

CMC Markets Asia Pacific Pty Ltd

## Product Disclosure Statement

# Derivative Products issued on the CFD DIRECT Platform (PDS)

18 October 2018

AFSL No. 238054 and ABN 11 100 058 213

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## CMC Markets– CFD Direct PDS

### 1 IMPORTANT INFORMATION

#### 1.1 About this PDS

- 1.1.1 This Product Disclosure Statement (referred to as the “CFD Direct PDS”) is issued by CMC Markets Asia Pacific Pty Ltd (referred to as “CMC Markets”, “we”, “us” or “our”) in connection with derivatives products issued by us and traded through the Back Office Platform (“Products”). This PDS is designed to assist you in making an informed decision regarding opening a CFD Direct Account and trading Products. You should note that this CFD Direct PDS contains information specific to Products offered by CMC Markets that is not applicable to products traded through any other platform. This CFD Direct PDS forms part of the agreement under which we will provide Products and services to you. Before deciding whether to trade with us, you should consider this CFD Direct PDS and whether trading CMC Markets Products is a suitable investment for you.
- 1.1.2 The agreement between you and us (“Agreement”) consists of this CFD Direct PDS, the CMC Markets Financial Services Guide (FSG), the CMC Markets Rates Schedule, the Product Library, any Confirmation and any other terms and conditions published by us from time to time on the Trading Platform or on our Website. The Product Library contains a list of Products and key information relating to each Product such as its Attributes and Prices and is accessible through the Back Office Platform.
- 1.1.3 We recommend that you consider the Agreement and in particular this CFD Direct PDS and obtain independent financial, taxation and other professional advice, before you apply to open a CFD Direct Account and/or place any Trade or Order with us.
- 1.1.4 The Products described in this CFD Direct PDS are speculative products, and, when leveraged they can place a significantly greater risk on your investment than non-leveraged investment strategies such as conventional share trading. You will find more about risk factors associated with trading in the Products in section 11 (“Significant risks of trading CMC Markets Products”). You may incur losses in addition to any fees and costs that apply. These losses may be far greater than any money you have deposited into your CFD Direct Account or are required to deposit to satisfy any Margin.
- 1.1.5 This CFD Direct PDS is dated and is effective from the date noted on the front cover. The current Agreement (including this CFD Direct PDS) supersedes all previous oral or written representations, arrangements, understandings and/or agreements between you and CMC Markets which relate to the Products and Services.
- 1.1.6 The version of this CFD Direct PDS published on our Website at the time of entering into a Trade governs that Trade. Information within this CFD Direct PDS or that otherwise forms part of the Agreement is subject to change from time to time and, where it is not materially adverse to you, may be updated by us by posting it on our Website at [cmcmarkets.com.au](http://cmcmarkets.com.au). See section 10 (“Amendments and Termination”) for more information.
- 1.1.7 If you are receiving advice or services from an Introducing Adviser, you should also refer to their financial services guide.
- 1.1.8 Schedule 2 contains a glossary in which various words and phrases used in this CFD Direct PDS are defined. If you do not understand a word or phrase, you should refer to the glossary. Terms that have been included in the glossary are capitalised in this document.

## 1.2 How to contact CMC Markets

CMC Markets Asia Pacific Pty Ltd	
Registered office & business address	Client Management Team CMC Markets Asia Pacific Pty Ltd Level 20, Tower Three International Towers 300 Barangaroo Ave Sydney NSW 2000 Australia
Postal address	Client Management Team CMC Markets Asia Pacific Pty Ltd PO Box R1879 Royal Exchange NSW 1225 Australia
Phone	Client Management Team and Account opening queries: 1300 303 888 (only in Australia)
Fax	+61 (0)2 8915 9484
Email	info@cmcmarkets.com.au
Web	cmcmarkets.com.au

## 1.3 What are CMC Markets' Trading Hours?

- 1.3.1 Trading Hours depend on the relevant underlying market's hours of operation. You will find the details of various Trading Hours in the Product Library, which will be updated from time to time. Trading Hours may also be affected by public holidays. It is your responsibility to monitor the Trading Hours of any Product that you wish to trade.

## 1.4 Who is the issuer of the CFD Direct PDS and the Products?

- 1.4.1 CMC Markets is the issuer of this CFD Direct PDS, and the issuer of Products referred to in this CFD Direct PDS.
- 1.4.2 CMC Markets is regulated in Australia by ASIC and holds Australian Financial Services Licence No. 238054.

## 1.5 Applying to trade with CMC Markets

- 1.5.1 Before you begin trading you must complete an application. Before completing the application you should consider this CFD Direct PDS, the CMC Markets Rates Schedule and our FSG (and the financial services guide of your Introducing Adviser where applicable) and the other documents that make up the Agreement. The documents are available on our Website.
- 1.5.2 If CMC Markets, in its discretion, accepts your application, CMC Markets will open the CFD Direct Account. CFD Direct is not available to Retail Clients.

## 1.6 References to other parties

- 1.6.1 No other entities or underlying markets have endorsed the Products we issue nor do they accept any responsibility for any statements contained within this PDS. References in this PDS or any

other part of the Agreement to an underlying instrument or to an underlying market are included solely for information purposes.

## 1.7 CMC Markets does not give personal advice

1.7.1 We will not give you personal financial product advice. However, related entities or Introducing Advisers may give you such personal financial product advice. To find out more about the services they may be able to offer, you will need to refer to their relevant financial services guide.

1.7.2 Information we provide is general information only. Any information provided to you on our Website, through the Trading Platform, via e-mail, at any training events or otherwise is generic and must not be treated as advice that is suitable for you or based on a consideration of your personal financial circumstances. Such information is provided merely to assist you in exercising your own judgment when trading with us and we are not responsible for the investment decisions that you make. Accordingly, before applying to trade with us, you must consider your objectives, financial situation and needs and the significant risk of loss which accompanies the prospects of profit associated with trading in Products. We recommend that you read this CFD Direct PDS carefully and obtain independent financial, taxation and other professional advice concerning this CFD Direct PDS and the other parts of the Agreement before you apply to open a CFD Direct Account and/or place any Trade or Order with us. We cannot guarantee specific results from trading in Products.

## 1.8 Regulatory Guide 227

1.8.1 Regulatory Guide 227 (RG227) issued by ASIC sets out 7 disclosure benchmarks for over the counter contracts for difference. Product disclosure statements must address the benchmarks on an “if not, why not” basis.

1.8.2 The table below set out CMC Markets’ disclosure against the benchmarks for this CFD Direct PDS:

Benchmark	Meets	Explanation
1. Client Qualification	✓	CMC Markets assesses an investor’s qualification for trading at the time of application. See section 4.1 (“CFD Direct Account opening process”) for more information.
2. Opening Collateral	*	This benchmark requires an issuer to only accept cash or cash equivalents (such as credit cards) as opening collateral when establishing an account and limits credit card payments to \$1000. CMC Markets accepts credit cards as well as BPay and bank transfer but does not place limits on credit card payments. This is done in order to maximise payment flexibility for clients and to not restrict your choice of funding method. See section 6.3 (“Payments and Withdrawals”) and section 11.12 (“Risks of trading on credit”) for more information.
3. Counterparty Risk – Hedging	✓	CMC Markets maintains a written policy to manage its exposure to market risk from open positions. See section 11.18 (“Warning about counterparty risk”) and the risks section of our Website for more information.
4. Counterparty Risk – Financial Resources	✓	CMC Markets maintains and applies policies to ensure that it meets the financial requirements of a holder of an Australian Financial Services Licence. See section 11.18 (“Warning about counterparty risk”) for more information. Financial stress tests are done on a global basis by CMC Markets’ related entity, CMC Markets UK plc.
5. Client Money	✓	CMC Markets has a well-defined Client Money policy and holds client money on trust with a tier 1 Australian bank on a fully segregated basis. This means that we do not use client money for any purpose, including meeting obligations incurred by us when Hedging with other counterparties or meeting the trading obligations of other clients. See section 6.1 (“Client Money”) for more information.
6. Suspended or halted underlying assets	✓	CMC Markets does not allow trading in Positions when there is a trading halt or suspension in an

		underlying instrument. See paragraph 11 of Schedule 1 (“Adjustment Events and Insolvency”) and section 9 (“OUR RIGHTS IN CERTAIN CIRCUMSTANCES”) for more information.
7. Margin Calls	✓	CMC Markets has a clear policy in relation to Margin and our rights to close out Positions. See Schedule 1 for more information.

## 1.9 Australian CFD Forum – Best Practice Standards

1.9.1 CMC Markets is a founding member of the Australian CFD and FX Forum (“CFD and FX Forum”). The CFD and FX Forum is committed to enhancing efficient operations, transparency and overall investor understanding and confidence in CFDs within Australia and in the Australian CFD industry as a whole. The CFD and FX Forum has established Best Practice Standards (“Standards”) and each member is required to incorporate a statement of compliance regarding these Standards into their respective product disclosure statements. CMC Markets complies with the Standards, each of which is summarised in the table below. More details about the Standards, including detailed information about each Standard and how CMC Markets complies with the Standards is available on our website. The Standards are also available on request by calling (02) 8221 2100 or by sending an email to [info@cmcmarkets.com.au](mailto:info@cmcmarkets.com.au).

Standard	Explanation
1. Compliance with Standards	Standard requires that members comply with the Standards.
2. RG227 Benchmark 1 – Client Qualification	Standard addresses RG227 Benchmark 1 and requires a written client qualification policy as set out in the Regulatory Guide. See item 1 of section 1.8.
3. RG227 Benchmark 2 – Opening Collateral	Standard addresses RG227 Benchmark 2 and specifies that only certain collateral should be used for new accounts and that a Member’s PDS should explain the member’s policy in this regard. See item 2 of section 1.8,
4. Educational Material	Standard describes the types of educational material which can be used to increase a customer’s or prospective customer’s understanding of Products and what members should take into consideration in this regard.
5. Advertising and Promotional Material	Standard requires that member’s brand advertising or sponsorship activity may mention the member’s name or the product by name for recognition purposes only, but must not convey financial information about Products. Members must also ensure that advertising and promotional material is only published in financial markets based content.
6. Customer Complaints	Standard requires customer complaints to be handled in an efficient and effective manner.
7. RG227 Benchmark 5 – Segregation and Protection of Client Money	Standard addresses RG227 Benchmark 5 and requires full segregation of all client funds in a separate client trust account. See item 5 of section 1.8.
8. Customer Credit Risk	Standard requires management of customer credit risk by real time monitoring, placing limits on customer positions, back testing and stress testing.
9. Risk Warnings and Risk Mitigation Tools	Standard requires members to provide standardised risk warnings which a prospective customer must agree to prior to trading and members must maintain a margin policy. Also, customers must be provided with a range of risk mitigation tools.
10. RG227 Benchmark 6 – Suspended or halted underlying assets	Standard addresses RG227 Benchmark 6 and requires that members not allow new positions to be opened where there is a trading halt over the underlying asset or trading of the underlying asset has been suspended. See item 6 of section 1.8.

11. Benchmark 3 – Counterparty Risk – Hedging	Standard addresses RG227 Benchmark 3 and requires members to have hedging strategies in place and maintain a policy to manage exposure to market risk from client positions. See item 3 of section 1.8.
12. Financial Resource Requirements	Standard addresses RG227 Benchmark 4 and requires members to maintain a policy to maintain adequate financial resources. Members must maintain an NTA of over AUD 2 million or 10% of the average revenue calculated. See item 4 of section 1.8.
13. Training and Competency of Employees	Standard requires member's employees are adequately trained and are accredited in accordance with RG146. Members must also maintain a policy in this regard.
14. Employee Screening	Standard requires members to undertake pre-employment screening of all prospective employees. Members must also maintain a policy in this regard.
15. Dealing with Intermediaries	Standard requires that members will perform an initial due diligence to ensure intermediary relationships are appropriate. Members must also conduct an annual review on all intermediaries.
16. Business Continuity Management	Standard requires that each member has a BCM framework to ensure it can meet its financial and service obligations to customers in the event of a disruption.

## 2 KEY FEATURES AND BENEFITS WHEN TRADING CMC MARKETS PRODUCTS

### 2.1 What are the Products offered under this CFD Direct PDS?

2.1.1 The Products offered under this CFD Direct PDS are instruments that allow you to make a profit or loss from fluctuations in the price of an underlying asset. The price of a Product is based on the price of an underlying asset. However, you do not own or acquire any rights, title or interest in that underlying asset or trade it on an exchange by trading a Product.

2.1.2 By entering into a Trade, 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 Product.

2.1.3 The amount of any profit or loss made on a Trade may be determined by:

- (a) the change in the Price of the Product from when you open the Trade until the Trade is closed;
- (b) the amount traded;
- (c) any adjustments made in respect of the Product, for example where a dividend is paid on an underlying share; and
- (d) any Holding Costs or Commissions relating to the CFD.

2.1.4 The balance of your CFD Direct Account will also be affected by other amounts you must pay to us in respect of your CFD Direct Account such as any applicable fees.

2.1.5 Your percentage return (profit or loss) on any Trade will also be affected by any applicable Margin for the Trade.

2.1.6 There are risks associated with trading in our Products. Some of these risks are set out in section 11 ("Significant risks of trading CMC Markets Products"). You should read and make sure you understand these risks before you trade.

2.1.7 Some of the benefits of trading in Products include:

- (a) The Trading Platform offers you the opportunity to trade and invest in Products in global markets all from a single account.
- (b) CFDs are a leveraged investment. This means that you can take a position using a smaller amount of capital than you may need when investing in more traditional products like securities. Please remember to understand your total exposure to market movements as leverage magnifies both profits and losses.
- (c) Products offer a simple and effective means to trade in rising markets but also to take advantage of volatile or falling markets.
- (d) CFDs allow fractional ownership letting you buy and sell CFDs by Units trading from as little as 1/1000 of a Unit.
- (e) You pay no account opening fees or ongoing fees (other than trading costs and certain account administration fees that may be applicable in certain circumstances).
- (f) Trade on the CFD Direct System offer direct market access.

### **3 REGULATORY MATTERS**

#### **3.1 Non-advised dealing.**

- 3.1.1 All Trades will be entered into on a principal-to-principal, non-advised and execution only basis. This means that unless we agree otherwise in writing, neither you nor we can act as agent, attorney, trustee or representative for any other person. Other than an Authorised Person appointed in relation to a CFD Direct Account in accordance with clause 4.2.1, you will not permit any person to deal with us on your behalf.

#### **3.2 Complaints and disputes.**

- 3.2.1 We maintain a dispute handling procedure, which can be accessed on our Website. You agree that we will investigate any complaints received in accordance with our dispute handling procedures. Following our investigation of any complaint or dispute, we will use reasonable endeavours to notify you of the results of our investigation as soon as is reasonably practicable.
- 3.2.2 If the dispute or difference can't be resolved by us through our internal complaints handling system, you may refer the dispute or difference to Financial Ombudsman Service (FOS), which is an independent disputes resolution scheme of which CMC Markets is a member or (once it commences operations) its successor the Australian Financial Complaints Authority.
- 3.2.3 You may lodge your complaint by sending the necessary documents and information to:

If lodged before 1 November 2018:  
Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
Australia  
Phone: 1300 780 808 Fax: (03) 9613 6399 [www.fos.org.au](http://www.fos.org.au)

If lodged on or after 1 November 2018:  
Australian Financial Complaints Authority  
GPO Box 3  
Melbourne VIC 3001  
Australia  
Phone: 1 800 931 678 Email: [info@afca.org.au](mailto:info@afca.org.au) [www.afca.org.au](http://www.afca.org.au)



3.2.4 Before FOS or (once it commences operations) its successor Australian Financial Complaints Authority will deal with your complaint you must have first lodged a formal complaint with us and given us time to resolve the complaint. Please refer to our dispute handling procedures on our Website for further information.

### **3.3 Conflicts of Interest, Order execution and Price sources.**

3.3.1 We, or our Associates, may have an interest or relationship which conflicts with your interests or our duties to you. You should read our Summary Policy of Conflicts of Interest as this sets out how we identify and prevent or manage all material conflicts of interest.

3.3.2 Market Data may not match the Prices at which we enter into Trades with you. The prices which we use to determine any Unrealised Profit or Loss, may not match the prices offered to or obtained by us or our brokers from the relevant underlying execution venues.

3.3.3 We enter all Trades with you at the Prices displayed on the Trading Platform or provided through our client management team with reference to the Trading Platform. By entering into Trades via the Trading Platform or through our client management team you consent to your Orders being executed in accordance with our CFD Direct OEP.

### **3.4 Duration of the Agreement and your rights to cancel.**

3.4.1 The Agreement will become legally binding between you and us on the date that we confirm in writing that we have accepted your application to open a CFD Direct Account. Subject to clause 3.4.2, you may cancel the Agreement by giving us notice in writing within fourteen (14) calendar days of this date. Following a valid notice of cancellation, we will return any money that you have transferred to us.

3.4.2 Notwithstanding clause 3.4.1, you will not have the right to cancel this Agreement within fourteen (14) calendar days of your CFD Direct Account opening if you have, in this period, entered into Trades which have been affected by fluctuations in the financial markets. You may, however, still close your Trades and your CFD Direct Account in accordance with this Agreement.

## **4 CFD DIRECT ACCOUNTS**

### **4.1 CFD Direct Account opening process.**

4.1.1 When we receive your completed application form, we may use your information to conduct any further enquiries about you as we (in our sole discretion) determine are necessary or appropriate in the circumstances. You should provide us with information about any relevant factor that could affect your trading activities with CMC Markets. Where our enquiries include searches with credit reference agencies, they may appear on your credit history. We may also carry out any additional checks or periodic reviews that we (in our sole discretion) determine are necessary or appropriate in the circumstances. You will need to co-operate with us and supply any information that we request promptly.

4.1.2 Trading in our Products may not be suitable for all investors because of the significant risks involved. During the application process CMC Markets may ask questions in order to assess your understanding of and experience with CFDs or related products. Based on your answers we may allow you to open a CFD Direct Account or decline your application and recommend that you first obtain further education or experience, for example, through the use of a demo account. The questions are based on recommendations provided by ASIC contained in Regulatory Guide 227 and do not constitute the provision of personal product financial advice.

4.1.3 We rely on the information that you provide us in your application form or otherwise as being correct and not misleading at all times, unless you notify us otherwise in writing (see clause

7.1.3). In particular, you must notify us as soon as possible in writing if any of the details provided to us in your application form or if your circumstances have subsequently changed.

4.1.4 We use any information we have about you to make an assessment of whether or not investing in Trades and/or operating a CFD Direct Account with us is appropriate for you.

#### 4.2 **Authorised Persons.**

4.2.1 If you want to appoint an attorney or agent, you must notify us in writing of any person who is authorised to act on your behalf in relation to this Agreement (an Authorised Person). You and/or the Authorised Person will be required to complete such further documentation as we may reasonably require. We may require evidence that the Authorised Person has authority and is appropriate to act on your behalf.

4.2.2 We may revoke or reject the appointment of an Authorised Person if we know or reasonably suspect that such appointment could result in a breach of the Agreement and/or Applicable Law. You must immediately notify us in writing of any changes to the appointment and/or authority of any Authorised Person.

4.2.3 We shall be entitled to act upon any instructions of, or Orders transmitted by, any Authorised Person or any person who reasonably appears or purports to be an Authorised Person in relation to your CFD Direct Account, notwithstanding that the person is not, in fact, so authorised.

4.2.4 Notwithstanding clause 4.2.3, we will not be under any duty to accept any instructions or Orders from such Authorised Person if we reasonably believe that the Authorised Person may be acting in excess of their authority. Any action taken by an Authorised Person appointed by you or any person who reasonably appears or purports to be an Authorised Person shall be deemed to be an action by you. Any information provided by us to an Authorised Person or any person who reasonably appears or purports to be an Authorised Person will be deemed to have been provided by us to you.

4.2.5 Where you have appointed an Authorised Person to act on your behalf and that person also acts on behalf of other clients of CMC Markets, then the Authorised Person may decide to place a single, aggregated order with us in respect of a Product and allocate the order amongst you and its other clients. We are not responsible for the aggregation and allocation of such orders, and you should consult your Authorised Person for further information on any such order aggregation or allocation.

#### 4.3 **Joint Accounts.**

4.3.1 If you open a CFD Direct Account as a Joint Account:

- (a) references to you are references to any other person in whose name the Joint Account is held. We may exercise any of our rights or obligations under this Agreement against any person who is, or reasonably appears or purports to be, named on that Joint Account;
- (b) each Joint Account Holder shall be jointly and severally liable for any financial obligations arising on their Joint Account. This means that any monies owed to us in relation to the Agreement shall be payable in full by anyone named on that Joint Account;
- (c) the death of any Joint Account Holder will be a Specified Event, and the Joint Account will be closed and the balance will be paid equally to the survivor and the relevant Joint Account Holder's estate; and
- (d) we may give any notice or communication to any one or all persons in whose names that Joint Account is held and any notice or communication, made to any one person, shall be deemed as having been made to all Joint Account Holders.

4.3.2 After a Joint Account has been opened, you cannot add or remove persons named on that Joint Account. If you wish to change the Joint Account Holders you must close the Joint Account and open a new one.

#### 4.4 **Security and CFD Direct Account authentication.**

4.4.1 You are responsible for setting your own password in accordance with the instructions that we will provide to you, as well as keeping all information you hold in your CFD Direct Account confidential. You must notify us immediately if you know or suspect that any person has accessed or may access your CFD Direct Account, or any information you hold in your CFD Direct Account, without your permission. Unless you notify us otherwise under this clause 4.4.1, we will treat any activity on or communication made from your CFD Direct Account as having been authorised by you and you may be liable for such activity up to the point of notification. We may need to change or reset your password and we will notify you if we do this.

## 5 **TRADING WITH US**

### 5.1 **Orders.**

5.1.1 In addition to our rights to modify, cancel and/or reject your Orders, we may, in our sole discretion, refuse to accept any instructions for any reason whatsoever.

### 5.2 **Accessing the CFD Direct System.**

5.2.1 We will do our best to make the CFD Direct System and our client management team available when required by you, but we cannot guarantee that the CFD Direct System or our client management team will be available continuously. Subject to clause 8.3.2(b), we will not be liable to you for any loss that arises as a result of the CFD Direct System and/or our client management team being unavailable.

5.2.2 You are responsible for making sure that you are able to access the CFD Direct System when you need to. This includes having access to a device that can connect to the CFD Direct System, maintaining the device so that it functions properly and having adequate internet connectivity.

5.2.3 If you cannot access the CFD Direct System directly, then you should try to contact our client management team by telephone or email to request assistance. However, this is likely to be much slower than accessing the CFD Direct System directly and we cannot guarantee the availability of our client management team.

5.2.4 Where the CFD Direct System, our Website, e-mails or any other content generated by us contains links to other websites and resources provided by third parties, these links are provided for your information only and we accept no responsibility for them or for any loss or damage that may arise from your use of them.

### 5.3 **Information about your trading activity.**

5.3.1 A range of information relating to your CFD Direct Account is available through the CFD Direct System. It is your responsibility to regularly access and review this information to ensure that it corresponds with your own records. Subject to clause 5.4, information provided through the CFD Direct System will be conclusive unless we notify you or you notify us in writing of any mistake, error or inaccuracy. There may at times be differences between information available through the Back Office Platform and information available through the Trading Platform. These differences may include differences in relation to your Available Equity or Cash as displayed on the Back Office Platform and Free Equity as displayed on the Trading Platform. These differences are due to the fact the Back Office Platform does not immediately deduct the applicable Initial Margin from your Available Equity or Cash until you enter into a Trade, whereas the Trading Platform deducts the applicable Initial Margin from Free Equity from the point you place a Pending Order

(which may be earlier in time). In the event of a difference, the information available through the Back Office Platform shall be conclusive. However, when determining whether sufficient funds are available to allow you to enter Trades and when determining the balance for the liquidation of any of your Trades or Positions, the information available through the Trading Platform will prevail. At 17:00 EST every Business Day a reconciliation will take place to bring the information displayed on the Trading Platform in line with the information displayed on the Back Office Platform.

5.3.2 The CFD Direct System will generally update the information relating to your CFD Direct Account in real time. However, from time to time this may not happen immediately due to a Circumstance Outside Our Control (see clause 9.2).

5.3.3 We will retain certain information in relation to your CFD Direct Account that we are required to provide you with in relation to an Order or Trade to the extent and for the duration required by Applicable Law. You may access this information through the Back Office Platform unless the relevant CFD Direct Account has been closed or the Agreement has been terminated. After this period, we may destroy this information or retain it for such further duration as we see fit in our sole discretion and without notice to you.

#### 5.4 **Errors.**

5.4.1 From time to time, material errors and omissions may occur in respect of your Trades, your CFD Direct Account, or the CFD Direct System (each an Error). Examples of Errors may include (without limitation): the Trading Platform displaying incorrect Market Data and/or Prices, an Order being handled incorrectly by the Trading Platform and/or by our client management team (including execution at an incorrect Price or contrary to underlying market conditions) or incorrect Deductions or credits being applied to your CFD Direct Account.

5.4.2 If you or we know or suspect, or are aware of circumstances in which you or we ought reasonably to know or suspect, that an Error has occurred:

(a) as applicable, you must notify us as soon as reasonably practicable or we will notify you as soon as reasonably practicable, which for the avoidance of doubt may be after an Error has occurred; and

(b) we will then use reasonable endeavours to investigate whether there has, in fact, been an Error and/or what caused it.

5.4.3 If an Error has occurred, this constitutes a Specified Event and the provisions of clauses 9.1 and 9.3 will apply, and we will inform you of any Reserved Actions we may take, or may have taken, in accordance with clause 9.3.2.

#### 5.5 Market abuse.

5.5.1 When we enter into Trades with you we will hedge our risk by buying or selling the underlying assets in respect of a Trade. As a result, any Orders that you place which result in a Trade may have an impact on the price of the underlying assets and the Prices at which we enter into Trades with you, due to the impact of our hedging activities on the market. Any attempt to manipulate or distort the price of an underlying asset, including for your benefit or parties with whom you are acting in concert or that are otherwise linked to you, may constitute market abuse within the meaning of the Applicable Law, market misconduct or other behaviour contrary to Applicable Law.

5.5.2 You hereby confirm that:

(a) in accordance with clause 8.1.1(a), where we provide services to you under this Agreement, you will not engage in or attempt to engage in market abuse within the

meaning of the Applicable Law, or engage in or attempt to engage in any other form of market misconduct or behaviour contrary to Applicable Law, using the CFD Direct System and/or our services, including by placing or cancelling any Order, in all cases acting alone or with other parties with whom you are acting in concert or that are otherwise linked to you;

(b) for the avoidance of doubt, you will act in accordance with Applicable Law at all times.

5.5.3 Contravention of clause 5.5.2, and any circumstances where we reasonably suspect that you have contravened clause 5.5.2, is a Specified Event in respect of which we may take a Reserved Action in accordance with clauses 9.1 and 9.3. We may also report any behaviour and/or suspicious Orders to the appropriate authorities, in accordance with Applicable Law.

## **6 FINANCIAL MATTERS**

### **6.1 Client money.**

6.1.1 Any money received from you will be deposited and held by us on trust in a segregated trust account established, maintained and operated in accordance with the Australian Client Money Rules. Your money may be held in one or more trust accounts with other client money. We will not be liable for the solvency or any act or omission of any bank holding the trust accounts.

6.1.2 All client money held by CMC Markets is fully segregated. This means that all client money, including any Margin, is held on trust in the segregated trust account. We do not use client money for the purpose of meeting obligations incurred by us when Hedging with other counterparties. Any obligations incurred by us in connection with such transactions are funded by CMC Markets from our operating cash account. In addition, client money is not used to meet the trading obligations of other clients.

6.1.3 We may invest any of the money held in trust as permitted by the Australian Client Money Rules, and you irrevocably and unconditionally authorise us to undertake any such investment.

6.1.4 Unless otherwise agreed in writing:

- (a) we will be solely entitled to any interest or earnings derived from client money being deposited in a segregated trust account or invested by us in accordance with the Australian Client Money Rules with such interest and earnings being payable from the segregated trust account as and when we determine;
- (b) upon realisation of an investment of client money, the initial capital invested must either be invested in another investment permitted by the Australian Client Money Rules or deposited by us into a segregated trust account operated in accordance with Australian Client Money Rules;
- (c) in the event that the amount received upon realisation of an investment of the client money is less than the initial capital invested, we will pay an amount equal to the difference into a segregated trust account for the benefit of the client, except where any such difference is the result of amounts paid out of the investment to us in accordance with the terms of this PDS;
- (d) we will not charge a fee for investing client money in accordance with the Australian Client Money Rules; and
- (e) you authorise us to withdraw, deduct or apply any interest or earnings derived from your money held in any segregated trust account or invested by us. This includes:
  - (i) making payment for, or in connection with the adjusting or settling of dealings in Products;
  - (ii) the payment of Holding Costs, interest or other amounts due to CMC Markets, its Associates or other persons connected with CMC Markets from the relevant

segregated trust account or investment account, as the case requires and as CMC Markets determines; or

- (iii) to pay, withdraw, deduct or apply any amounts from client money held in any segregated trust account or invested by us as permitted by the Australian Client Money Rules.

## 6.2 Protections afforded by the Australian Client Money Rules

- 6.2.1 In accordance with the Australian Client Money Rules, any money received by us on your behalf in relation to dealings in Products must be paid into a segregated trust account on the day it is received by CMC Markets, or the next Business Day. As soon as that money is deposited into that account, it is protected in the event, for example, that CMC Markets became insolvent, merged with another licensee or ceased to carry on some or all of the activities authorised by the licence.
- 6.2.2 Money withdrawn or deducted from the segregated trust account in accordance with section 9.1 is not protected. In addition, until your realised and unrealised profits are moved into the segregated trust account (which occurs on a daily basis), they are not protected in the same way.
- 6.2.3 As CMC Markets is the product issuer, you are exposed to the financial and business risks, including credit risk associated with trading with CMC Markets. If CMC Markets were to become insolvent, CMC Markets may be unable to meet some of its obligations to you. Refer to Section 11.17 (“Warning about counterparty risk”) for more information.
- 6.2.4 In the event that the above occurred, money would be dealt with as follows:
  - (a) money in the segregated trust accounts is held on trust for the Persons entitled to it, and is payable in the order set out in paragraph (c) below;
  - (b) if money in the segregated trust accounts is invested, the investment is likewise held in trust for each Person entitled to money in the account; and
  - (c) money in the segregated trust accounts would be paid in the following order:
    - (i) money that has been paid into the accounts in error;
    - (ii) payment to each Person who is entitled to be paid money from the accounts;
    - (iii) if there is not enough money in the accounts to be paid according to the above paragraphs, the money in the accounts must be paid in proportion to the amount of each person’s entitlement; and
    - (iv) if there is money remaining in the trust accounts after payments made according to the above paragraphs, the remaining money is payable to CMC Markets.
- 6.2.5 **Accounts.**
- 6.2.6 At the close of business on each Business Day, we carry out client money reconciliations between money required to be held in the client money bank accounts and client money that is held in the client money bank accounts in accordance with Applicable Law. Any required transfer to or from the client money bank account in respect of your CFD Direct Account will take place on the following Business Day.
- 6.2.7 If there has been no activity on your CFD Direct Account for an extended period of time, we may impose dormant account fees in accordance with clause 6.9.1 and make a Deduction from your CFD Direct Account in accordance with clause 6.5.1. If there has been no activity on your CFD Direct Account in the previous six (6) years, we will make reasonable attempts to contact you regarding any client money held in your CFD Direct Account. If we are unable to contact you, you agree that we may deal with your money in accordance with Applicable Law. If you later make a valid claim to us we may pay you any amount owed to you by us.

6.2.8 We do not accept responsibility for any loss or damage suffered by you as a result of you trading on money placed in or credited to your CFD Direct Account in error by us or on our behalf. We will be entitled at any time and in our sole discretion to deduct, without notice or recourse to you, any money placed in or credited to your CFD Direct Account in error by us or on our behalf.

### 6.3 **Payments and withdrawals.**

6.3.1 You are responsible for making any payments to us that are required under the Agreement. We may reject any payment that is not made in accordance with our payment procedures (details of which are available on the Back Office Platform).

6.3.2 When making payments to us, you may wish to leave "headroom", especially during volatile and potentially volatile periods (i.e. an Amount that ensures you have sufficient funds above your Initial Margin requirements and that your GLV is in excess of your total Initial Margin requirements (if applicable) or the Amount required to keep the GLV above the applicable Close-Out Level on any CFD Direct Account). You should consider your Positions, Trades and Pending Orders, the volatility of the particular Product concerned and the relevant markets for the underlying asset, the time it will take for you to make further payments of cleared funds to us and any other matter which you may think relevant.

6.3.3 Any payment made by you will only be given effect once our systems have credited it to the relevant CFD Direct Account and it is shown on the Back Office Platform and the Trading Platform. We cannot guarantee how long this process will take and, subject to clause 8.3.2(b), we will not be liable to you for any loss arising as a result of any delay in us crediting any payment to your CFD Direct Account and/or in any such payment showing on the Back Office Platform and/or Trading Platform.

6.3.4 You are responsible for any costs and charges incurred in the process of making any payment to your CFD Direct Account. You may also be liable for other charges that are not imposed by us, including bank transfer fees, and fees to internet and telephone service providers. If you make a payment by debit card or credit card or withdraw money from a CFD Direct Account, we may charge an administration fee to process that payment and/or withdrawal in accordance with Applicable Law.

6.3.5 You may make a request to withdraw money up to the lower of your Available Equity or Cash from your CFD Direct Account as shown on the Back Office Platform at that time. Details on how to make withdrawals of money from your CFD Direct Account are available on our Website or from our client management team upon request.

6.3.6 If there is a loss of connection between the Back Office Platform and the Trading Platform, then withdrawals from your CFD Direct Account may not be possible until the connection is restored. Subject to clause 8.3.2(b), we will not be liable to you for any loss arising as a result of any delay in restoring the connection between the Back Office Platform and the Trading Platform.

6.3.7 Unless we agree otherwise or in order for us to comply with Applicable Law, we will only accept a request for a withdrawal of money from a CFD Direct Account that is given directly by you or certain Authorised Persons. We will not accept any request for a withdrawal of money from a CFD Direct Account from any other person. Withdrawals of money from your CFD Direct Account will only be made in the Account Currency and will only be processed by us where the destination for the money being withdrawn is the same as the origin of your payments made under clause 6.3.1, unless (subject to our prior approval) you have notified us in writing that your payment details have changed.

6.3.8 We may in our reasonable discretion refuse or delay giving effect to your request for a withdrawal of money from your CFD Direct Account (in whole or in part), including as a result of any request to close that CFD Direct Account under clause 10.5.1. We will notify you as soon as reasonably practicable if we decide to refuse or delay giving effect to your request for a withdrawal and such action shall be a Specified Event (see clause 9.1).

- 6.3.9 If your CFD Direct Account has a negative Cash value following Account Close-Out or termination of this Agreement, that negative Cash value represents a debt owed to us that is due and payable immediately.
- 6.3.10 Any negative balance should be cleared promptly regardless of whether the balance is within the relevant Close-Out Level.
- 6.4 **Account Currency.**
- 6.4.1 The Account Currency of a CFD Direct Account will be as specified at the time you open the CFD Direct Account, and any payment obligations in relation to that CFD Direct Account must be settled in that Account Currency.
- 6.5 **Our right to deduct money from your CFD Direct Account.**
- 6.5.1 Any money due to us under the Agreement, or required to be deducted by Applicable Law (including for tax purposes), may be deducted from any money held by us in respect of your CFD Direct Account. This is our right to make a Deduction.
- 6.6 **Our right of Set-Off in relation to your CFD Direct Account.**
- 6.6.1 We may, at any time and without notice to you, apply any positive Cash balances in any account with us or our Associates or any money due to you from us against any money due to us (or any of our Associates) under any account with us or our Associates from you. This is our right of Set-Off. We may apply the Currency Conversion Rate to convert the relevant Cash balances and any money due to you or us into the same currency. If we exercise our right of Set-Off, we will give you notice of the Amount of any debt that remains unsatisfied and such debt is immediately payable to us.
- 6.7 **Netting of payment obligations between us and you.**
- 6.7.1 If at any time in relation to any one CFD Direct Account:
- (a) you owe us and we owe you the same amount of money in the same currency, then both your and our obligation will each be automatically satisfied and discharged; or
  - (b) you owe us and we owe you a different amount of money in the same currency, then whichever of you or us owes more may pay the excess to the other party and both your and our obligations will be satisfied and discharged.
- 6.8 **Taxes.**
- 6.8.1 If we are required to pay any withholding tax or other levies on your behalf, we reserve the right to deduct such amounts from your CFD Direct Account or otherwise require you to pay or reimburse us for such payments.
- 6.8.2 We are entitled to deduct or withhold, in our sole discretion, any tax required by Applicable Law from any payment or credit made to your CFD Direct Account. Your tax treatment in relation to Trades may differ according to your circumstances and you may wish to seek independent professional advice in this regard.
- 6.9 **Costs, Commission and other charges.**
- 6.9.1 There are costs associated with trading with us, including spread, currency conversion costs, commission, holding costs and Market Data fees:



- (a) Spread is the difference between the buy price and the sell price. This cost is realised each time you open and close a trade.
- (b) Any cash, realised profit and losses, adjustments, fees and charges that are denominated in a currency other than the base currency of your account, will be converted to the base currency of your account and a currency conversion fee will be charged to your account.
- (c) Commission will be charged on each trade, details of the Commission for each Product is available in the Product Library.
- (d) Holding Costs are the fees charged for every night that your position is held. This means the longer you hold a position, the more it costs. Any additional cost of borrow will be factored to the holding cost. Details of Holding Costs and how they are calculated are available in the Product Library and examples of Holding Cost calculations are available on our Website.

6.9.2 Further details on these costs can be found on the CFD Direct System and in our FSG. We may impose and/or vary additional fees, costs or charges from time to time where we have a valid reason for doing so. We may also, in our sole discretion, waive these fees, costs or charges. Subject to clause 6.9.4, we will give you notice at least ten (10) Business Days before we implement any change to our fees, costs or charges.

6.9.3 You may subscribe for Market Data by making an application to us using the relevant form (available upon request). The Market Data that is displayed on the Trading Platform is based upon the Market Data that you subscribe for. Data subscription fees may apply and may be payable in advance. Such fees may vary depending on whether you are classified as a Non-Private Investor or not. In order to qualify as a Non-Private Investor, you and all Authorised Persons must satisfy the conditions of a Non-Private Investor.

6.9.4 Notwithstanding clause 6.9.2, any changes to Commissions will be automatically imposed by the CFD Direct System without notice to you in accordance with clauses 7.2.2 and 10.3.1. You will have the choice as to whether or not you place an Order based on the Commission applicable to your Order at that time.

6.9.5 Where we have changed our Commissions, then corresponding Amounts will be due and payable to us immediately upon execution of an Order and will be deducted from the Cash in your CFD Direct Account. It is your responsibility to ensure that you have sufficient Cash in your CFD Direct Account to pay any Commission due in full, and any failure to do so may result in Account Close-Out.

6.9.6 All charges will be made inclusive of any value added taxes or similar consumption taxes as applicable.

## **7 COMMUNICATIONS**

### **7.1 Communications between you and us.**

7.1.1 All communication between you and us, all documents and information provided under the Agreement and the other documentation described in this CFD Direct PDS will be in English and you confirm that you possess proper knowledge and understanding of the English language.

7.1.2 You consent to us communicating with you through the Back Office Platform, by e-mail, by placing such information on our Website and/or by any other method agreed in writing. You also authorise us to communicate with you by letter, telephone, sms or e-mail, to discuss matters in relation to your CFD Direct Account or to inform you about operational changes to the CFD Direct System. You agree that we may record all such communications (see clause 13.1.3).

7.1.3 Where the Agreement requires you to communicate to us in writing, you can send us an e-mail from the e-mail address associated with your CFD Direct Account to info@cmcmarkets.com.au, or any other CMC Markets email address provided by us for that purpose, or send us a letter by post.

## 7.2 Deemed timing for communications.

7.2.1 Subject to clause 7.2.2 any communication between us and you that is required to be made in writing under the Agreement will be deemed (in the absence of evidence to the contrary) to have been received:

- (a) if made by us to you via the Back Office Platform, one (1) hour after such communication is made available on the Back Office Platform;
- (b) if made by you to us via the Back Office Platform, one (1) hour after such communication is received on the Back Office Platform;
- (c) if sent by e-mail by you to us or by us to you, one (1) hour after sending;
- (d) if sent by first class post by you to us or by us to you, three (3) Business Days after posting; and
- (e) if delivered personally or by hand by you to us or by us to you, at the time of delivery.

7.2.2 Any changes to Attributes, Prices or Rates (in accordance with clause 10.3.1) will be deemed to have been received immediately.

## 8 REPRESENTATIONS AND LIABILITY

### 8.1 Your declarations and assurances.

8.1.1 Where we provide services to you under this Agreement, we are entitled to rely on the following declarations and assurances as having been confirmed by you to be true and accurate (and you must notify us immediately in writing if this is not the case):

- (a) your use of the CFD Direct System and/or our services is not for any Improper Use;
- (b) if you are an individual you are at least 18 years old;
- (c) if you are a body corporate, unincorporated association, trust or partnership you are validly existing in accordance with Applicable Law and have obtained all necessary consents and authorisations under your constitutional or organisational documents;
- (d) except where we have agreed otherwise in writing, you act on your own behalf and not as the agent, attorney, trustee or representative of any other person;
- (e) you are not located in (whether temporarily or permanently), incorporated in, or a resident of the USA or any other jurisdiction where it may be unlawful to access the CFD Direct System or enter into Trades (as applicable); and
- (f) subject to clause 8.1.1(d), you fully own or, in the case of money received from an accepted joint bank account jointly own (legally and beneficially) all money you may transfer to us in accordance with the Agreement;

### 8.2 Your obligations if you breach the Agreement.

- 8.2.1 If you believe or have reason to believe that you have breached any term of the Agreement, then you must inform us immediately in writing.
- 8.2.2 You will be responsible for any losses and/or expenses that we suffer which are the result, or which a reasonable person would consider to be the probable result, of you or an Authorised Person being negligent, acting fraudulently or breaching the Agreement or Applicable Law.
- 8.3 **Our liability towards you, and limitations of that liability.**
- 8.3.1 Nothing in the Agreement excludes or limits our liability for any matter that cannot be excluded or limited under Applicable Law.
- 8.3.2 Subject to clause 8.3.1, we will not be liable to you for any loss:
- (a) which arises as a result of:
    - (i) our compliance with, or our exercising of any of our rights in accordance with, Applicable Law or the Agreement;
    - (ii) your negligence, fraud or breach of the Agreement or Applicable Law;
    - (iii) any Specified Event or Circumstance Outside Our Control; or
    - (iv) any Error arising from unclear or ambiguous instructions from you or an Authorised Person when placing an Order;
  - (b) except to the extent that such loss has resulted from our negligence, fraud or breach of the Agreement, provided in all cases that such loss could have been contemplated by you and us at the time of such negligence or breach, and that such loss is not loss of profit or opportunity.
- 8.3.3 We are not responsible for any delays, delivery failures, or failures in transmission of any Order or any other communication or any other loss or damage resulting from the transfer of data over mobile or other communications networks and facilities outside of our control.
- 8.3.4 Any features, Market Data or third party content available on the CFD Direct System, our Website or e-mails are provided on an "as is" and "if available" basis. We and our third party providers have taken all reasonable steps to ensure their accuracy and completeness but exclude any warranties, undertakings or representations (either express or implied) related to them to the fullest extent permitted under Applicable Law, including but not limited to:
- (a) with respect to any Market Data or similar information or any features and information provided to you in connection with your use of the CFD Direct System, our Website and/or our services:
    - (i) we and our third party providers are not providing trading or investment advice;
    - (ii) we and our third party providers are not responsible or liable if any Market Data or similar information or any features or information is inadequate, inaccurate or incomplete in any respect;
    - (iii) we and our third party providers do not guarantee the timeliness of Market Data or similar information;
    - (iv) we and our third party providers are not responsible or liable for any actions that you take or do not take based on Market Data or similar information or such features and information;
    - (v) you will use Market Data or similar information and the features and information solely for the purposes set out in the Agreement;

- (vi) Market Data or similar information is provided to you for general purposes only and Market Data or similar information should not be used as the sole basis for any investment decision; and
  - (vii) you will use Market Data or similar information and the features and information solely in compliance with Applicable Law; and
  - (b) the information contained in the features or third party content is indicative and may be out of date at any given time. All analysis, resulting conclusions and observations are based upon past performance, patterns and data and will not reflect future performance.
- 8.3.5 For the avoidance of doubt, our third party providers exclude all warranties, undertakings or representations (either express or implied) relating to your use of the CFD Direct System, our Website or the Elements. Without limiting the foregoing, in no event whatsoever shall our third party providers be liable for any loss, regardless of whether they are aware of such loss and whether such liability is based on breach of contract, tort or otherwise.
- 8.3.6 Save in the event of our negligence, wilful default or fraud, we will not be liable for any loss or damage caused by a distributed denial-of-service attack, viruses or other technologically harmful material that may infect your computer equipment, computer programs, data or other proprietary material due to your use of the CFD Direct System or our Website or to your downloading of any material posted on it, or on any website (including our Website) linked to it.
- 8.3.7 Unless expressly stated otherwise in these CFD Direct PDS, we are not responsible for reminding you or alerting you to any obligation or liability that you may have under the Agreement. Where we do make or provide any such reminders or alerts to you, this is done entirely at our sole discretion and does not represent any obligation or commitment on our part to make or provide any such reminders or alerts to you in the future.

## **9 OUR RIGHTS IN CERTAIN CIRCUMSTANCES**

### **9.1 Specified Event.**

- 9.1.1 Should a Specified Event occur, be reasonably likely to occur, or when we become aware of a Specified Event, we may take a Reserved Action, provided it is fair and reasonable in the circumstances (see clause 9.3).

### **9.2 Circumstances Outside Our Control.**

- 9.2.1 Any failure by us to perform our obligations under the Agreement caused by a Circumstance Outside Our Control will not be a breach of the Agreement.
- 9.2.2 If we reasonably determine that there is a Circumstance Outside Our Control, we will give you notice of this as soon as it is practicable and in accordance with Applicable Law. We will use reasonable endeavours to resume our provision of the CFD Direct System, our services and/or performance of our obligations under the Agreement as soon as possible. Where it is fair and reasonable to do so, we may take an appropriate Reserved Action.
- 9.2.3 Where we are able to resume provision of the CFD Direct System, our services and/or performance of our other obligations under the Agreement following a Circumstance Outside Our Control:
- (a) the value of any Trade held immediately before the Circumstance Outside Our Control that remains open will be determined by the Price as at the time we are able to resume our provision of the CFD Direct System and/or our services;
  - (b) we may act on any instructions to transmit any Order in relation to a Trade received immediately before the Circumstance Outside Our Control, provided it is possible to do so; and

- (c) you are responsible for re-instating or cancelling any Orders affected by a Circumstance Outside Our Control.

### 9.3 **Reserved Actions.**

- 9.3.1 If we are required to do so under Applicable Law, or a Specified Event or Circumstance Outside Our Control occurs or is reasonably likely to occur, we may in our sole discretion take any action, including any Reserved Action, that is fair and reasonable in the circumstances.
- 9.3.2 If we have taken or decide to take any Reserved Action then we will attempt to notify you of this as soon as reasonably practicable, unless Applicable Law prevents us from doing so. When taking any Reserved Action, we may, in our sole discretion, take into account any prior instructions you have provided to our client management team.

## 10 **AMENDMENTS AND TERMINATION**

### 10.1 **Amendments to the Agreement in general.**

- 10.1.1 We may amend any part of the Agreement at any time by giving you notice, subject to clauses 6.9.1, 6.9.4, 9.3, 10.2, 10.3 and 10.4.
- 10.1.2 Subject to clauses 6.9.1, 6.9.4, 9.3, 10.2, 10.3 and 10.4, and subject to any agreement we have made with you, any amendments to the Agreement that we give you notice of will take effect on the date specified in our notice to you, which will be at least ten (10) Business Days after we send our notice to you. We may give you less than ten (10) Business Days' notice if the amendments to the Agreement are required in order to comply with Applicable Law. If you do not accept the amendment, you will be free to close your CFD Direct Account and/or terminate the Agreement in accordance with clause 10.5 before the amendment takes effect.

### 10.2 **Amendments to Initial Margin requirements, Close-Out Level and Reset Level.**

- 10.2.1 We may from time to time make amendments to Initial Margin requirements, Close-Out Level and/or Reset Level. We will, where possible, provide you with:
  - (a) three (3) Business Days' notice of increases to the Initial Margin requirements; and
  - (b) ten (10) Business Days' notice of amendments to the Close-Out Level and/or Reset Level,but we reserve the right to make any amendment under this clause 10.2.1 on shorter notice or without any notice, where it is reasonable to do so.
- 10.2.2 Following any amendment to Initial Margin requirements, Close-Out Level and/or Reset Level, it is your responsibility to ensure that you have sufficient Account Value and/or reduce your Positions to satisfy your obligations to us under the Agreement.

### 10.3 **Amendments to Prices, Rates and other Attributes.**

- 10.3.1 Amendments to Prices, Rates and Attributes are made in real time and such amendments will take effect immediately as and when they are made, even if they are not displayed on the device that you use to access the Trading Platform.
- 10.3.2 Where we notify you of a change to a limit in relation to an Attribute, you may be required to close any affected Trade within three (3) Business Days.

## 10.4 **Removal of Products.**

- 10.4.1 We may, at any time and in our sole discretion remove your ability to enter Trades in respect of a particular Product from a CFD Direct Account. If you have a Trade in any relevant Product being removed, we will use reasonable endeavours to provide you with at least ten (10) Business Days' notice in which to close any Trade that you may hold on such a Product. However, we reserve the right to provide a shorter notice period or no notice at all.
- 10.4.2 It is your responsibility to cancel any Pending Orders and close any Trades in respect of a Product that is being removed in accordance with clause 10.4.1 at the time and in the manner specified in the notice. If you do not do this, we will do so.
- 10.4.3 Subject to clause 10.4.2, we may set any Trades in relation to any Product that is being removed in accordance with clause 10.4.1 to Reduce Only.

## 10.5 **Closing your CFD Direct Account or terminating the Agreement.**

- 10.5.1 Subject to clause 6.3.8, you may close your CFD Direct Account by giving us notice in writing, which will take effect as soon as reasonably practicable. If you do not cancel any Pending Orders, close any Trades on your CFD Direct Account or withdraw any money due to you before giving us such notice of termination, we will cancel any Pending Orders and close any Trades as soon as possible after we receive your notice and then attempt to return any money due to you, but there may be a delay in doing so.
- 10.5.2 We may close your CFD Direct Account by giving you notice in writing. Subject to clause 10.5.3, this will take effect on the date specified in such notice being no less than ten (10) Business Days after the date of the notice. Unless our notice of termination specifies otherwise and/or we have set your CFD Direct Account to Unauthorised to Trade, you will be allowed to cancel any Pending Orders and/or close any Trades during the time between: (i) when we give you the notice; and (ii) when your CFD Direct Account is due to close in accordance with the notice. If you do not do this or giving you notice is not possible, we will cancel any Pending Orders and close any Trades on your CFD Direct Account and then attempt to return any money due to you.
- 10.5.3 If we have serious grounds or valid reasons for doing so, we may terminate the Agreement with less than ten (10) Business Days' notice, including immediately. We will cancel any Pending Orders and close any Trades on your CFD Direct Account at the time and in the manner specified in the notice.
- 10.5.4 Unless otherwise agreed, the Agreement will automatically terminate following the closure of all of your CFD Direct Accounts by you or us. When you or we close a CFD Direct Account and/or the Agreement terminates we may exercise any right that we have under clause 6.5.1 to make a Deduction or under clause 6.6.1 to exercise our right of Set-Off.

# 11 **SIGNIFICANT RISKS OF TRADING CMC MARKETS PRODUCTS**

## 11.1 **Risks**

- 11.1.1 This section 11 sets out the major risks that can apply to trading Products. You should spend time reading and understanding this section and then working out how this applies to your personal circumstances, including your trading strategy.
- 11.1.2 **CMC Markets Products are speculative products that can be highly leveraged and may carry significantly greater risk than non-leveraged investments such as ordinary share trading. You should carefully read this section and then consider whether trading in Products is right for you given your personal circumstances (financial, taxation and otherwise) before you begin trading with us.**

11.1.3 As there is no cooling off regime associated with OTC derivatives, subject to section 5.4 (“Errors”), you are not able to cancel a Trade once it has been entered into.

## 11.2 **Appropriateness of Trades.**

11.2.1 You should always carefully consider whether to invest in Trades and acquaint yourself sufficiently with them to understand the risks involved. Any decision to invest is entirely at your own risk.

## 11.3 **We do not provide investment, tax, legal, regulatory or financial advice.**

11.3.1 We do not provide investment, tax, legal, regulatory or financial advice relating to investments or possible Trades. Any information we provide to you, including any information provided by our client management team, is purely factual and is not tailored to your circumstances. Therefore, you may wish to obtain independent professional advice from a suitably qualified advisor on any investment, financial, legal, regulatory, tax or similar matter before opening a CFD Direct Account with us or entering into any Trades.

## 11.4 **Our Trades are OTC products.**

11.4.1 When you enter into any Trade with us, you will be entering into an off-exchange (known as an ‘over-the-counter’, or ‘OTC’) contract, which is non-transferable. This means you will enter into Trades directly with us, and also that those Trades can only be closed with us. This involves greater risk than investing in a transferable financial instrument traded on a regulated market or trading venue such as a share or dealing in an exchange-traded derivative, because your ability to open Trades and close Trades is solely dependent on the CFD Direct System and/or our client management team being in a position to accept Orders from you and to execute them. In certain circumstances it may not be possible to open or close Trades with us.

11.4.2 In addition, all of your Trades with us are settled in cash, and you do not have any rights to any underlying instrument (as applicable).

11.4.3 You can only profit from our Trades through changes in Prices, which match the prices offered to or obtained by us or our brokers from the relevant underlying execution venues.

## 11.5 **Market Data is displayed to you for indicative purposes only and may not match the Prices at which we enter into Trades with you.**

11.5.1 Market Data displayed on the Trading Platform is based upon the Market Data you subscribe for. Market Data is displayed to you for indicative purposes only and may not match the Prices at which we enter into Trades with you. Fluctuations in financial markets, the delayed and/or limited nature of the Market Data you subscribe for and/or technical conditions may mean there is a significant difference (especially in volatile market conditions) between the Market Data displayed to you and the Price at which you enter into a Trade with us. This difference may either be to your advantage or disadvantage.

## 11.6 **Losses may exceed deposits**

11.6.1 When you enter into Trades with us, you risk losing more than the amount (if any) that you deposited with us and you may be required to make further payments. You should not rely on Stop Limit Orders (where available) as they are not guaranteed as they are subject to slippage.

11.6.2 The amount of loss for an individual Trade will be the amount that you owe us when that Trade is closed. Trades involve leverage (also known as ‘gearing’ or ‘margin’), which means that the effects of small movements in Price are multiplied and may have large impacts on the value of your Positions, both in respect of profits made and losses incurred and the higher the leverage

rate, the higher the risk involved. In addition, the nature of leverage means that your losses may exceed the amount of deposit (if any) that you hold with us when entering into a Trade.

- 11.6.3 For example, if you invest \$1000 in a Trade on a Product with a leverage of 50:1, you would have a position size equivalent to \$50,000. A 1% negative move in the value of that Product could then expose you to a loss of \$500. In contrast, if you invested \$1000 in a Trade on a Product with a leverage of 500:1, your effective position size would be \$500,000 and therefore a 1% negative move in the value of that Product could expose you to a loss of \$5,000.
- 11.6.4 It is therefore important that you monitor your Trades closely and the rate of leverage utilised. A small movement in Price may have a large impact on your Trades and CFD Direct Account and may initiate Account Close-Out, whether manually or through an automated process.
- 11.6.5 There are costs associated with trading with us. Depending on the Trades you enter into, and how long you hold them for, we may require you to pay Commission and/or Holding Costs. If you keep Trades open for an extended time, the aggregate Holding Costs may exceed the amount of any profits or increase your loss.
- 11.7 **Your Trades are at risk of being closed in some circumstances.**
- 11.7.1 The closure of your Trades and/or Positions is intended to prevent you incurring further losses and we may close all Trades and/or Positions on your CFD Direct Account, not just Trades that are making a loss. However, we do not guarantee such closure and you must not rely on it. It is your responsibility to monitor your Positions and your GLV closely. To prevent Account Close-Out, you should keep an Amount in your CFD Direct Account that allows sufficient headroom to keep your Positions open in case of sudden changes to the required Initial Margin Amount resulting from Price movements. It is important to note that an Amount deposited into your CFD Direct Account (which appeared to be sufficient) can very quickly become insufficient, due to rapidly changing market conditions.
- 11.7.2 If an Account Close-Out is triggered outside of Sydney office hours, the relevant Account Close-Out procedure may be delayed. The balance on your CFD Direct Account may be significantly lower by the time we are able to contact you (e.g. due to market movements).
- 11.8 **Market circumstances may impact your Trades.**
- 11.8.1 Market Data and our Prices, and the information provided in relation to them, are dependent on the availability of prices and liquidity from the execution venues we or our underlying brokers use. As a result, market circumstances may impact on your ability to place an Order and we may be unable to execute a Pending Order.
- 11.8.2 Financial markets may fluctuate rapidly and this will impact Prices. Any movements in Prices displayed will have a direct and real time effect on your Trades and CFD Direct Account. One form of price volatility that can happen regularly is 'gapping', where there is a sudden shift in price from one level to another, caused (for example) by unexpected economic events or upon the market opening. In periods of price volatility there may not always be an opportunity for you to place an Order between two Prices, or for the CFD Direct System and/or our client management to execute a Pending Order at a Price between those two Prices. Price volatility of this kind can result in your Order being executed at the next available Price and you incurring significant losses if the Price is less favourable on an affected Trade.
- 11.8.3 There may be changes made by the brokers with which we hedge our price risk relating to Trades, including changes (that have or purport to have retrospective effect) to prices or cancellations of contracts we may have with them, which would each constitute a Circumstance Outside Our Control. We have certain rights and may take certain actions (including Reserved Actions) in respect of Circumstances Outside Our Control, including for example the right to cancel or reprice any Trade, where to do so would be fair and reasonable in the circumstances.



- 11.9 **Technical risks and other circumstances may affect your Trades.**
- 11.9.1 There is a risk that other circumstances may prevent us from executing Orders, or prevent you from accessing the CFD Direct System and/or our client management team, such as system errors or outages. Such circumstances may pose a significant risk to the execution of your Orders.
- 11.10 **Different Products pose different risks.**
- 11.10.1 Each of the Products poses specific risks which can differ widely, for instance with regard to the range and speed of fluctuations in Prices or with respect to liquidity. Therefore, you should ensure that you understand the specific risks of a Product before you open a Trade on that Product.
- 11.11 **Profit and Loss displayed on the Trading Platform.**
- 11.11.1 There may at times be differences between information available through the Back Office Platform and information available through the Trading Platform. These differences may include differences in relation to your Available Equity or Cash as displayed on the Back Office Platform and Free Equity as displayed on the Trading Platform. These differences are due to the fact the Back Office Platform does not immediately deduct the applicable Initial Margin from your Available Equity or Cash until you enter into a Trade, whereas the Trading Platform deducts the applicable Initial Margin from Free Equity from the point you place a Pending Order (which may be earlier in time). In the event of a difference, the information available through the Back Office Platform shall be conclusive. However, when determining whether sufficient funds are available to allow you to enter Trades, the information available through the Trading Platform will prevail. At 17:00 EST every Business Day a reconciliation will take place to bring the Free Equity displayed on the Trading Platform in line with the Available Equity or Cash displayed on the Back Office Platform. This may have an impact on your GLV and on any eventual profits that you make or losses that you incur.
- 11.11.2 Current, up-to-date Initial Margin requirements and Holding Costs will be displayed at all times on the Back Office Platform.
- 11.12 **Risks of trading on credit.**
- 11.12.1 If you fund your Trades with us on credit, your risk will be significantly increased and if you make a loss using that money, you will still have to repay your credit including interest. Therefore, you should not rely on being able to redeem borrowed funds with any profits from Trades.
- 11.13 **Past performance is not indicative of future performance.**
- 11.13.1 You should bear in mind that any past performance, simulation or prediction is not indicative of future performance. Therefore, you cannot and must not make any assumptions as to future performance based on any past performance, simulation or prediction.
- 11.14 **We cannot guarantee protection of your money.**
- 11.14.1 Full details on how we will treat your money are provided elsewhere in this CFD Direct PDS and you should ensure that you have read the CFD Direct PDS carefully before opening a CFD Direct Account with us or entering into any Trade.
- 11.15 **Tax treatment may vary.**
- 11.15.1 The tax treatment of your trading activities depends on your individual circumstances, and may be subject to change in the future.

**11.16 Access to the client management team.**

11.16.1 We will do our best to make the client management team available when required by you. However, during periods of high demand and due to other Circumstances Outside Our Control, we cannot promise that you will always be able to access a member of the client management team. This may prevent you from taking quick actions and increases the risk associated with Products.

**11.17 Algorithmic Execution.**

11.17.1 If we have made Algorithmic Execution available to you, you should not enter into Trades using Algorithmic Execution unless you fully understand the risks involved. If you are in any doubt you should seek independent professional advice.

11.17.2 You are responsible for all Trades you enter as the result of using Algorithmic Execution. Once you have initiated Algorithmic Execution, the Algorithm will continuously and independently place Orders based on parameters specified by you until those parameters are satisfied or you have successfully cancelled such Algorithmic Execution. You shall be responsible for and bound by any and all Trades arising or resulting from the relevant instance of Algorithmic Execution as a result.

11.17.3 Underlying Algorithms used in Algorithmic Execution may vary. When you use Algorithm Execution, Orders will be executed using an Algorithm of the relevant type selected on the Trading Platform, but the actual Algorithm used may be provided by any of our underlying brokers. As such, the underlying methodology may vary according to the actual Algorithm used and you may achieve a different result, depending on which Algorithm is chosen, regardless of the fact that one Algorithm shares the same execution objective as another Algorithm of the same type.

11.17.4 Cancellations and amendments may not take effect immediately. Cancellations and amendments to instances of Algorithmic Execution will only take effect once they have been received and processed by the Trading Platform. As a result, you may become responsible for and bound by Orders arising or resulting from an instance of Algorithmic Execution even after you have purported to cancel or amend it.

**11.18 Warning about counterparty risk**

11.18.1 As CMC Markets is the Product issuer, you are exposed to the financial and business risks, including the credit risk associated with trading with CMC Markets. If CMC Markets becomes insolvent, CMC Markets may be unable to meet its obligations to you.

11.18.2 CMC Markets has risk management and compliance systems in place to manage its risks including but not limited to financial, operational and credit risks. Funds are held with reputable financial institutions. CMC Markets has policies around monitoring client Positions and Close-Out Levels. The CMC Markets Group monitors market risk on a daily basis against set limits.

11.18.3 Before entering a relationship with a new Hedging counterparty the CMC Markets Group undertakes a due diligence process. This process will include a review of a number of key factors that relate to the risk of dealing with the counterparty. These include the counterparty's credit rating, reputation, market presence, funding arrangements, stock availability, trading platforms, reporting processes and fees and charges.

11.18.4 The names of our Hedging Counterparties are shown on our Website under the "Important Information" section. You may also contact the Client Management Team to obtain further information about the activities we undertake to mitigate counterparty risk and market risk, and the names of any Hedging Counterparties.

- 11.18.5 CMC Markets will transfer monies owed to clients (which may include client gains) to the segregated trust account (daily), from our operating cash account. Prior to segregation, you are an unsecured creditor in respect of monies owed which you should be aware of in the (unlikely) event that CMC Markets were to become insolvent.
- 11.18.6 CMC Markets maintains a written policy to ensure it maintains adequate financial resources and complies with the financial requirements of its Australian Financial Services Licence. The steps that are taken to ensure this include:
- (a) performing a daily adjusted surplus liquid funds calculation, ensuring that we meet the minimum liquid capital requirement set by ASIC; and
  - (b) performing a daily client cash segregation calculation, ensuring that we hold adequate cash in our client trust account in order to meet our obligations to the client. All client cash is maintained in fully segregated trust accounts separate to CMC's operating account.
- 11.18.7 If you require further information about CMC Markets' financial position, please contact our client management team and request a copy of our audited financial statements. These will be provided free of charge.

## **12 ORDER EXECUTION POLICY**

### **12.1 Summary**

- 12.1.1 This section sets out a summary of CMC Markets' order execution policy in respect of its CFD Direct Accounts (**CFD Direct OEP**).
- 12.1.2 CMC Markets will endeavour to provide clients with a competitive execution service in a cost-effective manner, seeking the best possible result on a consistent basis. Our commitment to seeking "best execution" does not mean we owe clients any fiduciary responsibilities over and above the specific regulatory and contractual obligations placed upon us for the benefit of our clients.
- 12.1.3 Any statements made by or through CMC Market's personnel, its electronic systems or otherwise in the processing or execution of transactions should not be construed or relied upon as personal recommendations or investment advice.

### **12.2 Scope**

- 12.2.1 This policy extends to any relevant branch of CMC Markets and applies to clients that have been granted access to CFD Direct. Unless otherwise agreed, we will not owe best execution to wholesale clients, although certain legal and regulatory obligations on identifying and managing conflicts of interests will nevertheless apply. When you are classified as a wholesale client, this policy is provided for informational purposes only.

### **12.3 How the Trading Platform works**

- 12.3.1 When you place an Order on the Trading Platform, if successfully executed you will enter into a Trade with us on a bilateral basis. The Price at which we enter into Trades with you will match the prices offered to or obtained by us from our brokers from the relevant underlying execution venues. When you place an Order on the Trading Platform, we will separately onward route an order (as our order) which will be allocated (via CMC Markets' order routing technology) to the smart order router of one of our underlying brokers, in accordance with our internal counterparty selection policies and procedures. Our underlying brokers find the best execution for our order looking at the aggregated market (in accordance with their own best execution policies and smart order router technology, further information on which is on the legal section of our website in the document entitled "CFD Direct Execution Venues"). Order routing technology, along with other

elements of the CFD Direct OEP, is subject to review and monitoring as part of our overall best execution governance program (see BEST EXECUTION for further detail).

12.3.2 The Prices at which we enter into Trades with you may differ at any time from the Market Data displayed on the Trading Platform, which is provided for indicative purposes only, and may be more favourable or less favourable to you than the Market Data displayed when you place the Order.

#### 12.4 Handling of different Order types

12.4.1 The following Order types may be available to you on the CFD Direct System depending on the Product chosen:

- Market Order;
- Stop Order;
- Stop-Limit Order;
- Limit Order;
- Pegged Order;
- Limit-on-open Order;
- Market-on-open Order;
- Limit-on-close Order;
- Market-on-close Order.

Stop Loss Orders are replicated on the CFD Direct System into Market Orders.

**Market Order** A buy or sell Order to be executed immediately at current market prices.

**Stop Order** An Order to buy or sell when the relevant Price surpasses a particular level.

**Stop-Limit Order** An Order to be executed at a specified Price, or better, after a given stop Price has been reached. Once the stop Price is reached, the Order becomes a Limit Order to buy or sell at the limit Price or better.

**Limit Order** An Order to buy or sell at your determined limit Price, or better.

**Pegged Order** A Pegged-to-Market Order to buy will peg to the best offer price and a Pegged-to-Market Order to sell will peg to the best bid price, with an option of setting an offset.

A Pegged-to-Primary Order to buy will peg to the best bid price and a Pegged-to-Primary Order to sell will peg to the best offer price, with the option of setting an offset.

A Pegged-to-Mid-Price Order will peg to the mid-price of the best bid offer, with the option of setting an offset.

12.4.2 Additionally, the following Conditions may be selected:

**Hidden** A Hidden Order will be completely hidden from the market. This Optional Order Attribute is typically available for large Orders only.

**Iceberg** An Iceberg Order publicly displays only a portion of the total volume of the Order that is available for execution. When the visible part of the Order is fulfilled, a new part of the hidden portion of the total Order becomes visible.

12.4.3 The following Time in Force (TIF)/Order Lifetime Conditions may be available on the CFD Direct System:

<b>DAY</b>	Good for the day only (17:00 EST)
<b>GTC</b>	Good 'til cancelled
<b>GTD</b>	Good 'til date (date and time supported)
<b>FOK</b>	Fill or kill, requires the Order to be executed immediately in its entirety, partial fills are not supported.
<b>IOC</b>	Immediate or cancel Order, similar to a FOK Order, an IOC Order needs to be executed immediately however partial fills are possible. Any portion of the Trade remaining is cancelled.
<b>On Open</b>	Order will be executed on the opening of the trading session. If the Order cannot be executed on the open it will be cancelled.
<b>On Close</b>	Order will be executed on the close of the trading session. If the Order cannot be executed on the close it will be cancelled.

## 12.5 Algorithmic Execution

12.5.1 If we have made Algorithmic execution available to you, the following Algorithmic Execution types may be available to you on the CFD Direct System:

- VWAP;
- TWAP;
- With Volume.

**VWAP** Volume-weighted average price ("**VWAP**") Algorithmic Execution minimises slippage relative to the volume-weighted average price in the markets over a user-specified time horizon. The strategy executes proportionately with expected market volume to spread the trade across the user-specified horizon.

**TWAP** Time-weighted average price ("**TWAP**") Algorithmic Execution is a strategy of executing Trades spread evenly over a specified time period.

**With Volume** With Volume Algorithmic Execution trades in proportion to actual market activity, targeting participation at a user specified percentage of overall traded volume.

12.5.2 The following Algorithmic Execution Attributes may be available on the Trading Platform:

<b>Start Time</b>	The time the Algorithm starts working.
<b>End Time</b>	The time the Algorithm finishes working.
<b>Max % Volume</b>	The targeted participation rate (in relation to With Volume Algorithmic Execution).
<b>In Open/Auction Open</b>	Include Algorithmic Execution in an opening auction.
<b>In Close/Auction Close</b>	Include Algorithmic Execution in a closing auction.

## 12.6 Execution Venues

12.6.1 As referred to in paragraph 2, the underlying execution venues may include:

- regulated markets (RM);

- multilateral trading facilities (MTF);
- organised trading facilities (OTF);
- systematic internalisers (SI) (including on the broker's own account);
- third party investment firms and/or affiliates acting as a market maker; and
- similar non-EEA venues performing similar functions.

12.6.2 Such execution venues may include both lit and dark sources of liquidity (the latter being trading venues or other sources of liquidity that are not generally subject to pre-trade transparency requirements).

12.6.3 All of your Orders will be executed on a bilateral basis between you and us outside of an RM, MTF or OTF. We separately onward route orders (as our orders) to our underlying brokers where they may be executed outside of an RM, MTF or OTF, including by the broker dealing on its own account. As a result, any Trade that you enter into with us may be priced on the basis of prices that are not available on a trading venue.

12.6.4 For a complete list of venues see the document titled "CFD Direct Execution Venues" available on our Website. This contains a list of the RMs, MTFs and OTFs, some of which we and/or one of our Affiliates place significant reliance on to meet the obligation to take all sufficient steps to obtain the best possible result for the execution of your Orders. A third party broker may also be used by the broker, to execute on these venues. The list is not exhaustive and may change from time to time. For certain instruments, there may only be one execution venue available and in such circumstances, the broker will assume that the selection of that venue satisfies the best execution factor dealing with venue selection. In any case, our underlying brokers will not necessarily access all execution venues that could potentially be available at any one time. Our orders are directed to a particular execution venue or venues by the underlying broker's smart order router. Further detail on how our underlying brokers obtain best execution is set out in below.

12.6.5 Where a third party broker is used, the broker satisfies the best execution obligation by undertaking due diligence to validate the adequacy of the third party broker's execution performance and connectivity and to ensure that there are satisfactory arrangements to ensure the confidentiality of order flow and execution instructions.

## 12.7 **Best execution**

### **Single Stock CFD and CFD Forwards**

12.7.1 Where you are owed the duty of best execution we are required to take all sufficient steps to obtain the best possible result taking into account the following factors:

- price;<sup>1</sup>
- likelihood of execution and settlement;
- costs;
- speed;
- Order size;
- nature of the Order; and
- any other consideration relevant to the execution of the Order such as nature of the relevant market, prevailing market conditions and attempting to minimise market impact.

12.7.2 Our underlying brokers' smart order routers select an execution venue based primarily on the availability of best pricing for particular instruments, the amount of accessible liquidity offered by the venue and speed. All other execution factors are generally given equal ranking. When

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<sup>1</sup> Price excluding other costs, fees and charges

transacting a large order, minimising market impact might be more important than price or, when trading an illiquid product, certainty of execution might be more important than price.

12.7.3 Best execution factors that are taken into consideration when executing client Orders, include:

- Price;
- costs;
- Order size; and
- nature of the Order.

## 12.8 **Manual liquidation**

12.8.1 Unless we notify you otherwise, your Trades will be subject to manual liquidation.

12.8.2 If and when your GLV falls below the Close-Out Level for your CFD Direct Account, we may try to contact you during Sydney office hours to request you make a payment into your CFD Direct Account. If we are unable to contact you and/or you are unable to fund your CFD Direct Account within a reasonable timeframe, we will manually close all or a portion of the Trades and/or Positions on the CFD Direct Account (in relation to any Product) as far as we see fit in our sole discretion taking into account any prior instructions you have given regarding the sequence of closure(s) of Trades and/or Positions on the CFD Direct Account.

## 12.9 **Disclosures**

12.9.1 While CMC Markets makes commercially reasonable efforts to ensure the quality of its electronic trading services, there always exists the risk of interruption or delay, system failure or errors in pricing, controls or design of these systems that could expose you to substantial damage, expense or loss. For instance, it is possible that any new Orders or Trade requests cannot be entered, executed, modified or cancelled by you, or that acceptance or rejection of Trade requests or reports of executions will not be communicated to you in a timely manner. These services are provided “as is,” and so to the extent permitted by Applicable Law, CMC Markets will have no responsibility or liability whatsoever for any damage, expense or loss incurred out of the use of electronic trading services even where it may have been advised of the possibility thereof.

## 12.10 **Information Handling**

12.10.1 CMC Markets maintains a “need to know” standard, which provides that access to your specific trading information is limited to those employees who have a “need to know” such information to perform their duties and to carry out the purpose for which the information is provided.

## 12.11 **Communications**

12.11.1 CMC Markets discourages you from using e-mail or other electronic messaging systems for communicating Orders or Trade requests. If we agree to the use of electronic messaging (e.g. e-mail, chats, instant messages, etc.) as the mode for you to communicate your Orders or Trade requests, any Order or Trade request sent to us by electronic messaging will not be considered to be received by us until a CMC Markets representative verifies the Order or Trade request details to you by phone or otherwise affirmatively acknowledges receipt of the Order or Trade request.

12.11.2 During the period between the electronic transmission of an Order or Trade request and the point at which it is verified and acknowledged, you will be exposed to the risk that your Order or Trade request may not be filled (including where the market has moved in your favour) or may be filled at a less favourable level because market conditions have changed in the interim.

## 12.12 **Consent**

12.13 When you trade with us, you consent to your Orders being executed with us on a bilateral, over-the-counter basis outside of a trading venue (notwithstanding that the Price of your Trade with us will be based upon and match the price we or our underlying brokers obtain from one of the relevant underlying execution venues, some of which may include regulated trading venues).

12.13.1 You consent to CMC Markets using electronic communications (including the Website and/or the CFD Direct System) to communicate further information on CMC Markets' CFD Direct OEP and related documentation.

### 12.13.2 **Monitoring and Review**

12.13.3 We will conduct monitoring of the execution obtained on the CFD Direct System on an ongoing basis. Our brokers also monitor the effectiveness of their execution arrangements and assesses on a regular basis whether the execution venues selected provide for the best possible result. We can provide further information on our monitoring and review process on reasonable request.

12.13.4 We will review our CFD Direct OEP on at least an annual basis.

## **13 GENERAL PROVISIONS**

### 13.1 **Privacy and Data protection.**

13.1.1 We will require you to provide personal information in the course of transacting with us. CMC Markets collects, maintains, uses and discloses personal information in the manner described in our Privacy Statement. Our Privacy Statement is available on our Website or by calling our client management team.

13.1.2 This Agreement (together with our Privacy Statement) sets out the basis on which any personal data you provide us will be processed by us. In connection with the Agreement, you will be providing us with personal data by filling in the application or other forms on the Website and/or the Back Office Platform or by corresponding with us by phone, e-mails or otherwise. Such personal data may be held on paper, electronically or otherwise. We recognise the need to treat the personal data in an appropriate and lawful manner.

13.1.3 You agree that we may record all telephone conversations and/or any communications by other means between you and us, and use such recordings, or transcripts of such recordings, as well as any e-mails, recorded chat messages or other communications you send to us through the Back Office Platform, for training purposes, for the purposes of investigating any complaint you may make, or for any other legal or regulatory purposes including as evidence in any dispute or anticipated dispute between you and us. We shall retain records of all telephone conversations for the duration required by Applicable Law.

13.1.4 You agree that we may disclose any information we hold about you or your CFD Direct Account (including any personal information that is subject to data protection laws) to any official body if required by that official body or Applicable Law.

13.1.5 You agree to keep all information that you hold relating to your CFD Direct Account, including any e-mails and letters and any promotions that we send to you, confidential at all times.

### 13.2 **Intellectual Property.**

13.2.1 We or our licensors own all Intellectual Property Rights in the CFD Direct System, our Website and all of its software, algorithms, design, text, content, data (including Market Data, which is owned by third parties), arrangement, organisation, graphics, compilation, magnetic translation, digital conversion, equipment, and any and all other electronic, computer, technical and



information communications technology devices and equipment, networks, servers, applications, codes (including source and object codes) and data centres which are contained in or relate to the CFD Direct System, together with all technical documentation and information necessary for the use of any of the above ("Elements"). Except as expressly granted in the Agreement, you do not acquire any rights, title or interest in or to the CFD Direct System, our Website or the Elements.

13.2.2 We hereby grant you a personal, non-exclusive, royalty-free, revocable and non-transferable licence, to access and make personal and non-commercial use of the CFD Direct System and our Website for the limited purpose of trading or speculating in accordance with the Agreement. No other rights are granted in respect of the CFD Direct System or our Website. In the event you do or attempt to do any of the prohibited matters set out in clause 13.2.3 or we reasonably suspect that you have done or attempted to do any of these prohibited matters, this licence and the Agreement shall be immediately revoked without further notice to you and you shall have no further rights in or to the CFD Direct System, our Website or any of the Elements.

13.2.3 You must not:

- (a) copy, reproduce, translate, duplicate, use, modify, adapt, alter, enhance, reverse engineer, decompile, decode, disassemble or reverse assemble the operation of, or create derivative works of, the CFD Direct System, our Website or any of the Elements (or cause or permit any other person to do any of the foregoing) except as expressly provided for in the Agreement;
- (b) create or develop any hyperlink or other form of internet weblink to the CFD Direct System or our Website except with our express prior written consent;
- (c) distribute, re-distribute, sell, re-sell, transmit, re-transmit, publish, make available, sub-licence, transfer, rent, lend, re-circulate, repackage, disclose, display or make commercial use of the CFD Direct System, our Website, any of the Elements or any of the materials provided by us in relation to the Agreement (either in whole or in part);
- (d) download or copy your CFD Direct Account information other than if required to do so by an official body or for personal use in accordance with the provisions of the Agreement;
- (e) download or copy account information relating to any other client;
- (f) carry out any data collection, or use data mining, screen-scraping, optical recognition software, image makers, robots or any other similar or like data gathering and extraction tools on the CFD Direct System or the Elements;
- (g) with the exception of application programming interfaces (APIs) which are not used for any Improper Use:
  - (i) use any software, algorithm (except as provided in Schedule 3), robot, applications, tools, codes, computer, electronic devices or equipment on the CFD Direct System for non-human and/or high frequency trading; or
  - (ii) make use of the CFD Direct System or any of the Elements for automated purposes;
- (h) knowingly introduce any software viruses, trojans, worms, logic bombs, time bombs, "back doors" or back door devices, "drop dead devices", malware, or any other material, software or code which:

- (i) is or is likely to be malicious or technologically harmful, destructive, or disabling or anything analogous to the foregoing to the CFD Direct System or any of the Elements;
  - (ii) damages, disrupts, impairs, erases or adversely affects the normal operation of the CFD Direct System or any of the Elements;
  - (iii) assists in or enables theft or alteration of data or content from the CFD Direct System or any of the Elements; or
  - (iv) provides unauthorised access to the CFD Direct System or any of the Elements;
- (i) permit or cause unauthorised access or attempt to gain unauthorised access to the CFD Direct System or any of the Elements, including the servers on which the CFD Direct System or any of the Elements is stored or any server, computer or database connected to the CFD Direct System or any of the Elements;
  - (j) attack the CFD Direct System or our Website via a denial-of-service attack or a distributed denial-of-service attack;
  - (k) use the CFD Direct System, our Website, any of the Elements or any of the materials provided by us in relation to the Agreement (either whole or in part) in any way which would constitute (in our reasonable opinion) Improper Use; or
  - (l) do, or permit, any act or thing (or omit to do any act or thing) analogous to any of the foregoing,

and any of the above acts may be a Specified Event that entitles us to take a Reserved Action (see clauses 9.1 and 9.3).

### 13.3 **Outsourcing.**

13.3.1 We may use external service providers in relation to any of our operations in accordance with Applicable Law, who may include Associates or other third parties.

### 13.3.2 **Labour standards and environmental, social and ethical considerations**

13.3.3 We do not take labour standards, or environmental, social or ethical considerations into account when offering Products.

### 13.4 **Provisions becoming illegal, invalid, or incapable of application.**

13.4.1 If at any time any provision of the Agreement is or becomes illegal, invalid, or incapable of being applied in any respect under the law of any jurisdiction, all other provisions of the Agreement will remain legal, valid and capable of being applied under the law of that jurisdiction as well as under any other Applicable Law.

### 13.5 **Transfer or delegation of rights and obligations.**

13.5.1 You may not transfer any of your rights or delegate any of your obligations under the Agreement or grant any use or benefit of any right to any person (including an Authorised Person or Joint Account Holder) without our prior written consent.

13.5.2 You may not, for any reason, grant any person (including an Authorised Person) the use or benefit of a right under the Agreement, including any rights to money held with us (whether by way of a mortgage, charge or otherwise).

13.5.3 We may transfer or delegate any of our rights and/or obligations under the Agreement, which may involve transferring any client money balance held by us on your behalf, to any person, provided we act in accordance with Applicable Law. So long as you are in compliance with this Agreement as at the date of any such transfer, we shall use reasonable endeavours to provide you with not less than thirty (30) calendar days' notice, although we reserve the right to do this with immediate effect in which case we will inform you about the transfer or delegation as soon as reasonably practicable. Where we transfer or delegate any of our rights or obligations under the Agreement to any person, we may provide that person with any information relating to you that they may reasonably require.

### 13.6 **Rights and remedies.**

13.6.1 The rights and remedies available to you or us under the Agreement do not exclude, and are in addition to, the rights and remedies provided to you or us in accordance with Applicable Law.

### 13.7 **Delay or inaction in exercising rights under the Agreement.**

13.7.1 Any delay or failure on your or our behalf to exercise a particular right or take a particular action under Applicable Law or under the Agreement, does not mean that you or we will be unable to exercise that right or take any such action at a later stage.

### 13.7.2 **Governing Law and Jurisdiction.**

13.7.3 This Agreement and any non-contractual obligations arising out of or in connection with the Agreement are governed by, and interpreted in accordance with, the laws of New South Wales, Australia.

13.7.4 The courts of New South Wales and the Commonwealth of Australia have non-exclusive jurisdiction to hear all and any disputes or claims (including non-contractual disputes or claims) arising out of or in connection with the Agreement. Nothing in this clause 13.7.4 will limit our right to commence proceedings against you in relation to any dispute or claim in any jurisdiction that we consider appropriate, nor will the taking of proceedings in one or more jurisdictions preclude us from taking proceedings in any other jurisdiction, whether concurrently or not, if and to the extent permitted by Applicable Law.

### 13.8 **The meaning of certain other words in the Agreement.**

13.8.1 Any reference in the Agreement to a particular provision of Applicable Law is deemed to include a reference to that provision as amended from time to time, and any equivalent, similar or analogous provision under Applicable Law.

13.8.2 Any reference to a document (including information provided on our Website and/or the Back Office Platform) in the Agreement is deemed to be a reference to that document as modified from time to time.

13.8.3 Any reference to 'including' or 'includes' in the Agreement is deemed to be a reference to 'including without limitation'.

13.8.4 Unless otherwise stated, references in these CFD Direct PDS to clauses, paragraphs or schedules are to clauses, paragraphs and schedules in these CFD Direct PDS.

13.8.5 Any heading in the Agreement will not affect the interpretation of the Agreement.

13.8.6 Any reference to a person in these CFD Direct PDS shall include bodies corporate, unincorporated associations, trusts, partnerships and individuals.

13.8.7 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.

13.9 **Survival of terms in the Agreement.**

13.9.1 Clauses 4.3.3, 6.3.9, 8 and 11 and Schedule 2 will continue to apply after closure of your CFD Direct Account and/or termination of the Agreement.

## Schedule 1- Product terms for Trades

This Schedule 1 sets out terms that apply specifically to investing in Trades on a CFD Direct Account.

We will grant you access to the Trading Platform, will display the Market Data you subscribe for and enable you to enter into Trades with us on a bilateral basis.

Trades are cash-settled contracts that, for the avoidance of doubt, will not entitle you or us to any rights in relation to the underlying assets. Costs and rights other than those associated with a direct investment in the underlying assets will apply to Trades.

### **1 Product Prices.**

- 1.1 You will be able to access relevant information on each Product (in relation to which you can enter a Trade through placing an Order), including its Attributes, through the CFD Direct System.
- 1.2 During Trading Hours, the Trading Platform will display Market Data that you subscribe for. If you place an Order through our client management team, we will quote Prices by reference to the relevant underlying execution venues and you acknowledge that those Prices may differ at any time to the Market Data displayed on your screen.
- 1.3 We attempt to make Market Data available to you on a continuous basis and attempt to have it shown on the Trading Platform as soon as possible. However, Market Data may not match the Prices at which we enter into Trades with you. In addition, fluctuations in financial markets, the delayed and/or limited nature of the Market Data you subscribe for and/or technical conditions, may mean there is a significant difference between the Market Data displayed to you on the Trading Platform and the Price at which you enter into a Trade with us or which we use to calculate Unrealised Profit or Loss. This difference may either be to your advantage or disadvantage. For further detail on how Prices are determined, please refer to our CFD Direct OEP.

### **2 Commissions.**

- 2.1 We may charge you Commissions in respect of each Trade that you enter in accordance with clause 6.9.

### **3 Currency Conversions.**

**4** All Deductions and credits applied to your CFD Direct Account will be in the relevant Account Currency. Where the relevant Product Currency is different to the relevant Account Currency, all calculations of Deductions and credits will be undertaken in the Product Currency and converted into the Account Currency at the Currency Conversion Rate.

- 4.1 The Back Office Platform will retain information about the Currency Conversion Rate in relation to your CFD Direct Account.

### **5 Orders.**

- 5.1 To enter into a Trade, you must place an Order on the Trading Platform that identifies the Product and provides the information requested by the Trading Platform in relation to that Product.
- 5.2 You will only be able to place an Order if you have sufficient credit to your CFD Direct Account and if you satisfy the Initial Margin requirements. The information available through the Trading Platform on whether you have sufficient funds shall prevail in relation to your ability to place such an Order and enter into Trades.

- 5.3 An Order will only be deemed to be received by the Trading Platform at the time at which the Trading Platform actually receives it, which may not be immediately after you submit that Order. Placing an Order does not guarantee that a Trade will be entered into as we reserve the right to reject your Order without any explanation. A record of any executed or rejected Orders can be accessed through the Trading Platform.
- 5.4 You can only place or amend an Order during Trading Hours. It is your responsibility to monitor Trading Hours.
- 5.5 Subject to the provisions of this Schedule 1, you and/or we may modify or cancel any Pending Order at any point until that Order has been executed.
- 5.6 Subject to paragraph 5.5 of this Schedule 1, if your CFD Direct Account has insufficient Free Equity as displayed on the Trading Platform to meet the relevant Initial Margin requirements for that Order, we will not execute that Order unless our client management team agree otherwise.
- 5.7 The types of Order available to you in respect of a particular Product and the details of when those Orders might be placed or modified will be available through the CFD Direct System.
- 5.8 The CFD Direct System may combine and net your Trades open at the same time in respect of the same Product. Further details on netting can be found on the CFD Direct System and/or through our client management team.

## **6 Initial Margin.**

- 6.1 We will apply a variety of Initial Margin requirements to any Trade you place which you are required to meet in order to place Orders and enter Trades with us. We provide detailed information on the CFD Direct System regarding these Initial Margin requirements.
- 6.2 The Initial Margin requirements in respect of any Trade may fluctuate and you may incur losses from any relevant Trades that exceed the Initial Margin you have provided to us for your Positions.

## **7 Closing Trades.**

- 7.1 In order to close a Trade, you must place an Order in the opposite direction on the Trading Platform.

## **8 Risk Management.**

- 8.1 You may set a variety of risk management options in respect of a Trade at any time via the CFD Direct System.

### **Limits on your Trades.**

- 8.2 Various Product limits in relation to Trades will be displayed on the Back Office Platform. It is your responsibility to ensure that you know what the current limits are before placing or modifying any Order to open a Trade by checking the information available on the Back Office Platform. In addition, your CFD Direct Account is subject to other limits (such as exposure limits) and if you breach one of these when attempting to place an Order, the Trading Platform will notify you that the Order has been rejected. We may, at our sole discretion, waive such limits.
- 8.3 If, at the time an Order would otherwise be executed, the execution of that Order would result in a breach of a limit relevant to that type of Order, the Order will be automatically cancelled and will not be executed.

## **9 Profit Or Loss.**

- 9.1 The Realised Profit or Realised Loss and Unrealised Profit or Loss displayed on the Trading Platform form part of your Free Equity and are therefore used to determine whether or not you can place a Trade.
- 9.2 If there is sufficient money in your CFD Direct Account and/or you have sufficient Realised Profits to cover any Realised Loss in full as shown on the Back Office Platform, then a Realised Loss will be due and payable immediately. If not and the GLV for the CFD Direct Account as shown on the Back Office Platform goes below the Close-Out Level, the Realised Loss will become due and payable immediately.

## **10 Holding Costs.**

- 10.1 We will charge certain Holding Costs for certain Trades, details of which are available on the Back Office Platform. You must have sufficient Cash in your CFD Direct Account to meet any Holding Cost.
- 10.2 We may, in our reasonable discretion, use Cash in your CFD Direct Account to reduce the amount of any Holding Cost you owe us.

## **11 Adjustment Events and Insolvency.**

- 11.1 An Adjustment Event may occur in relation to the underlying asset of a Product. If an Adjustment Event occurs, we will take appropriate action (in our reasonable opinion) to:
- (a) replicate or reflect this in your Order or Trade
  - (b) reflect any action taken by counterparties to trades in respect of such underlying assets of the Product that we have entered into in order to hedge or offset our exposure to you; or
  - (c) preserve the economic equivalent of your Order or Trade immediately prior to the Adjustment Event, which may have consequences on your Trade.
- 11.2 We will give you notice of any applicable action that we decide to take as soon as reasonably practicable, which for the avoidance of doubt may be after the relevant Adjustment Event or after the relevant action which we may take in our discretion under this paragraph.
- 11.3 If an issuer, whose securities form the basis of a Product, becomes insolvent or similar, all Trades on that Product shall be closed by us once we have received official confirmation that the underlying security no longer holds any value. In this instance, closures will take place at a Price of zero (0). If you have a Trade on any such Product, we shall provide you with notice of this.
- 11.4 If the Price of any Trade connected with a Product or underlying asset which is suspended is greater than zero (0), we will notify you of the date and Price at which such Trade will be closed. We reserve the right to request additional Initial Margin and/or any reasonably foreseeable associated costs incurred by us (or any of our Associates) in connection with any suspension of a Product or its relevant underlying asset.
- 11.5 With the exception of cash adjustments representing dividend payments, Pending Orders for Trades will be closed before the execution of a corporate action and will not be included in any replication/economic adjustment as mentioned in paragraph 11.1(a) and 11.1(c) above. Pending Orders will not be reinstated by us. You will need to reinstate the Pending Order yourself should you wish to proceed following the Adjustment Event.
- 11.6 You will not be able to enter into any new Trades where there is a trading halt in the underlying asset or trading in respect of the underlying asset Instrument has otherwise been suspended in

the underlying market. Where trading in a product has been halted or suspended we may exercise certain discretions, see section 9 (“CMC Markets Discretions”) for more information

## **12 Account Close-Out.**

- 12.1 You must ensure that for your CFD Direct Account your GLV is at all times above the applicable Close-Out Level as displayed on the Back Office Platform. Where your GLV is less than the applicable Close-Out Level, we may initiate an Account Close-Out as we deem appropriate in the circumstances. We may from time to time give further details on the Account Close-Out process on the Back Office Platform and/or in this PDS. Account Close-Out does not and is not intended to not limit your entire liability to us in respect of your Trades. You can lose more than your initial investment and you may be required to make further payments.



## Schedule 2- Definitions

Unless otherwise stated, words and expressions that begin with a capital letter in the Agreement have the meaning set out below:

Account Close-Out	A procedure by which the CFD Direct System and/or our client management team may close the whole or a portion of your Positions.
Account Currency	The currency in which a CFD Direct Account is denominated and in which all Deductions and credits will be made, as shown on the Back Office Platform and in accordance with clause 6.5.1.
Account Value	The sum of your Cash and any net Unrealised Profit Or Loss (as applicable), where the net Unrealised Profit or Loss is calculated using the first Buy Price or Sell Price (as applicable) displayed on the Trading Platform, that is displayed on the Back Office Platform and updated in real time.
Adjustment Event	Any action or event, whether temporary or otherwise, in relation to an underlying asset of a Trade which would have an effect on the value, legal characteristics or ability to trade the underlying asset or a financial derivative based on or referencing such underlying asset, including, where the underlying asset is an index, any change to the index including but not limited to the announcement of a successor index.
Agreement	Has the meaning set out in clause 1.1.2.
Algorithmic Execution	Has the meaning given to it in Schedule 3.
Amount	An amount of money in the Account Currency.
Applicable Law	Any laws, statutes, orders, rules, decisions, provisions, directives, regulations, requirements, conditions, standards, sanctions, guidelines and industry codes having legal effect in any jurisdiction, provided that such laws, statutes, orders, rules, decisions, provisions, directives, regulations, requirements, conditions, standards, sanctions, guidelines or industry codes are existing and in force from time to time and (where relevant in the context) are directly or indirectly applicable to us, you, the Agreement, our Website or the CFD Direct System.
ASIC	Australian Securities and Investment Commission.
Associate	A Person who is an officer, employee, agent, representative or Associate of a party; a 'related body corporate' (as defined in the Corporations Act) of a party such as an Introducing Adviser; or a Person who is an officer, employee, agent, representative or Associate of a related body corporate of a party.
Attributes	The various limitations, restrictions and other features that apply to Orders and/or Trades in respect of each Product, which we may amend from time to time in accordance with clauses 10.2 and 10.3.

Australian Client Money Rules	The provisions in Part 7.8 of the Corporations Act and the Corporations Regulations made under those provisions that specify the manner in which financial services licensees are to deal with client money and property.
Authorised Person	Any one or more persons appointed by you in accordance with clause 4.2.1 to act and/or give instructions on your behalf in respect of the Agreement and the relevant Account.
Available Equity	The Amount equal to your current GLV minus any Initial Margin requirements.
Back Office Platform	The electronic platform that we make available to you to administer your CFD Direct Account, as updated from time to time.
Business Day	Means any day (other than a Saturday or Sunday) on which banks are open for business in Sydney.
Buy Price	The Price at which a buy Trade is entered into and at which a sell Trade is valued and closed.
Cash	<p>In relation to any CFD Direct Account, the sum of:</p> <ul style="list-style-type: none"> <li>(i) any successfully received money paid by you to us, plus the Amount of any money credited by us to your CFD Direct Account plus all Realised Profits; minus</li> <li>(ii) the Amount of any Deductions plus any Realised Losses (whether due and payable or not) plus the Amount of any money withdrawn by you.</li> </ul> <p>Please note that the definition of Cash does not necessarily represent the money available for you to withdraw. The money that you have available to withdraw (in accordance with clause 6.3) is the lower of your Available Equity and Cash.</p>
CFD	<p>A contract for difference, including any cash settled contract the purpose or pretended purpose of which is to secure a profit or avoid a loss by reference to fluctuations in:</p> <ul style="list-style-type: none"> <li>(i) the value or price of property of any description; or</li> <li>(ii) an index or other factor designated for that purpose in the contract.</li> </ul>
CFD Direct Account	Any CFD Direct account that you hold with us, including any Joint Account.
CFD Direct OEP	The order execution policy summary that details how Order are executed in respect of CFD Direct as set out in section 12.
CFD Direct System	The Trading Platform and Back Office Platform
Circumstance Outside Our Control	Is the actual existence of, or our reasonable belief of the existence or imminence of, any circumstance that is beyond our reasonable control which prevents us performing any of our obligations under the Agreement and includes:

	<ul style="list-style-type: none"> <li>(i) changes in Applicable Law or any action taken by an appropriate authority;</li> <li>(ii) events or circumstances that impair or remove the ability of the CFD Direct System to operate on a normal and orderly basis, including the acts or omissions of any third party for whatever reason and any errors, failures or disruptions in our systems or any other infrastructure (including infrastructure controlled by third parties);</li> <li>(iii) acts or omissions of any third party for whatever reason, including: <ul style="list-style-type: none"> <li>A) changes by the brokers with whom we hedge our price risk relating to Trades (including changes that have or purport to have retrospective effect) including changes to prices or cancellations of contracts we may have with them; or</li> <li>B) where we are unable or it is impractical for us, after using reasonable efforts, to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any trade or asset we deem necessary or appropriate to hedge our price risk relating to Trades;</li> </ul> </li> <li>(iv) natural disasters, emergencies (natural and man-made), and acts of God; or</li> <li>(v) any other exceptional event or circumstance over which we have no control.</li> </ul>
Close-Out Level	In relation to any Account, the applicable level at which we may close the whole or a portion of your Trades as necessary.
CMC Markets Group	CMC Markets Plc (Registered number 05145017) and its associated entities.
Commission	The rate of commission and any other commission applicable to a Trade in a particular Product (as applicable) as specified in the Product Library and/or on the Trading Platform and which we may amend from time to time in accordance with clause 10.3.
Complaints Procedure	Means our procedure for handling complaints as detailed on our Website.
Conditions	There are various conditions that can be attached to an Order, details of which can be found in the CFD Direct OEP.
Confirmation	A form of notification, which will be provided through the Trading Platform. We will not send you any confirmations of Orders or Trades by any other means, including by post or e-mail.
Currency Conversion Rate	The relevant currency exchange rate at the relevant time, at which we will convert values in a Product Currency into the Account Currency on the Back Office Platform.
Deduction	Has the meaning set out in clause 6.5.1.

Elements	Has the meaning set out in clause 13.2.1.
Error	Has the meaning set out in clause 5.4.1.
EST	Eastern Standard Time.
Forward	A Product with a fixed expiry date.
Free Equity	<p>In relation to your CFD Direct Account the figure that determines whether or not you have sufficient funds to open a Trade that is displayed on the Trading Platform and which is equivalent to (but which may not always be equal to) the Available Equity displayed on the Back Office Platform.</p> <p>Free Equity is made up of Cash plus Unrealised Profit or Loss minus any Initial Margin. Unrealised Profit or Loss and Realised Profit or Loss will be in the relevant Product Currencies not the Account Currency and will therefore be subject to real time revaluations.</p>
FSG	Means our Financial Services Guide.
GLV	Guaranteed Loss Value. The sum of your Cash and any net Unrealised Profit Or Loss (as applicable), where net Unrealised Profit or Loss is calculated using the mid-price between the first Buy Price and Sell Price displayed on the Trading Platform, that is displayed on the Back Office Platform and updated in real time.
Hedge/Hedged/Hedging	An investment made in order to reduce the risk of adverse price movements in a financial instrument, by taking an offsetting position in a related financial instrument.
Holding Cost	The Amount calculated in accordance with the information provided on the CFD Direct System. Historic Holding Costs can be found in the Product Library.
Improper Use	<p>Any use of the CFD Direct System or our Website or activity in relation to an Order (including a Pending Order) or a Trade that amounts to:</p> <ul style="list-style-type: none"> <li>(i) an unlawful act or a breach of Applicable Law, whether directly or indirectly, including to engage in or attempt to engage in market abuse within the meaning of the Applicable Law;</li> <li>(ii) a breach of the Agreement;</li> <li>(iii) a failure to observe reasonable commercial standards of fair dealing; or</li> <li>(iv) dishonesty and/or malice.</li> </ul>
Initial Margin	The amount of money you are required to pay us or hold in your CFD Direct Account in order to place an Order.
Insolvency Event	<p>Means:</p> <ul style="list-style-type: none"> <li>(i) the appointment of a receiver, administrator, manager, administrative receiver or similar officer in relation to you;</li> </ul>

	<ul style="list-style-type: none"> <li>(ii) if any encumbrancer takes possession of or sells, all or any part of your assets or business;</li> <li>(iii) you are deemed unable to pay your debts as they become due;</li> <li>(iv) an application is made for an interim order, or a proposal is made for you to enter into a voluntary arrangement, or you enter into a deed of arrangement, or a bankruptcy petition is presented to the Court in respect of you;</li> <li>(v) if you are a body corporate, a resolution is passed or an order is made for your winding up, dissolution or administration; or</li> <li>(vi) if you become bankrupt or insolvent or any event that is analogous to those set out in paragraph (i), (ii), (iii), (iv) or (v) of this definition applies to you.</li> </ul> <p>If you are a partnership or have a Joint Account, the occurrence of any of the events listed in (i) to (vi) above in relation to any one partner or Joint Account Holder shall constitute an Insolvency Event.</p>
Intellectual Property Rights	<p>Any and all:</p> <ul style="list-style-type: none"> <li>(i) intellectual property rights, including copyright and related rights, patents, utility models, trademarks, service marks, trade names, domain names, moral rights, trade secrets, rights to inventions, logos, rights in get-up, goodwill and the right to sue for passing off and unfair competition, rights in computer software (including to the source code and object code), inventions, semi-conductor topography rights, database rights, rights in databases, rights in designs, design rights, know-how and confidential information whether in software or otherwise and whether registered or unregistered;</li> <li>(ii) applications for registration, and the right to apply for registration, renewal or extension of any of these rights, the rights to claim priority from any such rights; and</li> <li>(iii) any and all other intellectual property and proprietary rights and equivalent forms of protection or of similar effect existing, now or in the future, anywhere in the world.</li> </ul>
Introducing Adviser	Any intermediary who offers a financial service to enable you to trade with CMC Markets.
Joint Account	A CFD Direct Account held in the name of two or more persons.
Joint Account Holder	Any one or all persons (as applicable) in whose name a Joint Account is held.
Limit Order	This definition is referred to in the CFD Direct OEP and is an instruction to place an Order in accordance with the relevant conditions set out in the CFD Direct OEP.

Limit Price	This definition is referred to in the CFD Direct OEP and is the Price at which you wish to enter into or close a Trade (as appropriate) as specified in a Stop Limit Order or Market Order .
LOC	Limit-on-close order. This definition is referred to in the CFD Direct OEP and is an instruction to place an Order in accordance with the relevant conditions set out in the CFD Direct OEP.
LOO	Limit-on-open order. This definition is referred to in the CFD Direct OEP and is an instruction to place an Order in accordance with the relevant conditions set out in the CFD Direct OEP.
Margin	The amount of money you are required to pay us or hold in your CFD Direct Account in order to place an Order.
Market Data	The live and/or delayed prices displayed to you on the Trading Platform, which you subscribe for in accordance with this PDS, and which may not match the Price at which we enter into Trades with you and/or use to calculate Unrealised Profit or Loss
Market Order	This definition is referred to in the CFD Direct OEP and is an instruction to place an Order in accordance with the relevant conditions set out in the CFD Direct OEP.
MOC	Market-on-close order. This definition is referred to in the CFD Direct OEP and is an instruction to place an Order in accordance with the relevant conditions set out in the CFD Direct OEP.
MOO	Market-on-open order. This definition is referred to in the CFD Direct OEP and is an instruction to place an Order in accordance with the relevant conditions set out in the CFD Direct OEP.
Non-Private Investor	Means that you meet one of the conditions set out below: <ul style="list-style-type: none"> <li>(i) Your Account has not been opened in a personal capacity (i.e. the Account has been opened in connection with a trade or business or in connection with a trust that has a professional trustee);</li> <li>(ii) You are currently registered or qualified as a professional securities trader or investment adviser with any national or state exchange, regulatory authority, self -regulatory body, securities agency, professional association or professional body;</li> <li>(iii) You currently act as an investment adviser; or</li> <li>(iv) You use your Account for any purpose other than the management of your personal funds including (but not limited to) acting as a trader to the public or for the investment of corporate funds.</li> </ul>
Order	An offer submitted by you or on your behalf through the Trading Platform or our client management team to enter into a Trade between you and us.

Pegged Order	This definition is referred to in the CFD Direct OEP and is an instruction to place an Order in accordance with the relevant conditions set out in the CFD Direct OEP.
Pending Order	An Order with a specific Price identified, which has not yet been executed.
Position	The net sum of all Trades in a particular Product in a CFD Direct Account at any given time.
Price	The Buy Price or Sell Price of a Trade, which match the prices offered to or obtained by us or our brokers from the relevant underlying execution venues.
Privacy and Security Policy	Means our privacy and security policy as detailed on our Website and through the Back Office Platform from time to time.
Product	An instrument available through the Trading Platform.
Product Currency	The currency in which a particular Product is denominated, as stipulated on the Trading Platform.
Product Library	The section of the Back Office Platform that contains the list of Products and key information in relation to each Product, including their Attributes and any relevant Rates.
Rates	The rates that vary automatically from time to time in accordance with clause 10.3 without notice being given to you, and which apply to Trades entered into on that Product.
Realised Loss	In respect of a Trade, an Amount equal to any Unrealised Profit Or Loss at the time the Trade is closed, where the Amount is negative.
Realised Profit	In respect of a Trade, an Amount equal to any Unrealised Profit Or Loss at the time the Trade is closed, where the Amount is positive.
Reduce Only	A restriction placed on a CFD Direct Account which prevents you from increasing your Positions. You will be permitted only to place Orders to close Trades and/or cancel any Pending Orders.
Reserved Action	Includes: <ul style="list-style-type: none"> <li>(i) combining or closing any Trades or cancelling or suspending any Orders on a CFD Direct Account;</li> <li>(ii) prohibiting you from accessing or using a CFD Direct Account;</li> <li>(iii) suspending or in any way limiting or restricting your ability to place any Order or declining to action any instruction received from you in relation to a CFD Direct Account;</li> <li>(iv) refusing or delaying to give effect to your request for a withdrawal of money from your CFD Direct Account;</li> </ul>

	<ul style="list-style-type: none"> <li>(v) amending any Initial Margin, spread between the Buy and Sell Price for a Product, Attributes, Prices and Rates, including those relevant to your Trades and/or Orders;</li> <li>(vi) cancelling any Trades (as if they had never been entered into in the first place) and the effect of such Trades on your CFD Direct Account;</li> <li>(vii) imposing special terms in relation to any Order or Trade which, by virtue of its size, is deemed by us to be abnormal by reference to the relevant Product, its volatility or its liquidity;</li> <li>(viii) closing any CFD Direct Account, making a CFD Direct Account Unauthorised To Trade or setting a CFD Direct Account to Reduce Only in accordance with clause 10.4.3 or any other procedure;</li> <li>(ix) exercising any right of Set-Off, making a Deduction or credits, or charging interest, under the Agreement or Applicable Law;</li> <li>(x) retaining any sum owed by you to us or any of our Associates;</li> <li>(xi) suspending the quotation of Market Data, Prices and/or the execution of Orders on the Trading Platform;</li> <li>(xii) removing your ability to place Orders and/or enter Trades from a CFD Direct Account; and/or</li> <li>(xiii) closing out, replacing or reversing any Trade you have executed in breach of this Agreement in whole or part in order to discharge, reduce, offset, hedge or eliminate any of the rights and/or obligations of CMC or its Associates' losses and/or liabilities that may arise as a consequence of that breach.</li> </ul>
Reset Level	In relation to any Trades on a CFD Direct Account, is a percentage of your total Initial Margin displayed on the Back Office Platform at any given time.
Sell Price	The Price at which a sell Trade is entered into and at which a buy Trade is valued and closed.
Set-Off	Has the meaning set out in clause 6.6.1.
Specified Event	<p>An event which includes, but is not limited to, if:</p> <ul style="list-style-type: none"> <li>(i) you, or any Authorised Person appointed by you are the subject of or have been found guilty or at fault in any criminal proceedings or relevant investigation carried out by the appropriate authorities in any jurisdiction of any offence involving dishonesty, financial crime, terrorist financing or a similar offence;</li> <li>(ii) you are the subject of an Insolvency Event;</li> <li>(iii) you are an individual and you die or become of unsound mind or your capacity, as far as it is relevant to the Agreement, is otherwise impaired;</li> </ul>



	<p>(iv) you commit, or attempt to commit, market abuse within the meaning of the Market Abuse Regulation, or we otherwise reasonably suspect that you have contravened clause 5.5.2;</p> <p>(v) you breach any of the terms of this Agreement;</p> <p>(vi) an Error occurs; or</p> <p>(vii) any other circumstance exists where we reasonably believe that it is necessary or desirable to protect you or us, including any breach or potential breach by you of Applicable Law or the Agreement or where you do not respond as reasonably required to any notice, communication or request for further information from us in relation to your CFD Direct Account.</p>
Stop Order	This definition is referred to in the CFD Direct OEP and is an instruction to place an Order in accordance with the relevant conditions set out in the CFD Direct OEP.
Stop-Limit Order	This definition is referred to in the CFD Direct OEP and is an instruction to place an Order in accordance with the relevant conditions set out in the CFD Direct OEP.
Summary Policy of Conflicts of Interest	Means our procedures for identifying and managing conflicts of interest as detailed on our Website and through the Back Office Platform from time to time.
Trade	A CFD on a Product, which seeks to confer similar economic benefits to an investment in the relevant underlying asset, entered into between you and us through the CFD Direct System on a CFD Direct Account.
Trading Hours	In respect of a Product, the times during which the Trading Platform and/or our client management team provides Prices and during which you may give instructions or place Orders for Trades on that Product, as specified in the Product Library and/or on the Trading Platform from time to time. For any particular Forward, the Trading Hours shall apply, subject to the section for the relevant Product in the Product Library and/or on the Trading Platform.
Trading Platform	Our electronic trading platform for Trades, as updated from time to time.
Unauthorised To Trade	A restriction placed on a CFD Direct Account which suspends your ability to place any Order or to give any instruction in relation to that CFD Direct Account.
Unrealised Profit Or Loss	In relation to any Trades on a CFD Direct Account, the Amount calculated in accordance with the information provided on the Back Office Platform and/or the Trading Platform (as relevant to the context). The Unrealised Profit Or Loss displayed on the Trading Platform will always be based on the current relevant buy or sell Price in the relevant Product Currency.
Website	<a href="http://www.cmcmarkets.com.au">www.cmcmarkets.com.au</a>

### Schedule 3- Additional Terms for Algorithmic Execution

This Schedule 3 sets out terms that apply specifically to investing in Trades on a CFD Direct Account using Algorithmic Execution (as defined below). For the avoidance of doubt, such terms apply in addition and supplemental to any other terms in this CFD Direct PDS. Elsewhere in this CFD Direct PDS, references to “Orders” shall include references to Orders placed using Algorithmic Execution. In the event of an inconsistency between this Schedule 3 and any other term in this CFD Direct PDS, the terms of this Schedule 3 shall prevail.

We may make Algorithmic Execution available to you at our sole discretion from time to time, taking into account factors including your ability to understand and manage the complexity of Algorithmic Execution. You may apply for the ability to use Algorithmic Execution by contacting us.

Using Algorithmic Execution involves additional, specific risks that are explained in section 11 of this PDS.

#### 1 Additional Definitions.

In addition to the Definitions section in Schedule 2, in this Schedule 3 when capitalised the following words have the meanings set out below:

Algorithm	An application that will enable you to generate Orders and enter into Trades automatically in order to attempt to meet a specified execution objective. Such applications will continuously and independently place Orders based on parameters specified by you until those parameters are satisfied or you have successfully cancelled Algorithmic Execution.
Algorithmic Execution	In relation to a Trade, an Order placed using an Algorithm.
TWAP	Time-weighted average price. This definition is referred to in the CFD Direct OEP and is an instruction to place an Order in accordance with the relevant conditions set out in the CFD Direct OEP.
VWAP	Volume-weighted average price. This definition is referred to in the CFD Direct OEP and is an instruction to place an Order in accordance with the relevant conditions set out in the CFD Direct OEP.
With Volume	This definition is referred to in the CFD Direct OEP and is an instruction to place an Order in accordance with the relevant conditions set out in the CFD Direct OEP.

#### 2 Algorithms.

- 2.1 Subject to our prior approval, we may make different types of Algorithm available to you through the Trading Platform to enable you to use Algorithmic Execution. We may withdraw any such Algorithm at our sole discretion, without notice to you.
- 2.2 Subject to our making Algorithms available to you, you can access relevant information on each Algorithm through the Trading Platform and our CFD Direct OEP. This information includes the parameters that you must specify in order to use Algorithmic Execution in respect of a particular type of Algorithm.
- 2.3 Algorithms are used to determine the Price, volume, quantity and nature of any Trades you enter into with us as the result of using Algorithmic Execution. The Algorithms are the property of our underlying brokers. For the avoidance of doubt, any intellectual property in the Algorithms remains the property of our underlying brokers (in accordance with and subject to the provisions in clause 13.2) and such brokers shall assume no liability, responsibility or obligations to you and you shall have no contractual or other relationship with such liquidity providers.

### **3 Using Algorithmic Execution.**

- 3.1 To use Algorithmic Execution, you must select an Algorithm and provide the information requested by the Trading Platform, which shall include setting the parameters on which the operation of the Algorithm shall be based and specifying the relevant Product in relation to which the Algorithm should generate Orders.
- 3.2 For the avoidance of doubt, once you have initiated Algorithmic Execution, you shall be responsible for and bound by any and all Trades arising or resulting from such Algorithmic Execution (including any Trades entered into as the result of Orders generated by the Algorithm) until the parameters specified by you are satisfied or you have successfully cancelled such Algorithmic Execution.
- 3.3 Once initiated, you will be solely responsible for monitoring the performance and effect of Algorithmic Execution.

### **4 Cancelling Algorithmic Execution.**

- 4.1 You may cancel or amend an instance of Algorithmic Execution through the Trading Platform. However, a cancellation will only take effect once it has been received and processed by the Trading Platform. In certain circumstances, there may be a delay between you submitting a request to cancel or amend an instance of Algorithmic Execution and that cancellation or amendment request taking effect. In such circumstances, you shall remain responsible for and bound by any and all Trades arising or resulting from the relevant instance of Algorithmic Execution until the cancellation or amendment takes effect, notwithstanding the fact that such Trades may not be in accordance with your subsequent cancellation or amendment.
- 4.2 For the avoidance of doubt, we may cancel or amend an instance of Algorithmic Execution without warning in our sole discretion in accordance with clause 9.