>You may earn or pay interest (Rollover Interest) by entering and holding a Margin FX Contract or a CFD Contract overnight.</p> <p>Rollover Interest accrues if you hold your position from or later than 5pm NY time. At 5pm NY time, any open position will be subject to Rollover Interest.</p> <p>Rollover Interest is tripled on Wednesdays at 5pm NY time to account for weekends and some public holidays (that is, the Wednesday rate is taken and multiplied by 3).</p> <p>Please see the Financial Services Guide (FSG) for more information. ThinkMarkets FSG is available free of charge and on our website.</p>                                                       |

|    |                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----|--------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 22 | <b>What procedures are in place to deal with complaints?</b>                               | ThinkMarkets provides a complaint handling and dispute resolution process for our clients, and we are a member of the Australian Financial Complaints Authority (AFCA), an external complaints resolution body. If you wish to make a complaint, please see section 23.                                                                                                                                                                                                                                                                                                 |
| 23 | <b>What are the taxation implications of entering into Margin FX Contracts &amp; CFDs?</b> | <p>The taxation consequences of Margin FX Contracts &amp; CFD transactions depend on your personal circumstances.</p> <p>Some general taxation consequences are set out in Section 21. The taxation consequences can be complex and will differ for everyone's financial circumstances. ThinkMarkets recommends that you obtain independent taxation and accounting advice in relation to the impact of Margin FX Contracts and CFDs on your financial situation.</p>                                                                                                   |
| 24 | <b>What are our trading and office hours?</b>                                              | <p><b>Trading Hours</b></p> <p>Trading hours for Margin FX Contracts and CFDs will depend on the relevant underlying instrument market's hours of operation and are set out on our website.</p> <p><b>Office Hours</b></p> <p>Our office hours are Monday through Friday, 7.00am to 9.00pm AEST, subject to public holidays.</p>                                                                                                                                                                                                                                        |
| 25 | <b>What is ASIC's Product Intervention Order (PIO)?</b>                                    | <p>ThinkMarkets is required to comply with the PIO where our clients are retail clients (that is, they are not Wholesale Clients or Sophisticated Investors). The PIO requires us to:</p> <ul style="list-style-type: none"> <li>▪ only provide certain promotional offers</li> <li>▪ limit the amount of leverage on our CFDs and Margin FX Contracts</li> <li>▪ close out your open positions when they get to a certain level</li> <li>▪ protect Accounts from having a negative balance.</li> </ul> <p>This PDS explains these items in more detail throughout.</p> |
| 26 | <b>What if I require further information?</b>                                              | <p>You contact ThinkMarkets by:</p> <ul style="list-style-type: none"> <li>▪ telephone: +61 3 9093 3400 or 1300 390 515 (within Australia)</li> <li>▪ email: <a href="mailto:info@thinkmarkets.com">info@thinkmarkets.com</a></li> <li>• internet: <a href="http://www.thinkmarkets.com">www.thinkmarkets.com</a></li> </ul>                                                                                                                                                                                                                                            |
| 27 | <b>How will margin count for hedged positions?</b>                                         | <p>Margin is required for each independent position and will not be offset by a simultaneous position in the same instrument.</p> <p>For example, if you place a long and place a short trade, the total margin for both positions will be required; for each of the long and short positions. This applies only to MT5 and ThinkTrader, as hedging is disabled for MT4 accounts.</p>                                                                                                                                                                                   |

## 2. Key information

### 2.1 About us:

TF Global Markets (Aust) Pty Ltd (**TF Global, ThinkMarkets, us, we, our**) is the issuer of the products described in this Product Disclosure Statement (**PDS**). Should you have any queries about this document, please do not hesitate to contact us. Our contact details are at the start of this PDS.

### 2.2 Contents:

This Product Disclosure Statement explains everything you need to know about the products we can offer you. It is designed to:

- provide you with the information you need to determine whether the products we offer are appropriate for your needs.
- explain the terms and conditions, rights and obligations associated with our products; and
- help you to compare products.

### 2.3 Client Terms and Conditions

When you open a trading Account with ThinkMarkets, you will be provided with a separate document titled Client Terms and Conditions. It contains terms and conditions that govern our relationship with you. You can obtain a free copy of the document by contacting us or visiting our website by using the details at the start of this PDS.

### 2.4 Retail Clients

This PDS is only required to be provided to Retail Clients. If you are a Wholesale Client or a Sophisticated Investor, then providing you with this PDS does not mean we wish to treat you as a Retail Client. Also, there are some protections described in this PDS that do not apply to Wholesale Clients or Sophisticated Investors.

### 2.5 Warning

Trading in Margin FX Contracts and CFDs involves the potential for profit as well as the risk of loss of which may vastly exceed the amount of your initial deposit and is not suitable for all investors. Movements in the price of the contract's underlying instrument (e.g., foreign exchange rates or commodity prices) are influenced by a variety of unpredictable factors of global origin. Violent movements in the price of the underlying instrument may occur in the market because of which you may be unable to settle adverse trades. We are unable to guarantee a maximum loss that you may suffer from your trading. Investors in Margin FX Contracts and CFDs do not own and do not have any rights to the underlying instruments.

### 2.6 ASIC Benchmarks

ASIC is the government regulator that issued ThinkMarkets licence and that monitors the financial markets in Australia. ASIC has developed a Regulatory Guide (RG 227) which includes seven disclosure benchmarks for our industry. These benchmarks operate as minimum standards that ASIC expects businesses like us to comply with. If a business departs from a benchmark, it must explain why. We have explained our compliance with these benchmarks throughout this PDS. Throughout this PDS, we will refer to ASIC benchmarks, like this:

#### ASIC Benchmark...

This table provides a high-level summary of our compliance with the ASIC Benchmarks.

• 7



| ASIC BENCHMARK                 | REQUIREMENT                                                                                                                                                                                                                                                                                                                                                                                                                                            | YES | NO                                                                                                                                      | Reference                                                                               |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| 1. Client Qualification        | Maintain and apply a written client qualification policy that sets out the minimum qualification criteria that prospective investors will need to demonstrate they meet before opening an Account; this outlines the processes we have in place to ensure that prospective investors who do not meet the qualification criteria are not able to open an Account and trade in CFDs, and that requires us to keep written records of client assessments. | ✓   |                                                                                                                                         | For more information about this benchmark please see 'step 1' in Section 4 of this PDS. |
| 2. Opening Collateral          | An issuer should generally only accept cash or cash equivalents from investors as opening collateral when establishing an Account to trade in CFDs. If credit cards are used to open Accounts, an issuer should accept no more than \$1000 via credit card to fund the Account.                                                                                                                                                                        |     | <b>X</b><br>We accept credit card payments for more than \$1,000 AUD as initial funding to provide flexible payment options to clients. | For more information about this benchmark please see 'step 2' in Section 4 of this PDS. |
| 3. Counterparty risk – Hedging | An issuer should maintain and apply a written policy to manage its exposure to market risk from client positions, which includes the factors it considers when determining if hedging counterparties are of sufficient financial standing; and sets out the names of those hedging counterparties (as they stand from time to time). Policies should be displayed in an up-to-date form on the issuer's website.                                       | ✓   |                                                                                                                                         | For more information about this benchmark please see Section 14 of this PDS.            |

|                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |   |  |                                                                              |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|--|------------------------------------------------------------------------------|
| 4. Counterparty risk<br>– Financial resources | An issuer should maintain and apply a written policy to maintain adequate financial resources, which details how the issuer monitors its compliance with Australian financial services licence financial requirements; and conducts stress testing to ensure it holds sufficient liquid funds to withstand significant adverse market movements.                                                                                                                                                | ✓ |  | For more information about this benchmark please Section 14 of this PDS.     |
| 5. Client money                               | An issuer should maintain and apply a clear policy on its use of client money, including whether it uses money deposited by one investor to meet the margin or settlement requirements of another.                                                                                                                                                                                                                                                                                              | ✓ |  | For more information about this benchmark please see Section 18 of this PDS. |
| 6. Suspended or halted underlying assets      | An issuer should not allow new CFD positions to be opened when there is a trading halt over the underlying instrument, or trading in the underlying instrument has otherwise been suspended, in accordance with the rules of the relevant market.                                                                                                                                                                                                                                               | ✓ |  | For more information about this benchmark please see Section 14 of this PDS. |
| 7. Margin Calls                               | <p>An issuer should maintain and apply a written policy about its margining practices which details:</p> <p>(a) how the issuer will monitor client Accounts, to ensure that it receives early notice of Accounts likely to enter Margin Call.</p> <p>(b) what rights the issuer may exercise in relation to client Accounts, including the right to make a Margin Call or close out positions; and</p> <p>(c) when the issuer will exercise these rights, and what factors it will consider</p> | ✓ |  | For more information about this benchmark please see Section 8 of this PDS.  |

|  |                               |  |  |  |
|--|-------------------------------|--|--|--|
|  | in deciding whether to do so. |  |  |  |
|--|-------------------------------|--|--|--|

Most of our examples in this PDS are set out like this:

#### Example

All examples in the PDS are illustrative only and are included to help you to understand our products.

### 3. What are we authorised to do?

We are authorised to give you General financial product advice in relation to derivatives, foreign exchange contracts and non-cash payments. We are also authorised to deal in relation to those same products.

This means we will provide you with advice which is general in nature. Whenever we give General Advice (e.g., through our website, or in this PDS), we do not consider your financial situation, personal objectives or needs. Before using the products referred to in this PDS you should read it carefully, and then consider your objectives, financial situation and needs and take all reasonable steps to fully understand the possible outcomes of trades and strategies that can be employed using our Trading Platform. We recommend you seek independent financial advice to ensure that a particular product is suited to your financial situation and requirements.

We are also authorised to “make a market” for foreign exchange and derivatives contracts. This means that we set our own prices for the products we offer, including buy and sell prices.

We do not provide a market amongst or between clients for investments or speculations. Each product purchased (or sold) by you is an individual agreement made between you and us as principal and is not transferable, negotiable, or assignable to or with any third party.

We offer Margin FX and CFD trading services via our Trading Platform.

This PDS describes products that are:

- derivatives because they derive their value from an underlying instrument.
- over the counter (OTC) because they are an agreement between you and us, and there is no central counterparty (like an exchange).
- a legally binding contract. Our Client Terms and Conditions refers to a Contract when referring to our products.
- “synthetic” in that they do not result in the physical delivery of the underlying instrument but are cash adjusted or closed by you taking an offsetting opposite position. Positions will always be closed, and your Account will be either credited or debited according to the profit or loss of the trade.

There are two broad types of products that you can trade with us: Margin Foreign Exchange (FX); and Contracts for Difference (CFDs). Those two types of products are explained in more detail below. The specific underlying instruments able to be traded under those categories will be listed on the Trading Platform.

### 4. What are Margin FX Contracts

A Margin FX Contract is an agreement to pay or receive the change in value of a currency pair depending on whether the price rises or falls. The prices of our Margin FX Contracts are based on the price of an underlying currency pair. However, you do not own any underlying currency or trade it on

an exchange by owning a Margin FX Contract. By opening and then closing a Margin FX Contract, you are either entitled to be paid an amount of money or required to pay an amount of money depending on movements in the price of the underlying currency pair. The amount of any profit or loss made on a Margin FX Contract will be the net of:

- the difference between the price of the contract when the position is opened and the price of the contract when the position is closed.
- any Margin adjustments in respect of the contract.
- any Rollover Interest relating to the contract.

Margin FX Contracts only require a deposit which is much smaller (up to one thirtieth or a leverage ratio of 30:1 in the case of major currency pairs) than the contract size (therefore the contract is “margined” or “leveraged”).

This is how our Margin FX trading service works:

**Step 1:** First, you must set up a trading Account with us.

**ASIC Benchmark 1. RG227 – Client Qualification**  
**Address the Issuers policy on investors qualification for CFD and FX Trading**

Given the complexity of Margin FX Contracts and CFDs, prospective clients applying for a trading Account must complete the online ThinkMarkets trading Account registration process that includes an application form which requires information such as personal information and details in relation to your trading experience to-date and investment knowledge on derivative or other financial products.

Trading in Margin FX Contracts and CFDs is not suitable for all investors because of the significant risks involved. We maintain a written policy which:

- sets out the minimum qualification that prospective clients will need to demonstrate they meet before we will agree to open a new Account for them.
- outlines the processes we have in place to ensure that prospective clients who do not meet the minimum qualification criteria are not able to open an Account and trade in Margin FX Contracts or CFDs; and
- requires us to keep written records of client assessments.

Based on the information you provide; we will decide if you meet our criteria. If you do you will be notified accordingly and then, subject to other conditions described in the Client Terms and Conditions (including but not limited to you providing a valid identification document, a proof of residence and funding your Account), you may start trading Margin FX Contracts and CFDs. If you do not fulfil the minimum qualification criteria, you will not be able to trade Margin FX Contracts and CFDs with us.

Please review this process at [www.thinkmarkets.com](http://www.thinkmarkets.com)

**Step 2:** You then need to deposit an Initial Margin of a Base Currency into your newly established ThinkMarkets Account before you start trading. You will be required to deposit an Initial Margin which is a percentage of the notional contract amount. Percentages are restricted because of the Product Intervention Order. Our Account type's page found on our website at <https://www.thinkmarkets.com/au/trading-platforms/accounts/> will tell you what amount you need to deposit before you make the deposit.

### Example

We may request you to deposit AUD 1,000 so that you can purchase a Margin FX Contract with a notional value of AUD 30,000. In this example, AUD 1,000 is your **Initial Margin**.

### ASIC Benchmark 2 RG227– Opening Collateral

**Address the issuer's policy on the types of assets accepted from investors as opening collateral.**

We only accept deposits via wire transfer, BPAY and certain e-wallets from your Account, into our accounts, or via credit card.

We accept credit card payments for more than \$1,000 AUD as Initial Margin to provide flexible payment options to clients. In addition, with VISA and Master Card Debit cards it is not possible to distinguish between a debit card or credit card transactions. Therefore, we have not adopted this Benchmark as it would impede the ability for clients to use Debit Cards which is not counted as credit and would limit collateral options.

Opening collateral in this PDS is Initial Margin. You should exercise caution when using a credit card, as you will need to ensure that you have sufficient funds available to meet your repayment obligations.

Please note that using a credit card to fund your Account may pose the risk of double Leverage. This means that you are borrowing from your credit card provider (and possibly paying interest), which is a type of Leverage.

**Step 3:** You are now ready to trade. When you log in to our online Trading Platform, you will see prices which reflect different currencies. Currencies are traded in pairs.

### Example

An example of a Currency Pair is AUD/USD. AUD/USD 1.03391/1.03416 means that one AUD is exchanged for 1.03416 USD. The currency on the left of a pair is the Base Currency.

You can buy or sell a Margin FX Contract. If you buy or sell as your first transaction, you are opening your position. When you buy, you buy at the “offer” price, and when you sell, you sell at the “bid” price. The “offer” price and the “bid” price are the prices set by us as a “Market Maker”.

### Example

If the AUD/USD Currency Pair is quoted at 1.0331/ 1.0333, then this is showing the bid/offer price.

To buy AUD (offer), you would pay 1.0333 x contract size.

To sell AUD (bid), you would receive 1.0331 x contract size.

The difference between the two prices is 2 basis points which, in this example, is the “spread”.

Each contract's size can be any amount equal to or greater than 1,000 of a particular trading currency.

Remember: what you are buying is a Margin FX Contract – not the currency itself. If our Trading Platform is unable to process trades, you can trade with us over the phone where our dealer will provide you with the Spot Rate of exchange.

**Step 4:** You then choose when to sell or buy to close your position. You close your position by taking an opposite position to what you did under Step 3 above, with the intention of making a profit when the currency moves in the intended direction.

**Step 5:** The profit or loss resulting from the trade will be credited or debited to your Account.

We have trading rules (including “Forced Liquidation” which is explained at Section 5 below, and an Initial Margin requirement which is explained above) to help you limit any losses. (see the section titled “significant risks” at Section 14).

### Example

Bill thinks that the EUR will appreciate against the USD soon. He sees that the prices quoted on the EUR/USD Currency Pair by ThinkMarkets is 1.27726 (bid) / 1.27746 (offer). The “offer” is the buy price, so he buys a contract of EUR/USD, at 1 lot size, which is 100,000. He wants to sell it later at a higher price. Bill’s Base Currency is Australian dollars.

|                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>Opening the position</u>                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                 |
| Buy 100,000 at offer price:                                                                                                                                                                                                                                                                                                                                                                                                         | $1 \times 100,000 \times 1.27746 = \$127,746 \text{ USD}$<br>(contract size) $\div 1.03360$ (AUD/USD Spot Rate) = 123,593.27 AUD                |
| The contract is Leveraged on a 1:30 ratio. That means that we require an Initial Margin from Bill to be deposited into our account, which is 3.33% of the contract value.                                                                                                                                                                                                                                                           | $123,593.27 \times 0.0333 = \$4,115.66 \text{ AUD}$ (Initial Margin)                                                                            |
| We earn a “spread”, which is the difference between the bid (sell) and offer (buy) prices that we source from other clients or from our wholesale providers, and the bid (sell) and offer (buy) prices we quote to you.<br><br>In this example, the difference is 0.0002 (known as two “PIPs”), which amounts to \$20 USD. It is built into the price when Bill closes his position, because he will sell it back at the bid price. | $(1.27746 - 1.27726) \times 100,000 = \$20 \text{ USD} \div 1.03360 = 19.35 \text{ AUD}$                                                        |
| <u>Rollover Interest</u>                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                 |
| When a position is held open overnight, you are credited or debited interest depending on the Currency Pair. In this example, Bill technically is borrowing the Euro, which has a higher interest rate than the USD, so he must pay interest on this position. These swap rates float daily based on overnight interest rates. In this case, he must pay 1.68 PIPs per 1 lot per day.                                               | $1 \text{ lot} \times -1.68 \text{ (EUR/USD Short Swap Rate)} = \$1.68 \text{ USD} \div 1.03360 \text{ (AUD/USD Spot Rate)} = 1.63 \text{ AUD}$ |
| <u>Closing the position</u>                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                 |

|                                                                                                                                                                                                                              |                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| The next day the price of EUR/USD has increased by 10 points to 1.27846 (bid) / 1.27860 (offer). The trade has moved in Bill's favour, and he decides to take his profit and close the position by selling at the bid price. | $1 \times 1.27846 \times 100,000 = \$127,846 \text{ USD} \div 1.0336 = 123,690.01 \text{ AUD}$ |
| Bill's gross profit is the difference between the opening position and the closing position.                                                                                                                                 | $123,690.01 - 123,593.27 = 96.74 \text{ AUD}$                                                  |
| Bill's net profit is the gross profit less the costs. The spread was built into the price but includes 19.35 AUD in this example.                                                                                            | $96.74 - 1.63 = 95.11 \text{ AUD}$                                                             |

**Summary:** In the above example, Bill had to deposit \$4,115.66 AUD to cover his Initial Margin requirement, and he has made a total gain of \$95.11 AUD. In the above example, if the price had decreased by 10 points instead of increasing, Bill would have made a loss of \$95.12 AUD.

**Note:** More detailed explanations are set out under the heading "The Costs in Using our products" below.

## 5. Forced Liquidation

If the Total Margin in your Account drops below a predetermined level set by ThinkMarkets which we call the Margin Close-Out Amount or if we exercise our discretion pursuant to our Client Terms and Conditions, then we are entitled to close out your position at the prevailing market rate without notice to you. We could do this to minimise trading risk and deduct the resulting realised loss from your remaining funds held by us.

If at any time, the Total Equity of your Account falls below the Margin Close-Out Amount, our Trading Platform will automatically start closing your open positions on your Account as soon as market conditions allow without notice to you until the first of the following occurs:

- the Total Equity of your Account becomes equal to or greater than the Margin Close-out Amount for your remaining open positions in respect of that Account; or
- all your open positions in respect of the Account have been terminated.

### Example

Bill thinks that the EUR will depreciate against the USD soon. He sees that the prices quoted on the EUR/USD Currency Pair by ThinkMarkets is 1.27708 (bid) / 1.27728 (offer). The "bid" price is the sell price, so he sells a contract of EUR/USD, at 1 lot size, which is 100,000. He wants to buy it later at a lower price, to close his position. Bill's Base Currency is Australian dollars. 1 AUD = 0.70 USD. Bill has invested \$9,000 AUD.

|                                                                                         |                                                                                                                          |
|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| <u>Opening the position</u>                                                             |                                                                                                                          |
| Sell 100,000 at bid price:                                                              | $1 \times 100,000 \times 1.27708 = \$127,708 \text{ USD} \div 0.70 \text{ (AUD/USD Spot Rate)} = 182,440.00 \text{ AUD}$ |
| The contract is Leveraged on a 1:30 ratio. That means that we require an Initial Margin | $182,440.00 \times 0.0333 = \$6,075.25 \text{ AUD (Initial Margin)}$                                                     |

|                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| from Bill to be deposited into our account, which is 3.33% of the contract value.                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <p>We earn a “spread”, which is the difference between the bid and offer prices that we source from other clients or from our wholesale providers, and the bid and offer prices we quote to you.</p> <p>In this example, the difference is 0.0002 (known as two “PIPs”), which amounts to \$20 USD. It is built into the price when Bill closes his position, because he will buy it back at the offer price.</p>     | $(1.27728 - 1.27708) \times 100,000 = \$20 \text{ USD}$<br>$\div 0.70 = 28.57 \text{ AUD}$                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <u>Rollover Interest</u>                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| When a position is held open overnight, you are credited or debited interest depending on the Currency Pair. In this example, Bill technically is borrowing the USD, which has a lower interest rate than the Euro, so he must pay less interest on this position than in the previous example. These swap rates float daily based on overnight interest rates. In this case, he must pay 0.3 PIPs per 1 lot per day. | $1 \text{ lot} \times -0.3 \text{ (EUR/USD Short Swap Rate)} =$<br>$\$0.30 \text{ USD} \div 0.70 = 0.43 \text{ AUD}$                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <u>Closing the position</u>                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| The next day the price of EUR/USD has increased by 32 PIPs points to 1.28008 (bid) / 1.28028 (offer). The trade has moved against Bill and ThinkMarkets forces the closing of his position to protect him from further loss.                                                                                                                                                                                          | <p>Margin requirement = \$6,075.25 AUD.</p> <p>PIP Value = <math>.0001 \times 100,000 = \\$10 \text{ USD}</math>.</p> <p>PIP Value in AUD = <math>\\$10 \text{ USD} \div 0.70 = 14.28 \text{ AUD}</math></p> <p>After a 32 PIP move, Account Equity was 9,000.00 (initial investment) – 6,075.25 (margin requirement) – 456.96 (32 pips value) – 0.43 AUD (rollover interest) = 2,467.36 AUD</p> <p>Equity <math>\div</math> Margin Requirement (<math>2,467.36 \div 6,075.25</math>) = 40.61%. Account is liquidated when this ratio drops below 50%, which is the Margin Close-out Amount.</p> <p>Bill lost 1,369.59 AUD.</p> |

In addition to Forced Liquidation, we may Margin Call your position while a trade is open. See the section below titled “Margin Calls” for more detail.

## 6. CFDs

A CFD is an agreement to pay or receive the change in value of a share, a share index, a commodity, or a digital currency depending on whether the price rises or falls. However, you do not own that



underlying instrument or trade it on an exchange. This means it is an over-the-counter (OTC) product. You cannot transact with another CFD provider to close any existing position issued by ThinkMarkets.

CFDs are speculative products and their Leverage places a significantly greater risk on your investment than non-Leveraged investment products such as conventional share trading.

When trading CFDs, you and ThinkMarkets agree to exchange the difference in value of the CFD between when the CFD is opened and when it is closed. When you close your position, you will either be entitled to be paid an amount of money into your Account (if the value of the underlying instrument has moved in your favour) or will be required to pay an amount of money from your Account (if the value of the underlying instrument has moved against you). Your Account will also be affected by fees you must pay us in respect of your Account.

You can keep a CFD trade open for as long as you are able to meet your Margin requirements and the CFD trade does not have an expiry date (instruments that have expiry dates are automatically rolled-over to the next contract date - see Contract Specifications for more details). CFD transactions are closed by you taking an offsetting, opposite position to what you did to open your position.

We may, upon your request and subject to a fee, agree to implement a Stop Loss Order or limit order in respect of a CFD trade. Compliance with any such order is subject to prevailing market conditions.

We offer several different types of CFDs:

### A. Bullion (gold or silver)

Bullion trading operates in the same manner as Margin FX trading, except the underlying instrument is either Loco London Gold (LLG) or Loco London Silver (LLS), both of which have prices quoted in US currency.

When trading a Bullion CFD, you can trade on the quoted Spot Rate for Loco London Gold (LLG) and Loco London Silver (LLS) contracts. The examples below show a winning Loco London Gold CFD trade, and a losing Loco London Gold CFD trade. Although there are no examples showing Loco London Silver CFD trades, the mechanics are the same, except the quoted prices relate to the prices of silver, not gold.

In the same way as described in section 4, above, we do not deliver the physical underlying instruments (i.e. gold or silver) to you, and you have no legal right to it. Rather, settlement is made by cash based on the difference between the buy and sell rates of the contracts when they are closed. Gold and Silver rates are quoted in USD. This means that even if your Initial Margin is in AUD, we will convert it to USD so that you can make the trade. We will convert it back to AUD when the trade is closed.

#### Example

Sarah believes that the price of gold is undervalued, and she decides to enter a CFD Contract in respect of gold in the expectation that the gold price will rise. Our Trading Platform is showing the price of gold (XAU/USD) as being USD 1,711.75 (bid) / 1,712.25 (offer). Our minimum trade/ lot size is 1 ounce – see Contract Specifications for more details. Sarah buys 1 lot, there is a balance of \$20,000.00 AUD in her account.

| <u>Opening the position</u>                                                             |                                                                                                                       |
|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Sarah "buys" a CFD in respect of 100 ounces of gold at the offer price:                 | $1 \times 1,712.25 \times 100 = \$171,225 \text{ USD} \div 0.70 \text{ (AUD/USD Spot Rate)} = 244,607.14 \text{ AUD}$ |
| The contract is Leveraged on a 1:20 ratio. That means that we require an Initial Margin | $244,607.14 \times 0.05 = 12,230.36 \text{ AUD}$                                                                      |

|                                                                                                                                                               |                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| from Sarah to be deposited into our account, which is 5% of the contract value.                                                                               |                                                                                               |
| <u>Closing the position</u>                                                                                                                                   |                                                                                               |
| The price of Gold has increased by \$10 USD to 1,721.75 (bid)/ 1,722.25 (offer). The trade has moved in Sarah's favour and she decides to close her position. | $1 \times 1,721.75 \times 100 = \$ 172,127.00 \text{ USD} \div 0.70 = 245,895.71 \text{ AUD}$ |
| Her total gross gain is the sell price less the buy price.                                                                                                    | $245,895.71 - 244,607.14 = 1,288.57 \text{ AUD}$                                              |

In the above example, if the price had not increased by 10 USD but had instead dropped by 10 USD she would have sustained a loss of -1,288.57 AUD.

## B. Index CFD Trading or Indices

An index is made up of a group of shares and is used to track the performance of a country's economy, a market sector, or an exchange.

The most traded indices include the Dow Jones Industrial Average, S&P 500, FTSE, DAX, ASX200, NASDAQ, CAC, EuroStoxx and Nikkei 225.

Since indices are just a number, they can't be traded directly. You need a financial instrument, like CFDs, for that. The amount of money made or lost on a trade depends on the market move and the size of your position.

### Example

Chris thinks the ASX200 is going to go up in value. The ASX200 is displayed as 6,648.80 (bid) / 6,649.80 (offer) on the trading platform. Chris decides to go long and buy 1 lot of the ASX200 at 6,649.80. Chris hopes to close his position later at a higher rate than 6,649.80 for a net gain on his trade. This position size equals 1 AUD of profit or loss for every point of movement in price. Two days later the ASX200 has fallen, and Chris closes the trade at 6,602.00. Chris's loss is calculated by deducting the opening price from the closing price:  $(6,649.8 - 6,602.00) \times 1 \text{ AUD} = -47.80 \text{ AUD}$ .

Chris held an account in USD as a base currency. His loss in USD is  $47.80 \text{ AUD} \times 0.70 \text{ (AUDUSD rate)} = 33.46 \text{ USD}$ .

### Example

Let us suppose that the DAX is currently trading at 12,427.20. Billy's research suggests that the market sentiment is positive towards DAX and his technical indicators give him an entry signal. Billy decides to buy 1 Lot. This position size equals €1 of profit or loss for every point of movement in price.

Two days after, the DAX has indeed pushed higher, and it is now trading at 13,120.20. Billy's profit is calculated by deducting the opening price from the closing price:  $(13,120.20 - 12,427.20) \times €1 = €693$ .

Note that in the above example profit and loss is calculated in the currency of the region that the index is tied to. At ThinkMarkets, the profit and loss are automatically converted in your Base Currency in real-time based on the current exchange rate.

### Cash Index Financing Adjustments

When placing a CFD order, you are using leverage. This means you are effectively borrowing money required to open the position, outside the initial deposit you have paid. For example, you trade a cash indices CFD, and you want to keep the position open overnight, you will be charged a small fee to cover the cost of the money you have effectively borrowed.

All finance adjustments for open positions in cash indices are carried out at or after 5pm NY time, (or at the market-close time of the cash instrument, on the underlying exchange). If you hold a position overnight (i.e., 5pm NY time, a finance adjustment is made to your Account.

This is calculated as follows:

$$f = (s \times p \times r) \div d$$

**where**

**f** = daily financing charge

**s** = trade size (lots)

**p** = overnight close price

**r** = relevant overnight interest rate PLUS 300 basis points for long positions, MINUS 300 basis points for short positions

**d** = number of days, i.e. 360

#### **Example 1:**

Sell 10 CFDs on AUS200 cash at a price of 5577.0; AUD Australian 3-month Bank Bill Rate is 3.50%

$$f = (s \times p \times r) \div d$$

s = trade size (lots), e.g., 10

p = overnight close price, e.g., 5577

r = relevant overnight interest rate PLUS 300 basis points for long positions, MINUS 300 basis points for short positions, e.g. (3.50% - 3.00%) = 0.50%

d = number of days, i.e., 360

So, the overnight financing charge on this position would be:

$$f = (10 \times 5577 \times 0.50\%) \div (360 \times 1)$$

f = AUD 0.77 credit

Note: your Account may be credited or debited depending on the direction of your trade and on the cash rates of the underlying instruments. For example, short positions are credited when the Australian 3-month Bank Bill Rate is greater than basis points to be deducted from Australian Bank Bill Rate, otherwise they are debited.

#### **Example 2:**

Buy 10 CFDs on SPX500 cash at a price of 1964.75; USD LIBOR rate is 0.09110%

$$f = (s \times p \times r) \div d$$

s = trade size (lots), e.g., 10

$p$  = overnight close price, e.g., 1964.75

$r$  = relevant overnight interest rate PLUS 300 basis points for long positions, MINUS 300 basis points for short positions, e.g.  $(0.0911\% + 3.00\%) = 3.09110\%$

$d$  = number of days, i.e., 360

So, the overnight financing charge on this position would be:

$f = (10 \times 1964.75 \times 3.09110\%) \div (360 \times 1)$

$f = \$1.69$  debit

Note: long positions are debited at the rate plus LIBOR (London Interbank Offered Rate).

The financing charge for CFD trades is levied for each day that the trade remains open (including weekends and some public holidays). The financing charge is applied to all open positions at 5pm NY time on each day.

Financing is applied on weekends and some public holidays (3 days on Wednesday for Friday, Saturday and Sunday).

Positions held at 5pm NY time on a Saturday will be subject to a three-day roll-over as the positions are being rolled from a Friday value date to Monday value date (three days). That is, rollover interest will be applied to your position such that on Wednesday, you will see three days' interest applied to your Account for in respect of Friday, Saturday, and Sunday.

#### Index Dividends

When an individual stock which is a constituent of a cash stock index goes ex-dividend, this will have a weighted effect on that cash index, known as the "index dividend" or "index impact". We will adjust those accounts with a position in an affected index, if that position is open at 5pm NY time on the day of the ex-dividend date of the constituent shares.

We will credit long positions and debit short positions (by means of a cash adjustment) as follows:

Index dividend x position size

The weighted effect of an individual stock's dividend is calculated as follows:

Index Dividend = Share Dividend x (Shares in index / Index Divisor)

The "Index Divisor" varies from index to index, it is a value which is adjusted by the underlying exchange to offset the effect of changes resulting from, but not limited to, stock splits, bonus issues and constituent substitutions. This allows the index value to remain comparable over time. We use various data providers in determining its calculation of the index dividend.

The DAX 30 index is not subject to adjustments; it is a total returns index and as such all ex-dividends are automatically reflected in the price.

Futures indices are not affected as anticipated future dividends are already priced on the market.

Fair Value: We base the quote for its cash indices on a corresponding futures market. As a result, we include a "fair value" adjustment in the quote to reflect a derived cash price of the index as opposed to the futures price. Fair value is a constantly changing variable and will vary during trading hours according to our estimate of current fair value. We will adjust our internal fair value calculations at 5pm NY time on the day constituent shares going ex-dividend (or when reasonable on the underlying exchange of the respective instrument), to reflect an index dividend.

### Example

For example, if you hold a long position in ABC Ltd share CFDs and ABC Ltd pays dividends to its shareholders and the price of ABC Ltd shares falls because of the dividend payments, you will be credited with a dividend adjustment.

## C. Shares CFDs

Trading individual shares on margin using a CFD allows you to take a position in a share without putting up the full contract value. You can replicate the economic effect of buying or selling a single share. Like other CFDs, you have no rights to the shares that underlie the Shares CFD.

Unlike normal share dealing however, instead of paying the full value of the transaction you make a payment by way of margin, which will be a percentage of the underlying contract value.

### Example:

John believes that Apple Stock is overvalued and that the price will go down soon.

John wants to go short, so he plans to sell 10 Apple CFDs. Apple is currently displayed at 510 (Bid), 512 (Offer) on the trading platform. John sells 5 CFDs at the bid price of 510. John hopes to buy his positions back at a lower rate to close them and make a profit on the trade.

**Dividend adjustments** are applied (credited or debited) to CFD positions you hold open in an Equity that announces a dividend. ThinkMarkets will register dividend adjustments on the Ex-dividend date before the exchange where the equity is traded opens. **For dividend payments in long positions a brokerage adjustment of 15% is applied**

We will display the adjustment as a **separate** journal entry (deposit or withdrawal) in the client's trading account. If the overall dividend amount for a distinct equity position is less than 0.5 cents, we will round the dividend to 0.

### Example

For example, if you hold a long position in ABC Ltd share CFDs and ABC Ltd pays dividends to its shareholders and the price of ABC Ltd shares falls because of the dividend payments, you will be credited with a dividend adjustment net of a 15% brokerage adjustment.

## D. Energy CFDs

A full list of the commodities you can trade is available on our website (<https://www.thinkmarkets.com/au/forex-trading/market-information/>).

Energy commodities are quoted in USD.

### Example:

Joe's research suggests that the demand for oil in China will soon increase and therefore he expects the oil price to rise. Joe buys 1 CFD Contract of WTI at \$56.95, which equals to \$100 for every \$1 movement in the price.

Joe's speculation proves to be correct. The price of WTI jumps to \$61.95 and he decides to sell. Joe's profit is calculated by multiplying the difference between the opening and closing price with the Dollar value per increment ( $\$61.95 - \$56.95 \times \$100 = \$500$ )

**Example:**

Ben's analysis suggests that the US shale oil industry will grow its supply and he therefore expects the price of Brent oil to fall.

Ben sells 2 lots of Brent Oil at \$52.50, which equals to \$200 for every \$1 movement in the price. A week later the market is trading at \$49.50, and Ben decides to close the position. Ben's profit is  $(\$52.50 - \$49.50 \times \$200) = \$600$ .

**Example:**

Let us suppose that Natural Gas (NGAS) is currently trading at \$3.1100. After doing her research, Jennifer anticipates demand for Natural Gas to rise due to the cold season and therefore expects the price to appreciate.

Jennifer buys 5 lots of NGAS, which equals to 500 contracts at the quoted price. After 2 days, NGAS is trading at 4.1300 and Jennifer decides to close her position and exit the trade. Jennifer's profit from the trade is  $(4.1300 - 3.1100) \times 1 \text{ lot} \times 500 \text{ contracts} = \$510$ .

## E. Cryptocurrency CFDs

A full list of the cryptocurrency CFDs you can trade is available on our website [.](#)

**Example:**

Ben's Account has a balance of \$15,000 USD and he is on 2:1 leverage on Crypto-assets. Ben decides to buy 1 CFD contract of Bitcoin (BTCUSD) at the offer price of \$11,447.99. Each CFD contract is equal to 1 Bitcoin. On a 2:1 leverage, Ben has a margin requirement of \$5,724.00 USD  $(\$11,447.99 \text{ USD} \div 2 = \$5,724.00 \text{ USD})$ .

The bid price of Bitcoin falls to \$10,307.99 and Ben now has a floating loss of -\$1,140.00 USD. Even though Ben's trading Account originally had \$15,000 USD in it (opening balance), Ben's Equity is now \$13,860 USD due to the floating loss on the trade.

As the trading day goes on, the value of Bitcoin begins to rise, and Ben decides to close his trade on Bitcoin at the bid price of \$13,787.76. This results in a profit on the trade of \$2,339.77 USD.

**Example:**

Stacey's Account has a balance of \$3,000 USD and she is on 2:1 leverage. Stacey decides to sell 10 CFD contracts of Ethereum (ETHUSD) at the bid price of \$228.81. Each CFD contract has the value of 1 Ethereum coin. On a 2:1 leverage, Stacey has a margin requirement of \$1,144.05 USD  $[(10 \times \$228.81 \text{ USD}) \div 2]$ .

Ethereum's ask price falls to \$198.49, and Stacey now has a floating profit of \$303.20 USD. Even though Stacey's trading Account originally had \$3,000 USD in it (opening balance), Stacey's Equity is now \$3,303.20 USD due to the floating profit on the trade.

As the trading day goes on, the value of Ethereum begins to rise, and Stacey decides to close her trade on Ethereum at the ask price of \$212.87. This results in a gross profit on the trade of \$159.40 USD.

## 7. Forced Liquidation requirements

Refer to "Example of Forced Liquidation" in the "Margin (FX) contracts" section of this PDS.

In addition to Forced Liquidation, we may Margin Call your position while a trade is open. See the section below titled "Margin Calls" for more detail.

## 8. Margin Calls

### ASIC Benchmark 7 RG 227 – Margin Calls

We maintain and apply a written policy setting out its margining policies.

For both Margin FX Contract and CFDs, the Margin Call Level is set to 100% of Total Equity. The Forced Liquidation level is also referred to as the Margin Close-out Level which, put simply, is set to 50% of Total Equity.

When a client's Total Equity is equal to or below their Total Margin, the client is put on Margin Call.

Forced Liquidation occurs when the client's Total Equity falls to 50% of their Total Margin. At this time, we are required to close some or all open positions. See the section above titled "Forced Liquidation" for more detail.

Sample Margin Call calculations are noted below, and the policy is also posted on our website at <http://www.thinkmarkets.com>.

Our system performs an automatic pre-deal check for Margin availability. Trades will only be executed if your Account has sufficient Margin funds available in the Account.

Until an open position is closed, the Total Margin requirement may increase or decrease at any time.

If a Margin Call is due, you must add up all the Margin requirements for all open positions on your Account. If your Account and the overall profit or loss value of your open position is less than the Margin requirement on your Account, you will be required to fund the shortfall - a Margin Call.

**In order to satisfy a Margin Call you can do any of the following:**

- **Close out existing positions to reduce your Margin requirement.**
- **Deposit additional funds into your Account.**

If you do not meet your Margin Call requirements, you risk your position(s) being liquidated.

### Margin Call Example: Margin FX

- Joseph's Account has a base currency in AUD and a balance of \$2500 AUD. He is on 30:1 Leverage for FX.
- He buys 0.3 lots of AUD/USD, this has a margin requirement of  $(0.3 * 100,000)/30 = \$1,000$  AUD.
- The market price is 0.76320 bid and 0.76390 ask, therefore his position opens on the ask at a rate of 0.76390.
- The value per PIP is  $(1 \text{ PIP} * \text{Lot Size}) = 0.0001 * (0.3 * 100,000) = 3 \text{ USD}$  the AUD value varies with the exchange rate.
- The market falls to a bid price of 0.75130 (-126 pips from the open price) and Joseph is now floating a loss of  $126 \text{ PIPS} * 3 \text{ USD} = 378 \text{ USD}$  which is converted at the time to  $378/0.75130 = -\$502.93$  AUD.
- His equity is now  $\$1500.00 - \$502.93 \text{ AUD} = \$997.07 \text{ AUD}$ , which is slightly under to his margin requirement; this has triggered a Margin Call.
- The market continues to fall, and the bid price of the AUD/USD has now hit 0.73883.

- Joseph's Equity is now \$499.47 AUD and has fallen to 50% of his margin requirement (\$1,000 AUD).
- This triggers the system's automatic liquidation (stop out) and his position will be automatically closed at a loss of \$1000.53 AUD to prevent further losses.

#### Margin Call Example: Metals

- Tom's Account has a balance of \$25,000 AUD and he is on 20:1 Leverage.
- Tom decides to buy 1 lot of Gold (100 troy oz = 1 lot) at an ask price of \$1739.00 USD/troy ounce.
- This has a margin requirement of  $(100/20 * 1739) = \$8,695$  USD, which exchanges to \$11,388.34 AUD at the time of the trade opening.
- Gold's bid price falls to \$1677 USD/troy ounce and Tom is now floating down -\$6,200 USD (exchanged to \$8120.50 AUD)
- Tom's equity is now \$5,491.16 AUD, which is below 50% of his Margin Requirement.
- This triggers our system's automatic liquidation (stop loss) and Joseph's position will be automatically closed to prevent further losses.

#### Margin Call Example: Oil

- Jordan's Account has a balance of \$2,350 USD and he is on 10:1 Leverage.
- Jordan decides to sell 0.1 lot CFD contracts of WTI Crude Oil at a price 60.00 USD/barrel. 1 lot CFD contract is 1,000 barrels of oil.
- On 10:1 Leverage, Joseph has a margin requirement of  $(1000*0.1/10) * 60$  USD = \$600 USD which exchanges to \$785.86 AUD.
- WTI's offer price rises to 69.00 USD/barrel and Jordan is now floating down -\$900 USD which exchanges to -\$1,178.78 AUD.
- Jordan's equity is now \$385.36 AUD, which is below 50% of his Margin Requirement.
- This triggers our system's automatic liquidation and Joseph's position will be automatically closed to prevent further losses.

## 9. Expiry

Several CFD contracts have set expiry dates. You can see this information on the Trading Platform.

For CFDs that specify an expiry date, either:

- your open positions will close automatically on the specified expiry date, unless you or we close the open position earlier in accordance with the Client Terms and Conditions; or
- you may give us instructions to:
  - roll any open positions prior to such expiry date; and
  - have any orders attached and such open positions to apply to the new open position.



If we agree to rollover an open position, the original open position will be closed and a new position will be placed to create a new open position at rates determine. We will roll open positions on at those certain times specified in the Trading Platform.

For CFDs that do not specify an expiry date, your open position will remain open until you or we close the open position in accordance with the Client Terms and Conditions.

## 10. Negative Balance Protection (NBP)

Negative balance protection is applicable to your account as a retail client. The total losses on your CFD positions are limited to the funds in your trading account. If your account falls into a debit balance, the balance on your account will be adjusted back to zero at no cost to you.

Example:

You deposit A\$2,000 and take a long position in XYZ share with 5:1 leverage. The value of your position is \$10,000. An unexpected market event causes the price to drop rapidly by 30% beyond your margin call close out level. You suffer a 30% loss; due to leverage your A\$10,000 position is now worth A\$7,000 - this equates to a total loss of A\$3,000. Without negative balance protection your account will be in a negative position of -\$1000. With NBP your account will be adjusted to \$0.

## 11. Managing Risks by using Stops and Limits

We offer features on our Trading Platform that helps you control trading losses:

### 1. Stop Loss Order

A Stop Loss Order is an order to close an open position when it reaches a certain price.

A stop loss order remains in effect until the position is liquidated or you cancel the stop loss.

**Example:**

You buy AUD/USD at 0.70. To limit your maximum loss, you set a stop-loss order at 0.69. This means if the AUD/USD drops to 0.69 instead of moving up, the Trading Platform would automatically execute a sell order at 0.69 (the best available price) and close out your position for a 100-pip loss.

### 2. Profit Target Order

A Profit Target Order is a pre-determined price where you wish to close your trade at a more favourable price than the last price. Before or after you enter a position, you may set a Profit Target. Profit Targets are an important part of order management, as they help you to automatically exit the market at the price you planned for — even if you are not watching your screen at the time the price is reached. This is referred to as a Take Profit feature on our ThinkTrader platform.

**Example:**

You buy AUD/USD at 0.70. You want to book profits if the price reaches 0.7050. To book profits, you set a take-profit order at 0.7050. If the price reaches 0.7050 when you are not watching or not around to manually close the position, the Trading Platform will automatically execute a sell order at 0.7050 (the best available price) and close out your position with a 50-pip profit.

### 3. Trailing Stop Loss Order

A Trailing Stop Loss Order moves every time the price moves a certain distance. In other words, a trailing stop will automatically 'trail' behind the price when the price moves further into profit. This allows you to lock in profits and semi-automatically manage your trade. You can specify your stop loss to move up five pips every time the price moves up five pips — ideal for when you are not around to manage your positions. If your stop loss moves up

automatically and the pricing action begins to move in the opposite direction, the stop loss will remain where it is and, if reached, you will be stopped out. Trailing Stop Loss is not available on our ThinkTrader platform.

**Example:**

You have decided to sell USD/JPY at 90.80, with a trailing stop of 20 pips. This means that originally, your stop loss is set at 91.00. If the price goes down and hits 90.60, your trailing stop will move down to 90.80 (or breakeven). The stop will stay at this new price level. It will not widen if market goes higher against you.

If USD/JPY hits 90.40, then your stop would move to 90.60 (or lock in 20 pips profit). Your trade will remain open if the price does not move against you by 20 pips. Once the market price hits your trailing stop price, your position will be closed.

#### 4. Buy Limit Orders

A Buy Limit Order allows clients to specify the price that they are willing to pay for a contract. Buy Limit Orders also allow clients to limit the length of time an order can be outstanding before being cancelled. This is referred to as a Pending Order on our ThinkTrader platform.

**Example:**

Rudy believes that gold is going to appreciate in the long term, but that it is currently overpriced. He wants to buy it in the future at a specific level without having to watch the market and wait. He places a Buy Limit Order for gold at \$1600. Since the offer price of gold has not reached this level since Rudy placed the order, it is still active.

#### 5. Sell Limit Orders

A sell limit order allows clients to specify the price that they are willing to offer/sell a contract. This is referred to as a Pending Order on our ThinkTrader platform.

**Example:**

Sean feels that the Euro is going to depreciate against the dollar but does not want to sell at the current price due to a sharp move down recently. He wishes to sell it automatically if it appreciates slightly and can test the technical resistance level of 1.2800. He places a Sell Limit Order for 1 lot of EUR USD at 1.2800, and his order is filled after the bid price touches that level.

#### 6. Buy Stop Order

A Buy Stop Order allows you to set the price at which you would like to open a position. The Buy Stop Order is triggered when the market price touches or goes through the buy stop price.

**Example:**

Scott thinks that once the price of the USD/JPY increases and rises above 84.15, it will gain momentum to the upside and continue to climb. He does not want to buy it unless it can first get to this price level and trigger a new uptrend. In line with this thinking, he places a Buy Stop Order in the USD/JPY at 84.15, which will fill automatically once the offer price reaches this level.

#### 7. Sell Stops

An order to sell stops a contract which is entered at a price below the current bid price. The order is triggered when the market price touches or goes through the sell stop price.

#### **Example:**

Garrett believes that the GBP is going to rapidly depreciate against the USD, but not until it is able to break chart support at 1.5700. He does not want to potentially miss his chance to sell going through this price level, so he sets a Sell Stop Order at 1.5700 that will trigger and fill automatically once the bid price of the GBP USD touches the price.

## 12. Conversion of currency

Your trading Account with us is normally denominated in a “Base Currency” which can be AUD, GBP, EUR, CHF, JPY, NZD, CAD, USD, or SGD. However, sometimes for you to trade, you may need to convert existing funds into USD or another Base Currency. For example, you can only buy or sell a Gold or Silver CFD in USD. If you deposit AUD into your Account, you will be required to convert it to USD before trading one of those CFD products. Sometimes, we may notionally convert your trading currency into the relevant Base Currency. When we do this, we charge a spread on the conversion.

You can use your own bank to convert your currency into USD, if you wish. Your bank may charge you for this service.

We will also convert the realised trading profit or loss in your Account into USD or another Base Currency at the closing price (incorporating our spread) of the relevant currency at the time that the position is opened and closed.

## 13. Trading Facilities

We can provide Margin FX and CFD trading facilities through our Trading Platform. Dealers in our trading room may also accept telephone orders if the Trading Platform is unable to take orders. The Trading Platform is an internet-based tool for you to trade.

When you use our Trading Platform, you may “plug in” other third-party applications. The use of those applications can carry significant risk (see section 14 of this PDS titled “Significant Risks”). We do not take responsibility and will not indemnify you from any loss incurred in connection with third party plugins that you choose to use, regardless of whether we know about them or approve them.

Some third-party plugins are approved by us, and you may incur extra fees for using them. They are explained in our FSG - see section 15 of this PDS titled “The costs in using our products”, which refers you to our Financial Services Guide.

We provide access to Margin FX and CFD trading via an online trading platform created by us called “ThinkTrader”.

We also provide access to Margin FX and CFD trading via an online trading platform created by MetaQuotes called MetaTrader 4 or MT4. MT4 is a third-party software provided by MetaQuotes. We hold a license from MetaQuotes.

## 14. Significant benefits

The significant benefits of using ThinkMarkets’ services are:

- **Hedging**

You can place a Leveraged foreign exchange trade to protect your exposure to the price movements in an underlying instrument.

**Example:** If you are based in Australia but have an obligation to pay USD at some time in the future, and you are concerned that the Australian dollar will weaken, you could sell an AUD/USD position so that you will possibly make a gain to offset your other losses, if the AUD weakens.

- **Speculation**

In addition to using our trading facilities as a hedging tool, you can benefit by using the quoted underlying instrument prices offered by us to speculate on changing price movements. Speculators seek to make a profit by attempting to predict market moves and buying a contract that derives its value from the movement of an underlying instrument. The examples of foreign exchange dealing and CFDs above illustrate trades where a client is entering into a speculative trade, based upon a belief that the market will move in a particular direction.

- **Access to markets**

When using our Trading Platform, you gain access to and trade on, systems which are updated 24 hours a day 5 days a week. Trading hours can be viewed on the website (<https://www.thinkmarkets.com/au/forex-trading/market-information/>). If for some reason our systems are unavailable, you can contact us by telephone using the details at the beginning of this PDS, and place telephone orders.

- **Real time streaming quotes**

Our online Trading Platform provides real time quotes provided by us. You may check your Accounts and positions in real time, and you may trade based on our price quotes that are based on real-time information.

- **Control over your Account and positions**

When using our trading facilities, we allow you to attempt to place stop loss limits on your trades. This means that if the market moves against you, we will close out your position in accordance with your stop loss order. We also allow you to attempt to place a profit target order to help you to automatically exit the market at a price you planned for. However, please refer to clause 14 below, which highlights the risk to you that in a volatile market we may not be able to close out your position until after the stop loss limit is exceeded. If this occurs, you may lose more than you deposited.

## 15. Significant risks

There are several risks in trading Margin FX and CFDs. These risks may lead to unfavourable financial outcomes for you. Monitoring of any risks associated with ThinkMarkets' trading facilities is your responsibility. You should seek independent legal, financial and taxation advice prior to commencing trading activities and should not use our services unless you fully understand the products, and the benefits and risks associated with them. Some of the risks associated with trading products we offer include:

- **Unforeseen Circumstances**

If we are unable to perform our obligations to you due to reasons beyond our control then we may suspend our obligations to you, including by suspending the operation of our Website and Trading Platform. For example, during periods of significant market disturbance it may be impractical or impossible to trade in relevant financial markets. In such an event, we may at our sole discretion (with or without notice) close out your open positions at prices we consider fair and reasonable at such time.

- **Liquidity risk**

In some circumstances it may be difficult or impossible for you to open a position (including closing out an existing position) or open a position at the price you wish to trade because of a lack of liquidity in the underlying instrument. This can happen, for example, when there are not enough trades being made in the market for an underlying instrument causing a significant change in the price, value, or rate of an underlying instrument over a short period of time or our inability to hedge our own risk. This may give rise to substantial losses. For example, you may not be able to close out a position at a pre-determined stop-loss level, and the position may instead be closed at a substantially worse level.

- **Market volatility:**

Markets for underlying instruments are subject to many influences which may result in rapid fluctuations. Because of this market volatility, there may be circumstance where we may be

• 27

unable to open a position (including closing out an existing position) or open a position at the price you wish to trade.

Because of this market volatility, there is no Margin FX or CFD transaction or Stop Loss Order which is available via our Trading Platform that can be considered “risk free”.

Given the potential levels of volatility in the markets, it is recommended that you always monitor your transactions.

You can reduce some of the downside risk using Stop Loss Orders. If you use a Stop Loss Order, we will enter a position opposite to your existing position if the price reaches a level specified by you in advance.

In a volatile market, there may be a substantial time lag between order placement and execution. This can mean that the entry or exit price may be significantly lower or higher than the price at which the sell (or buy) order (including a Stop Loss Order) was placed. This is known as “gapping”, and we do not guarantee that a Stop Loss Order will be successful in limiting your downside risk, which may be greater than you initially anticipated.

There may also be a time lag between when you seek to open or close a position and when that position is opened or closed (“execution risk”). This could result in the position being opened or closed at a worse price than when you sought to open or close the position, especially where the market for the underlying instrument is volatile or illiquid.

- **Leverage risk**

Trading Margin FX Contracts and CFDs involves a high degree of Leverage. High levels of Leverage could lead to you owing us more than the entire balance of your Account. You can outlay a relatively small Initial Margin which secures a significantly larger exposure to an underlying instrument. The use of products like this magnifies the size of your trade, so your potential gain and your potential loss is equally magnified. You should closely monitor all your open positions. If the market moves against you and your Initial Margin deposit is diminished, we may make a Margin Call or automatically close out your position by entering an equal and opposite position once pre-set limits are triggered (refer to the example of Forced Liquidation). Any remaining balance will be returned to you. Leverage increases the risk that even small adverse movements in the value of the underlying instrument can lead to losses.

As set out by ASIC in the PIO, the maximum retail leverage and corresponding Margin requirement for our products are:

- 30:1 for CFDs over an exchange rate for a major currency pair;
- 20:1 for CFDs over an exchange rate for a minor currency pair, gold or a major stock market index;
- 10:1 for CFDs over commodities (excluding gold) or a minor stock market index;
- 2:1 for CFDs over crypto-assets; and
- 5:1 for CFDs over shares or other underlying assets

- **We act as market maker.**

We are authorised to “make a market” for foreign exchange and derivative contracts. This means that we set our own price for the products we offer. This means that the price that we quote for a contract over an underlying instrument may diverge significantly from any current exchange or market price, or a competitor’s price, for that underlying instrument. Further information about how our prices is derived is set out in section 15 of this PDS.

In addition, where we are the counterparty to a trade, if the market moves against you and you lose on a trade, we may directly benefit from that trade.

- **Counterparty risk**

Counterparty (or credit) risk is the risk that derives from a counterparty's inability to perform all or any of the obligations under a contractual agreement.

We have adopted a policy to manage our counterparty risk that derives from client trades. To manage this risk, we may immediately hedge our exposure by entering a trade (bearing the same economic details as your trade) with our hedging counterparty(s). We will enter such trade as a principal in the wholesale market. We are then exposed to counterparty risk with that hedging party.

We may, in some instances, instead act as a counterparty to client trades and leave those trades unhedged. This means that if you win, we lose and if you lose, we win.

The products in this PDS are not protected by a licensed exchange, also known as a central counterparty. Instead, the products are called over-the-counter derivatives (sometimes referred to as "OTC"). This means that you contract directly with us, and you are subject to our credit risk. If we, or our hedging counterparty, become insolvent, we may be unable to meet our obligations to you, in which case you will become an unsecured creditor. You can assess our financial ability to meet these counterparty obligations to you by reviewing financial information about our company. You can obtain a free summary of our annual financial statements that is subject to management review by contacting us using the details at the start of this PDS.

#### **ASIC Benchmark 3 RG 227– Counterparty Risk (Hedging)**

We have adopted a policy to manage the risk that derives from client positions. To hedge risk, we may enter back-to-back hedges with its hedging counterparties. To make these hedges, we hold margin with prime brokerages. This creates an element of risk to investors as we are exposed to this counterparty. Our hedging counterparties may change from time to time to ensure that customers receive the best bid and ask prices available.

Not all client trades are hedged, and it is up to us to hedge or take positional risk on your trades. It is possible that, if neither we nor our hedging counterparties accept your trade, it will be rejected. A full list of our hedging counterparties is available on our website by following the links to Legal documentation > Benchmarks under the heading "Benchmark 3: Counterparty risk (hedging)."

#### **ASIC Benchmark 4 RG 227 – Counterparty Risk Financial Resources.**

We have a written policy to maintain adequate financial resources, which set out how we monitor compliance with our financial requirements, as well as how we conduct stress testing to ensure we hold sufficient liquid funds to withstand significant adverse market movements.

##### **AFSL Compliance**

Monthly financial reports are prepared to ensure compliance with our AFSL Conditions and the financial requirements which are contained in ASIC Regulatory Guide 166. An annual financial audit is also conducted by an ASIC approved auditor.

##### **Stress testing of capital adequacy**

The capital requirements and surplus position of ThinkMarkets is monitored daily. Our risk is monitored by risk management staff, 24 hours a day, 6 days a week always whilst the markets we operate in are open.

Daily stress testing is conducted, and alerts have been established at pre-defined levels to ensure that appropriate remedial action is taken in the event of market movements that are adverse to our financial situation. In practice our representatives monitor our cash position

to ensure that the amount of cash (or cash equivalent) is sufficient to cover the firm's expenses and other commitments. We also maintain a twelve-month cash flow and budget that considers regulatory capital and operating expenses. We also create a daily net capital report for each trading day at the close of 22GMT to make sure there is sufficient capital under regulatory requirements and for proper operations.

- **Systems Risks**

We rely on technology to provide our trading facilities to you. A disruption to our Trading Platform facility may mean you are unable to trade when you want to. Alternatively, an existing transaction may be aborted because of a technology failure. An example of disruption includes the "crash" of the computer systems used to operate the trading facility. We manage this risk by having state-of-the-art IT systems and backup measures.

We reserve the right to suspend the operation of our Website and Trading Platform or any part or sections of them. In such an event, we may, at our sole discretion (with or without notice) close out your open positions at prices we consider fair and reasonable.

- **Cyber Security Risks**

Cyber security risks are a major threat to businesses around the world. We cannot guarantee against third party interference to our Website and Trading Platform or to the technology provided by third parties on which we rely. This means you may be exposed to issues arising from any third-party interference which may occur. Examples include unauthorised access to our or your IT systems or devices, data breaches, business interruption, errors in pricing feeds or inability to access your trading Account or close positions. In the worst-case scenario, financial loss may occur. We take this risk seriously and manages it by ongoing monitoring of our IT systems, protection, and backup measures (including virus protection software). You can limit your risk by ensuring that you have up to date software for the devices that you use to access our Trading Platform and ensuring that you use strong passwords that are kept confidential and secure.

- **Fees and charges**

It is possible that you enter a trade with us and the underlying instrument moves in your intended direction, but you still end up with less than you started after closing your position. This can happen because of the combined effect of the spread between bid and offer prices, and the negative rollover interest which could apply on consecutive days that a contract is held open.

- **Use and Access to our Website.**

You are responsible for providing and maintaining how you access our Website and Trading Platform. These may include, without limitation, a personal computer, modem and telephone or other access system available to you.

While the internet is generally reliable, technical problems or other conditions may delay or prevent you from accessing our website and/or our Trading Platform. If you are unable to access the internet and therefore, our Trading Platform, it may mean you are unable to enter contracts when desired and you may suffer a loss as a result.

- **Suspension or trading halt of the Underlying Instrument**

**ASIC Benchmark 6 RG 227– Suspended or halted underlying assets.**

In the event of an underlying instrument being suspended no new positions can be opened where there is a trading halt over the underlying instrument or trading in the underlying has been suspended on the relevant exchange upon which it is listed. Further we have discretion to re-price open positions, close out open positions, or change the margin requirements on a position without notice.

- **Latency and Price Feed Risk**

Internet connectivity delays and price feed errors sometimes create a situation where the prices displayed on our Trading Platform do not accurately reflect market rates. We are not responsible for any loss which you sustain as a result, and we may take action to recover any loss sustained as a result, including repairing, reversing, opening, and/or rolling over new or existing positions.

- **Opportunity cost**

Once you have locked in your price you will not be able to take advantage of subsequent favourable rate/price movements (should that occur) in relation to your existing position. On the other hand, you will be protected from any future adverse movements.

- **Not a regulated exchange**

The products offered by us are OTC products and are not traded on a regulated exchange. This means they are not covered by the protections for exchange-traded products arising from domestic or international exchange rules (such as guarantee or compensation funds).

- **Substantial losses**

If prices move against your position, you will be required to top up your Account with sufficient funds to maintain your position. If you fail to maintain the required Account balance, your position will be closed out by us with resultant loss. You could sustain a total loss of the net amount that you deposit with us to establish or maintain a position (including “top up” amounts).

- **Volume limits**

As a risk management tool and at our sole discretion, we may impose volume limits on client Accounts.

- **Our rights under the Client Terms and Conditions**

The Client Terms and Conditions entitle us to, amongst other things, close, void, adjust and reverse trades in certain circumstances. Some of the circumstances in which this may occur include (but are not limited to) where:

- access to the online trading facility is suspended.
- the Initial Margin is approaching or no longer sufficient to cover the negative mark to market value of any or all open positions you have open with us.
- a Division Event occurs (as defined in the Client Terms and Conditions)
- a Material Error occurs (as defined in the Client Terms and Conditions)
- a Force Majeure Event occurs (as defined in the Client Terms and Conditions)
- a Default Event occurs (as defined in the Client Terms and Conditions)
- a material breach of the Client Terms and Conditions occurs.

You should read the Client Terms and Conditions carefully. They include definitions for the above capitalised phrases.

- **Information on the website and Trading Platform**

Financial data, prices and other information is available to you on the website and on the Trading Platform (**Content**). The Content is provided as general market commentary and does not constitute Personal Advice. The Content is subject to change at any time without notice. We are not liable for any loss or damage or loss of profit that may arise directly or indirectly from your use or reliance on the Content.



- **Using third party plugins**

Third party plugins can be risky. They are often called “expert advisers” or “mirror trading plugins”. They may enable your Account to mirror trades made by third party asset managers or signal providers. They may claim to exploit price latency across platforms or markets. They may promise exceptional returns. Our Trading Platform lets you plug-in third-party applications to help you trade. Some charge you fees, and others do not. Some are approved by us, and others are not.

Regardless of our approval, we are not responsible for, and will not indemnify you from, reliance on any statements made by their makers or promoters, or any loss incurred in connection with third party plugins that you use.

- you can lose control of your trades and suffer monetary loss.
- the software may stop working and you are stuck with open positions, and you suffer monetary loss.
- they may result in you being margin called (see section 8 of this PDS titled “Margin Calls”) and your positions may be liquidated.
- some are offered by fraudulent or illegal / underground entities in remote parts of the world.

If promoters of these plugins make promises that are too good to be true, then you should avoid them. **You should never provide your Account username or password to a third party – to do so would be a breach of your contract with us. You are wholly responsible for managing the risks (including the risk of loss) associated with using third party plugins.**

## 16. The costs in using our products.

Please refer to ThinkMarkets’ current FSG for a description of how we, our employees and related parties are paid, and for information about the spread, conversion costs, administrative charges, rollover interest and commission that may be payable in relation to the products described in this PDS. You can find this information (with worked examples) in the current FSG which is available on our website. You can download or obtain a free hard copy of the FSG by contacting us using the details at the start of this PDS.

## 17. How does the online Trading Platform work?

See the heading “Margin FX Contracts” above for a detailed explanation and example of how our Trading Platform works. Before trading using our online Trading Platform, we recommend that you first practice using a **ThinkMarkets demo account**. To make a trade using our online Trading Platform:

- You must first register with us by filling out the registration form either provided to you at the same time as this PDS or located at [www.thinkmarkets.com](http://www.thinkmarkets.com). A pre-condition to successful registration is an acknowledgement by you that you have read this Product Disclosure Statement, the Financial Services Guide and that you have read and agreed to be bound by the Client Terms and Conditions. Another pre-condition is that you meet our minimum client qualification criteria, which is explained in section 4 of this PDS in more detail. There may also be other terms and conditions that you will need to agree to if you are outside of Australia.
- Once you are registered, you will be able to login online to your user Account using your username and password.
- Once logged in, several windows will pop up in the platform. To place a trade, you first select a foreign exchange Currency Pair, commodity, share, index price or digital currency from the trade window. For example, you can choose the Currency Pair of AUD/USD. Once you have selected a Currency Pair, you need to select the amount you wish to trade by buying/selling the intended number of contracts.
- Once you have chosen your Currency Pair, commodity, share, index, or digital currency, you

• 32

determine whether to buy or sell the Currency Pair, commodity, share, index, or digital currency.

- Once the trade has been executed, the particulars of that trade will be communicated to you either by post or electronically via the trading platform or by email. You can transfer money into or out of your Account, subject to our Client Terms and Conditions.
- The Company has the right to offer, at its discretion, the opportunity for the Client to open a demo/demonstration account. The Client is hereby notified and understands that the execution in the demo environment where a demo account operates might differ from the environment of a live account. The Company shall not be liable for any loss and/or other damage incurred by reason of such differences.
- A demonstration account is offered which is designed to allow users to test out the functionality of the platforms and products offered in a risk-free environment. Unlike a live account, a demonstration account does not offer the full features that are present in a live account, nor does it take into consideration the following factors: slippage (both positive and negative), swaps, corporate actions, dividends, taxation, trading rebates, fees, rollover, leverage and concentration restrictions, liquidity, additional mark-ups, borrowing limitations, margin close outs or spreads. There may be other features and trading conditions that differ between the demo and live trading environment, including the range of products offered. The demo account should not be used to mimic live trading conditions.

## 18. How much money do you need to trade?

Before you can trade, you need to deposit with us an Initial Margin. These are funds required by us to cover risk and as security for the client's obligations. Opening a position in a Margin FX Contract & CFD contract, your Total Margin requirement will move in line with price change of that contract. This is because your Total Margin requirement is based on the contract value of your position.

**Example:** Margin Requirement = (contract Quantity x Bid or Offer price x Margin Percentage)

We will tell you what Initial Margin is required before you trade. The Initial Margin is determined having regard to the leverage and position size and the requirements of ASIC's Product Intervention Order. We reserve the right to vary the Initial Margin at our own discretion. For example, we may vary the Margin percentage in periods of market volatility or to comply our internal risk- management policies.

## 19. How do we handle your money?

The funds in your Account will be held in a trust account until you place a trade or withdraw your funds. Funds deposited by our clients are segregated from our money and held in a pooled trust account in accordance with Australian law.

### **ASIC Benchmark 5 RG 227– Client Money**

This section explains our client money policy, including how we deal with your money and when we make withdrawals from your Account. It also mentions the counterparty risk associated with the use of your money.

By using our services, you relinquish the right to any interest on funds deposited in our designated client accounts (also known as trust accounts). Individual client accounts are not separated from each other but are pooled together. The pooled money is held on trust for you until you withdraw money, use the money to place a trade or otherwise provide us with a legal right to that money because of open Positions, outstanding fees owed to us or in such other circumstances as referred to in the Client Terms and Conditions, which are set out on our website.

**Example**

If you close a Position and incur a loss, your Account balance will be debited within 1 hour of closing that Position or sooner.

**Example**

If you hold a position overnight (e.g holding a position from 5pm New York Time onwards), and you are charged rollover interest, then that money is deducted from your Account balance within 1 hour of 5pm New York Time.

If you are a Retail Client or Sophisticated Investor, we cannot use your client money for our capital purposes, or to hedge with our hedging counterparty(s). We use our own funds, and we may use Wholesale Client funds for these purposes, subject to our Client Terms and Conditions. We typically hold the equity balance displayed in your Account, in our client money account.

Client money typically includes:

Initial Margin

Plus

Profits you have won but not withdrawn.

Plus

Running profits in any open positions

Minus

Losses from past trades

Minus

Running losses accrued against any open positions.

Minus

Any fees or other amounts we are entitled to.

Sometimes there may be a discrepancy in the balance shown to you via the online Trading Platform and the amount of client money we hold. This may be because of a pricing feed error, uncleared funds, software malfunction, if we have extended credit to you, or if we have otherwise acted under our Client Terms and Conditions, which may include freezing your Account if you, say, breach the Client Terms and Conditions.

You can ask us for records about money we have received from you, on our behalf, or for your benefit, where that money was client money. We will provide you with the records within 5 Business Days or such longer period as we may agree to in writing, with you.

There is also a counterparty risk that you may lose some or all your money if there is a deficiency in the designated segregated account. See the section above titled "Significant Risks" for more information concerning counterparty risk.

## 20. Client Terms and Conditions

Our Client Terms and Conditions must be understood and agreed to before a contract is entered. If you are outside Australia, there may be other terms and conditions you will be required to sign or acknowledge.

When you use our services, you will be bound to our Client Terms and Conditions as amended from time to time, along with any other terms you are required to sign or acknowledge (for example, if you are outside of Australia). However, in the event of inconsistency, the terms in the legal documents described below will rank according to the following priority, to the extent of any inconsistency:

- this PDS
- Client Terms and Conditions
- Account Opening Form

The information in this PDS is subject to change from time to time and is up to date as at the date stated at the start of this PDS.

Information in this PDS that is not materially adverse to users of our products is subject to change and may be updated via our website (see contact details on page 1). You can access that information by visiting the website or telephoning us and asking for an electronic or paper copy. You can also access the website which may contain, from time to time, other information about our products.

There is no cooling off period for any product offered by us. Once you have deposited funds into your trading Account and initiated a trade, you are no longer entitled to a refund unless you close the trade. In that case, you are only entitled to the remaining balance of the Account after realising a profit or loss on the trade.

You must provide all information to us which we reasonably require of you to comply with any law in Australia or any other country. You must provide adequate identification before you can use our products or services.

We may delay, block, or refuse to enter, adjust, or complete a transaction if we believe on reasonable grounds that making the payment may breach any law in Australia or any other country, and we will incur no liability if it does so.

We may disclose any information that you provide to a relevant authority where required by any law in Australia or any other country.

Unless you have disclosed to us that you are acting in trustee capacity or on behalf of another party, you warrant that you are acting on your own behalf when obtaining services from us.

When you use our services, you are promising that you will not breach any law in Australia or any other country.

## 21. Providing instructions by telephone

We only offer telephone services if our online Trading Platform is unavailable for some reason. When providing instructions by telephone, you will need to provide us with adequate identification information.

## 22. Tax implications

Margin FX Contracts and CFDs may create tax implications. Generally, if you make a gain attributable to an exchange rate or price fluctuation, that part of the gain is included in your assessable income. Conversely, if you make a loss attributable to an exchange rate or price fluctuation, that part of the loss is deducted from your assessable income.

However, taxation laws are complex and vary depending on your personal circumstances and the purpose of your trading. Accordingly, you should discuss any taxation questions you may have with your tax adviser before using our products or services.

## 23. What are our different roles?

We are the product issuer. This means that we issue the products described in this document, and do not act on behalf of anyone else. That is, we act on our own behalf when we provide the services. We do not act on your behalf.

We are also the service provider. Our website (and at times, our Representatives) can give you General Advice and help you use the trading services.

## 24. What should you do if you have a complaint?

We aim to provide superior customer service. In the event you are dissatisfied with any aspect of our service; please give us the opportunity to investigate and answer your questions.

If you wish to lodge a complaint:

1. First compile all documents that relate to your complaint and any questions that you wish to have answered.
2. Inform our Client Services Team and/or your Account Manager with details of your complaint. You can call us on +61 3 9093 3400; or alternatively email us at [support@thinkmarkets.com](mailto:support@thinkmarkets.com). We will review the situation and will resolve it at this initial level if we can.
3. If the matter is still not resolved to your satisfaction, please ask the staff member that has been dealing with your case to escalate your complaint to their Line Manager to investigate. The staff member should consequentially provide you with their Line Manager's contact details.
4. If your dispute is still not resolved you may refer your case to the Complaints Officer, who will conduct an independent review and contact you directly. Please set out your complaint clearly in writing,

### Mail:

ThinkMarkets  
ATTN: Complaints Officer  
Level 14  
333 Collins Street  
Melbourne, VIC, Australia 3000  
Email: [compliance@thinkmarkets.com](mailto:compliance@thinkmarkets.com) (Please mark your email Attention: Complaints Officer)

At this stage we will try to resolve your complaint within a period of thirty (30) calendar days from the day of the initial complaint. The Complaints Officer will provide a full written response to you.

We will try and resolve your complaint quickly and fairly within the prescribed timeframes.

If you are not satisfied with the outcome of your complaint, you have the right to refer the matter to the Australian Financial Complaints Authority (AFCA) within two (2) years from the date of our final response or another external dispute resolution body of which we are a member. Contact details for AFCA are outlined below:

You can contact AFCA at 1800 931 678 or in writing. You can also contact AFCA through their website: [www.afca.org.au](http://www.afca.org.au).

### Mail:

Australian Financial Complaints Authority Limited  
GPO BOX 3  
Melbourne VIC 3001  
Australia

## 25. Glossary

- **Account** means your trading account for the trading of financial products, which is established in accordance with this Product Disclosure Statement, the Financial Services Guide, and the Client Terms and Conditions. We allow some clients to hold multiple Accounts.
- **ASIC** refers to the Australian Securities and Investments Commission.
- **AUD** refers to the Australian dollar.
- **Base Currency** refers to the currency in which your trading Account is denominated and refers to the currency on the left of a quoted trading pair. Any profit or loss on a trade is converted into the Base Currency. See Step 3 of Section 4 of this PDS for an example.
- **Business Day** refers to a day on which commercial banks are open for business (including dealings in foreign exchange) in the two host countries of the relevant Currency Pair, or in the case of CFDs, the relevant exchange times to where the CFD is being traded.
- **Client Terms and Conditions** refers to the terms and conditions that you are required to agree to before you can use the products described in this PDS. They are incorporated by reference into the PDS. You can obtain a free copy of this document by contacting us using the details at the start of this PDS.
- **Contracts for difference (CFD)** is a Leveraged financial instrument that changes in value by reference to fluctuations in the price of an underlying instrument such as a share, a share index, a commodity, or digital currency.
- **Currency Pair** refers to the value of one named currency relative to another named currency.
- **EUR** refers to the euro – the official currency of the European Union.
- **Forced Liquidation** is described in Section 4 of this PDS.
- **Free Equity** means your Total Equity less your current Total Margin requirement.
- **FSG** refers to the Financial Services Guide issued by us.
- **FX** means Foreign Exchange.
- **General Advice** has the meaning given under the *Corporations Act 2001* (Cth) as varied from time to time;
- **Initial Margin** is the initial deposit required by us before you can trade with us. See Step 2 in Section 4 of this PDS.
- **Leverage** is the ability to pay only a small amount of the value of a currency as an initial payment to open a trade. Also known as “gearing”.
- **Loco London Gold and Silver** refers to the place at which gold is physically held and to which a particular price applies. Loco London gold means not only that the gold is held in London but also that the price quoted is for delivery there.
- **Margin** is the amount that you must have in your Account to enter a Margin FX Contract or CFD with us. It includes Initial Margin plus any further Margin that we require after the Initial Margin is required but before the Contract is closed.
- **Margin Call** is a demand for additional Margin to be deposited into your Account to meet your Total Margin Requirement because of adverse price movements on your open positions that have resulted in a Margin Call as defined by our Margin Call policy which is available free of charge on our Website.
- **Margin Close-Out Amount** means a percentage (being at least 50%) determined by us, of the aggregate Initial Margin or Total Margin that we require (whichever is higher) in respect of each of the open positions in your Account.

- **Margin FX Contract** means a contract to pay or receive the change in value of a currency pair depending on whether the price rises or falls. **PDS** means Product Disclosure Statement.
- **PIP** is the smallest possible move in a currency price.
- **Product Intervention Order** (or **PIO**) means the *ASIC Corporations (Product Intervention Order—Contracts for Difference) Instrument 2020/986*
- **Representative** includes a director or employee of ThinkMarkets, and a director or employee any company related to ThinkMarkets, as well as any other entity that is appointed as an authorised Representative of ThinkMarkets.
- **Retail Client** means a customer or potential customer of ThinkMarkets who is not a Wholesale Client or a Sophisticated Investor.
- **Rollover Interest** means the costs that are calculated daily on your overnight positions.
- **Sophisticated Investor** means a person who would be a Wholesale Client only through the application of section 761GA of the Corporations Act 2001 (Cth). This requires the person to sign a special Sophisticated Investor letter.
- **Spot Rate** refers to the price that a Currency Pair or commodity, share or index is quoted at, for an immediate “on the spot” transaction. All prices quoted by us are quoted using the Spot Rate.
- **Spread** is described in our FSG under the heading “What fees and commissions are payable to TF Global?”, which forms part of this PDS. **Stop Loss Order** has the meaning as set out in clause 10 of this PDS.
- **Total Equity** is the total of the current cash balance in your Account and your current unrealised profits and losses.
- **Total Margin** means the sum of your margin requirements for all your open positions.
- **Trading Platform** means our password protected online electronic trading systems and portals (including via web access, mobile or other device or downloadable platforms) that we make available to you, either directly or indirectly through our third party service providers, and through which you can deal with us..
- **T+2** refer to a rule that most funds settle within 2 Business Days after the trade day.
- **USD** refers to the United States dollar.
- **Website means** [www.ThinkMarkets.com](http://www.ThinkMarkets.com)
- **Wholesale Client** has the same meaning as in section 761G of the *Corporations Act 2001 (Cth)* but does not include a Sophisticated Investor.