Benchmark 1: Client Qualification

ThinkMarkets operates a client qualification policy that is intended to ensure that new Australian resident clients are adequately qualified to trade in any product offered through ThinkMarkets.

In order to be deemed sufficiently qualified to trade with ThinkMarkets, potential clients must prove that they are able to satisfy one of the three following criteria:

1. Have sufficient trading experience; or
2. Pass a multiple-choice quiz designed to test the extent of their knowledge in trading and financial markets; or
3. Complete a training course that meets the minimum requirements.

1. Sufficient Trading Experience

In order to establish that an individual has had sufficient trading experience, potential clients must prove all of the following. That they:

1 Have operated, within the past (1) year, an OTC margin forex or CFD account, through an **ASIC regulated provider similar to ThinkMarkets*; and

Have had at least two months of trading experience; and

Operated as an active trader**.

If a potential client fails to completely satisfy all three of the above criteria, then they either attempt the quiz (part 2) or attend a training course (part 3)

2. Multiple-choice quiz:

In order to qualify as a potential client for ThinkMarkets, you must record a pass score (of 70% or greater). The quiz consists of several multiple-choice questions, with at least one correct answer required from each of the following sections:

1. Previous experience in investing in financial instruments, including securities and derivatives.
2. Understanding of the concepts of leverage, margins, and volatility.
3. Understanding of the nature of CFD trading.
4. Understanding of the processes and technologies used in trading.
5. Preparedness to monitor and manage the risks of trading.
6. ThinkMarkets has a large pool of suitable questions for each category from which the quiz questions are selected. These questions are altered each time the quiz is taken.

If a mark of 70% or greater is achieved, you will be deemed qualified to trade through ThinkMarkets. If a pass grade is not achieved, then you will be required to complete a training course, as per part 3.

ThinkMarkets keeps written records of client assessments.

3. Training Course:

To be deemed eligible to trade with ThinkMarkets, an individual must undertake and complete a training course that satisfies the following criteria:

1. A duration of 8-16 hours

2. If the course does not meet the minimum time required, then it will be deemed an insufficient qualification.
3. Regulated by **ASIC
4. The provider must operate under an **AFSL that allows them to provide general financial product advice.
5. Provides ongoing support and coaching for a minimum 6 (six) week period.
6. You must provide ThinkMarkets with a copy of your certificate of completion.

If a training course fulfills all three of the above requirements, then an individual will be deemed qualified to trade with ThinkMarkets.
If you cannot fully satisfy one of the aforementioned elements, then you will not be considered qualified to be a client with ThinkMarkets.
* Call ThinkMarkets for clarification regarding the eligibility of your provider.
** To be considered 'actively operating' as a trader, you must have made at least 20 trades during the time that your account has been open, and you must be assessed for compliance by providing your trading statement to ThinkMarkets.

Benchmark 2: Opening Collateral

ThinkMarkets provides credit card funding for the ease of providing secure electronic payment system to its clients. This is used for both instantaneously funding accounts and meeting margin calls.
ThinkMarkets does not encourage the use of leverage products with borrowed funds.
ThinkMarkets does not accept "cash equivalents" as opening collateral (e.g. no securities as deposits).
ThinkMarkets has chosen not to comply with **ASIC's suggested benchmark on Opening Collateral requirements, which suggest limiting initial funding by credit card to a maximum of $1000.
Please note that using a credit card to fund your account may pose the risk of double leverage from the combined effect of utilising a credit facility to fund a leveraged trading account.

Benchmark 3: Counterparty risk (Hedging)

ThinkMarkets may not execute a trade directly with a third party (Straight Through Processing) and instead, we will set the price at which we are willing to deal with you. ThinkMarkets implements controls to ensure that the procedures it adopts when managing exposure to market risk are followed.
ThinkMarkets may decide to 'hedge' trades by passing exposure to one of our counterparties based on a number of criteria. 'Hedging' refers to the process where a financial service provider such as ThinkMarkets reduces or removes its exposure to market risk by entering into a corresponding transaction with another entity. The

purpose of this hedging is to mitigate market and trade risk. A decision to hedge all or some exposure will largely be based on the following criteria:

1. **Volume:** this can be the size of an individual trade, the overall trading volume of an account or if the overall exposure on a single instrument exceeds our risk tolerance.
2. **Trading performance:** The overall performance of a trading account in terms of profit/loss and trading style.
3. **Account balance:** The size of the account may indicate a need to hedge all or some trades regardless of account performance.
4. **Toxic trading:** Accounts which trade using methods that are deemed to be problematic in nature such as arbitrage/latency trading.
5. **Market conditions:** Overall market conditions and volatility can influence a decision to hedge more or less, similarly economic conditions in a single country/region can impact on the risk appetite related to a group of instruments.

ThinkMarkets ensures that the counterparties, with which it transacts to hedge client trades, are of appropriate financial standing. ThinkMarkets only hedges its positions through prime brokers that hold a minimum capital of 10 million USD (equivalent) and are regulated under either ASIC, FCA or a Central Bank in their country of origin.

ThinkMarkets' prime broker is NatWest Markets and trading counterparties are Velocity Trade, Virtu Financial, Finalto, IG, and ADS.

Benchmark 4: Counter-party risk (financial resources)

**AFSL Compliance

Monthly financial reports are prepared to ensure compliance with ThinkMarkets's **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.

ThinkMarkets' risk exposure that our clients face is calculated by our position keeper and reconciliation software in real time. This software is monitored by risk management staff, 24 hours a day, 5 days a week at all times whilst the foreign exchange markets are operating. Our free margin levels with our hedging counterparties are always displayed, showing how much market movement or increase in client position size can be sustained with the current level of funds.

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 ThinkMarkets' financial position.

Benchmark 5: Client Money

This document has been produced by ThinkMarkets to explain how client money is handled.
ThinkMarkets holds money that clients deposit with us in accordance with the Australian Client Money Rules, ASIC Regulatory Guide 212, and ASIC Regulatory Guide 227.
Clients' money is held in accounts with National Australian Bank and Commonwealth Bank of Australia (both of which are Australian Authorised Deposit-taking Institutions) that is segregated from our own money and held on trust for our clients ("Client Money Accounts"). We conduct reconciliations of client monies daily. Client funds are however mixed in the Client Money Accounts and a shortfall in money owing to one client may impact on funds available to other clients.
When a client's free equity falls below 50% of margin requirement, the client's open positions will be instantly closed out. This helps ensure that the one client's funds are not used to fund the positions of other clients.
ThinkMarkets creates an individual trading account for each client, which allows a complete record of transactions to be maintained, so that every client account is monitored and followed. Any default or outstanding payment is immediately followed up, to ensure that the client account stays in balance.
Money held in a Client Money Account may be withdrawn or invested by us in accordance with Corporations Act. This includes withdrawals on your instructions to you or where it is due and payable to us. Client monies used to meet margin requirements may be transferred by us to third parties for the purpose of margining, guaranteeing, or settling ThinkMarkets hedging trades. In the event of the third-party insolvency, this money may not be available to clients who would become an unsecured creditor of Thinkmarkets.
* Free Margin is the amount of funds not in use as margin requirements for holding open positions. For example, If you have equity of $1,000 on your account and the total margin requirements are $250, the free margin amount is $750.

Benchmark 6: Suspended or halted underlying assets

Foreign exchange markets trade continuously. They open at 05:00pm American EST* Sunday evening (Monday morning 11 am AEST) and close at 05:00pm, American EST** on Friday (Saturday morning 11 am AEST). They are open 24 hours during this period.
Prices are continuously streamed during this period. Because foreign exchange is not an exchange-traded product, it is not possible to suspend or halt the streaming of these prices.

For our futures, commodities, and index products, ThinkMarkets will halt client trading and the use of client money in an asset or derivative when a trading halt exists for the underlying asset, or trading in the underlying asset has been suspended through an exchange or otherwise.
* Eastern Standard Time (America)

Benchmark 7: Margin Calls

ThinkMarkets provides all clients with the option of applying a ‘stop loss’ on any order they place, in order to prevent losses exceeding their desired maximum loss on a position. This does not guarantee that a ‘stop loss’ order will be executed at the desired ‘stop loss’ price.
Furthermore, when a client’s free equity falls below 50% of free initial margin requirement, the client’s open positions will be instantly closed out, reducing the likelihood that clients enter negative equity.
While being on margin call if your equity goes below the margin (or deposit) requirement we reserve the right to exercise the margin call at our discretion. Any open positions are deemed to be at risk of being closed out as soon as the account enters into a margin call.