



MARGIN FOREIGN EXCHANGE &  
CONTRACTS FOR DIFFERENCE  
PRODUCT DISCLOSURE STATEMENT

**AxiTrader Limited** (Trading as CMG)  
**BCN 25417 BC 2019**

## CONTENTS

1.	IMPORTANT INFORMATION.....	3
2.	CLIENT SUITABILITY .....	5
3.	QUESTIONS & ANSWERS.....	7
4.	KEY BENEFITS.....	13
5.	RISK WARNING .....	15
6.	HOLDING YOUR MONEY.....	22
7.	MARGINS AND MARGIN CALLS.....	24
8.	FEEES, COSTS AND CHARGES.....	29
9.	TAXATION IMPLICATIONS .....	31
10.	CLIENT AGREEMENT.....	31
11.	REMUNERATION OF OUR ADVISERS AND THIRD PARTIES .....	32
12.	COMPLAINTS AND DISPUTE RESOLUTION.....	32
13.	PRIVACY POLICY.....	32
14.	INTERPRETATION AND GLOSSARY .....	33

## 1. IMPORTANT INFORMATION

### 1.1 ABOUT THIS PDS

This Product Disclosure Statement (**PDS**) is dated 17 June 2019 and is issued by AxiTrader Limited or CMG (trading name of AXI Trader Limited), Business Company Number 25417 BC 2019 (“**CMG**”, “**we**”, “**our**” or “**us**”) in relation to its Margin Foreign Exchange and Contracts for Difference products. This PDS is designed to assist you in making an informed decision regarding opening an Account and trading our products. Before deciding whether to acquire our Products, you should read this PDS, the Financial Services Guide (**FSG**), Client Agreement (**CA**) and the Product Schedule (**PS**) and consider whether our products are a suitable investment for you.

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

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

### 1.2 GENERAL ADVICE WARNING

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

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

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

**You should read and consider the risk factors associated with trading our Products in Section 6 (Risk Warning). You may incur losses in addition to any fees and costs that apply. These losses are not limited and may be far greater than any money deposited into your Account or amounts required to deposit to satisfy any Margin Requirement.**

### 1.3 CMG AS THE PRODUCT ISSUER

CMG’s creditworthiness as the product issuer has not been assessed by an approved rating agency. This means that CMG has not received an independent opinion of its capability and willingness to repay its debts from an approved source.

### 1.4 COMPANY REGISTRATION

CMG is registered as a business company with the Financial Services Authority (**FSA**).

The FSA does not regulate, monitor, supervise or licence margin FX and contracts for difference issuers. The FSA has not approved this PDS, the Client Agreement or any other document issued by CMG.

## 1.5 JURISDICTION NOTICE

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

There are legal requirements in various countries that may restrict the information that we are lawfully permitted to provide to you. Accordingly, unless expressly stated otherwise, the information in this document is not intended for any person who is a resident of any country where the provision of this information or the issue of the Products is restricted.

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

## 1.6 CONFLICT OF INTEREST DISCLOSURE

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

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

We also have relationships with other third parties which may give rise to conflicts of interests. See section 13 for more information.

## 1.7 OUR CONTACT DETAILS

**Email** [support@cmgau.com](mailto:support@cmgau.com)

**Website** [www.cmgau.com](http://www.cmgau.com)

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

Our registered address is: AxiTrader Limited, Suite 305, Griffith, Corporate Centre, PO Box 1510, Beachmont, Kingstown, Saint Vincent and the Grenadines.

## 1.8 TRADING & OFFICE HOURS

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

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

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

## 1.9 REFERENCES TO TIMES AND AMOUNTS

Unless otherwise specified, references in this PDS to dollar amounts are to US Dollars and to times are to the time in New York, United States.

## 2. CLIENT SUITABILITY

### 2.1 SUITABILITY ASSESSMENT

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

In order to qualify to trade with us, CMG may require potential clients to undertake a suitability assessment.

The client suitability assessment does not amount to personal financial product advice. We will only be providing you with general advice and as such, this advice will not take into account your objectives, financial situation or needs. Accordingly, you should obtain your own financial, legal, taxation and other professional advice as to whether Margin FX Contracts or CFDs are an appropriate investment for you.

### 2.2 OPENING AN ACCOUNT

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

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

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

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

collection, use, disclosure and transfer of that information as set out in the Privacy Policy.

### 2.3 ANTI-MONEY LAUNDERING

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

You also warrant that:

- a) you are not aware and have no reason to suspect that:
  - (i) the monies used to fund your transactions have been or will be derived from or related to any money laundering, terrorism financing or other illegal activities whether prohibited under Saint Vincent and the Grenadines law, international law, convention or by agreement; and
  - (ii) the proceeds of your investment will be used to finance any illegal activities; and
- b) you are not a politically exposed person or organisation as the term is used in the AML Regulations.

### 2.4 ACKNOWLEDGMENTS

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

- are aware that investing in derivatives carries a high level of risk to capital and due to the potential volatility and fluctuations in value, you may not get back the amount of your original investment and in certain circumstances you may be liable to pay a

far greater sum than your initial investment, with losses being higher than all the funds you have deposited with us;

- have considered your objectives, financial situation and needs and the significant risks of loss that accompany the prospects of profit associated with dealing in CMG Products and have formed the opinion that dealing in those Products is suitable for your purposes;
- were advised by CMG to obtain independent legal and financial advice concerning this PDS, the Client Agreement and any other ancillary information which you have questions about;
- consent to CMG collecting, maintaining, using and disclosing Personal Information about you and provided by you in accordance with our Privacy Policy;
- received or downloaded this PDS with the Client Agreement, and have read and understood those documents;
- agree that CMG will provide its Services to you on the basis of the Client Agreement and in particular that you will receive documents such as trade Confirmations and where applicable, daily statements in electronic form; and
- understand that Margin Calls will be delivered as set out in section 8.9 below.

## 2.5 DEPOSITING FUNDS

Clients may deposit funds through various channels.

CMG may process funds through a Related Body Corporate or a service provider.

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

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

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

You must ensure that any transfer made to CMG is from an account in your name and not from that of a third party.

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

## 2.6 CHANGING YOUR MIND – COOLING OFF PROVISIONS

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

### 3. QUESTIONS & ANSWERS

#### 3.1 WHAT ARE MARGIN FX CONTRACTS?

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

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

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

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

The balance in your Account will also be affected by other amounts you must pay to us in respect of your Account such as interest on debit balances.

#### 3.2 WHAT IS A CFD?

A contract for difference or CFD is an agreement under which you may speculate on fluctuations in the price of an Underlying Instrument. The price of the CFD is based on the price or level of the relevant Underlying Instrument, which may be an index, commodity, futures contract, cryptocurrency or other Underlying Instrument as may be notified to you from time to time. **However, you will not own or have any interest or right in the Underlying Instrument and cannot close an open Position through an exchange or other CFD provider.**

The amount of any profit or loss made on a CFD will be the net of:

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

#### 3.3 WHAT IS A POSITION?

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

#### 3.4 WHAT IS "OVER THE COUNTER"?

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

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

**Refer to section 5 of this PDS for more information.**

#### 3.5 WHAT CHARGES ARE PAYABLE WHEN DEALING IN OUR PRODUCTS?

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

- payment of Margins;
- commissions;
- Swap Charges and Rollover Charges;
- interest applied to debit balances in your Account; and
- administration charges.

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

### **Example of going long in Margin FX**

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

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

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

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

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

A Rollover Credit is generated because AUD is the higher yielding currency and you are long AUD:  
 $100,000 \times (0.9280 - 0.9279) = \text{USD}10$

You close your position by selling AUD, realising profit as a result of the appreciation in AUD:  
 $100,000 \times (0.9350 - 0.9280) = \text{USD}700$

There is no commission or other charges on this transaction.

The total profit of this transaction is USD710.

### **Example of going short in Margin FX**

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

trade when the USD was trading at 0.9352 (offer price).

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

A Rollover Charge is generated because AUD is the higher yielding currency and you are short AUD:  
 $100,000 \times (0.9278 - 0.92765) = \text{USD}15$

You close your position by buying AUD realising loss because of the appreciation in AUD:  
 $100,000 \times (0.9352 - 0.9278) = \text{USD}740$

There is no commission or other charges on this transaction.

The total loss of this transaction is USD755.

### **Other examples**

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

## **3.6 HOW DO WE DETERMINE THE PRICES OF MARGIN FX CONTRACTS AND CFDs?**

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

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

**Index Future CFDs:** our prices for Index Future CFDs are based on the prevailing price of the Underlying Instrument, which is a futures contract based on an equity index. We derive our price by applying our spread to the prevailing bid and offer price in the Underlying Instrument.

**Commodity CFDs:** our Commodity CFDs are based on the prevailing price of the Underlying Instrument, which is a future or Cash Future CFD contract. We derive our price by applying our spread to the



prevailing bid and offer price in the Underlying Instrument.

**Cash Future CFDs:** Our prices for Cash Future CFDs are based on the prevailing price of the Underlying Instrument, which is an equity future or cash contract based on an equity index or an oil cash contract. We derive our price by applying our spread to the prevailing bid and offer price in the Underlying Instrument.

**Cryptocurrency CFDs:** our Cryptocurrency CFDs are based on the prevailing price of the Underlying Instrument, which is a cryptocurrency exchange price. We derive our price by applying our spread to the prevailing bid and offer price in the Underlying Instrument.

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

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

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

CMG's aim in making any adjustment to pricing will be to act fairly to you. CMG will not seek to take advantage of pricing errors in order to advantage itself.

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

For example, if there is a market disruption which results in CMG's liquidity provider quoting pricing to

CMG which does not reflect the price or level of the relevant Underlying Instrument, CMG may inadvertently quote an incorrect price to you. If you enter into a Position based on such incorrect pricing, CMG may subsequently adjust parameters of the transaction to put you and CMG back into as close a position as possible to the position the parties would have been in had the pricing Error not occurred.

### **3.8 WHAT IS “SLIPPAGE”**

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

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

Slippage should not be confused with a market gap. Markets may gap, either over the weekend or due to significant unexpected news events. In this case, there is no trading between one price and another. No transactions are conducted in the Contract and the market price is discontinuous.

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

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

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

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

For our Bullion CFD, Commodity CFD, Index Future CFD, Cash Future CFD and Cryptocurrency CFD products, we typically price products whenever the Underlying Instrument is trading. If the Underlying Instrument is subject to exchange halts or suspension, then our pricing will typically be suspended or halted, and clients will not be able to enter or exit positions.

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

### **3.10 WHAT PAYMENT OPTIONS DO I HAVE?**

We offer a number of payment options for clients to open and fund their accounts and provide credit card funding for ease of providing secure electronic payment system to our clients. This is used for both instantaneously funding accounts and meeting Margin Calls.

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

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

trading losses, it will lead to a greater risk of the client entering financial difficulty.

### **3.11 WHAT IS THE MINIMUM BALANCE TO OPEN AN ACCOUNT?**

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

### **3.12 HOW DO YOU DEAL IN MARGIN FX CONTRACTS OR CFDS WITH US?**

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

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

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

### **3.13 WHAT ARE “LONG” AND “SHORT” POSITIONS?**

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

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

See section 3.5 above for examples of ‘long’ and ‘short’ Positions.

### **3.14 WHAT ARE MY “FREE EQUITY” AND “TOTAL EQUITY”?**

Your Total Equity is the aggregate of:

- the current cash balance in your Account;
- any accumulated Swap Charges; and
- your current unrealised profits and losses.

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

### **3.15 WHAT IS MARGIN?**

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

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

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

Total Margin Requirements will fluctuate with the value of the Underlying Instrument on which the contract is based. Further, where you deal in a contract that is denominated in a currency other than your Account Currency, your Total Margin Requirement will be affected by changes in value of the respective currencies.

See section 7 (Margin and Margin Calls) for more information.

### **3.16 WHAT IS A MARGIN CALL?**

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

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

See section 7 (Margin and Margin Calls) for more information.

### **3.17 HOW DO I CLOSE OUT A POSITION?**

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

### **3.18 CAN I HOLD LONG AND SHORT POSITIONS AT THE SAME TIME?**

Yes, the Trading Platform will allow long and short Positions in the same instrument to be held at the same time.

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

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

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

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

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

Margin on the net open Position which must be maintained.

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

### **3.19 HOW ARE PAYMENTS MADE IN AND OUT OF MY ACCOUNT?**

You may deposit funds by credit card, bank transfer or by other methods as disclosed on our Website.

All funds must be cleared funds in your Account before they are treated as satisfying a Margin Call or can be made available for you to use in dealing in Margin FX Contracts or CFDs.

Withdrawals from your Account will be processed either by payment back to your card, through bank transfer or by other methods as disclosed on our Website.

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

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

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

We may charge interest on any debit balances in a currency ledger on your Account. Interest will be calculated separately on each currency ledger after deducting Margin Requirements for instruments held and valued in those currencies.

### **3.21 WHAT HAPPENS IF I HOLD A POSITION OVERNIGHT?**

**In relation to Margin FX Contracts and Bullion CFDs**, a Swap Charge or Swap Benefit may accrue daily for any trades held past the market close at 5PM New York time (00:00 MT4 Server time) Monday to Friday. The Swap Charge or Swap Benefit is based on the relative interest rate between the two currencies. For example, if you were buying the AUD and selling the USD, and the Australian interest rate is higher than the US Interest rate, you would typically receive a positive Swap Benefit overnight. If you were selling the AUD-USD or going 'short', you would typically pay a Swap Charge. The Swap process is completed at 5PM New York time (00:00 MT4 Server time) Monday to Friday.

In relation to other products and for further information see section 8.3 (Swaps and Rollovers).

### **3.22 HOW DO I LEARN TO USE THE TRADING PLATFORM AND HOW TO DEAL WITH YOU?**

Our Trading Platform contains an extensive user guide which is accessible from the 'Help' menu. CMG also provides free practice accounts also known as "Demo" accounts. Contact our client services team for further details.

### **3.23 WHAT IF I NEED FURTHER INFORMATION?**

You should speak to your financial advisor, or, alternatively, you can contact us by:

- Email: [support@cmgau.com](mailto:support@cmgau.com)
- Website: [www.cmgau.com](http://www.cmgau.com)

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

## **4. KEY BENEFITS**

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

### **4.1 SPECULATION**

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

### **4.2 MARKET POSITION**

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

### **4.3 LEVERAGE**

The use of our financial Products involves a high degree of leverage. These contracts enable a user to outlay a relatively small amount (in the form of Initial Margin) to secure an exposure to the Underlying Instrument. But you must be aware that this leverage can work against you as well as for you. The use of leverage can lead to large losses as well as large gains (see sections 5.1 and 5.3).

### **4.4 TRANSACTION COSTS**

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

#### 4.5 MULTIPLE ASSET CLASSES

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

#### 4.6 THE TRADING PLATFORM

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

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

#### 4.7 WORKING ORDERS

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

##### **Important notice about this section:**

If you request placement of one of the types of orders described in this section, we have absolute discretion whether or not to accept and execute any such requests.

##### **Stop-Loss Orders:**

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

Stop-loss orders must be placed at a minimum distance from our current bid and offer prices. The minimum distance is specified on the Trading Platform and will be advised to you upon request.

We will execute a stop-loss order once the offer price reaches the order price in the case of a buy-order, or our bid price has reached the order price in the case of a sell-order.

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

The operation of these order types should be discussed with one of our representatives. You should also refer to the Client Agreement with respect to the operation of these order types.

##### **Stop-Entry Orders:**

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

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

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

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

#### **Limit Orders:**

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

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

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

#### **How to place working orders with us:**

Orders may be placed online via our Trading Platform. If you require assistance you should contact one of our representatives. There are no fees specifically associated with using working orders via our online Trading Platform.

#### **Our right to impose order limits:**

We retain the right to impose or change a limit on the number of open pending orders of each account to prevent the degradation of the Trading Platform.

## **5. RISK WARNING**

### **5.1 ARE CMG'S PRODUCTS APPROPRIATE FOR YOU?**

You must carefully consider whether CMG's Products are appropriate for you in light of your personal circumstances, financial markets experience and investment objectives. **In making this decision you should be aware you could both gain and lose large amounts of money. You could potentially lose all the funds you deposit into your Account.** In addition, you could lose further amounts as explained below.

- If the market moves against your Position, or in the case of Commodity CFDs your Position is rolled over you may be required, at short notice, to deposit with CMG further monies as Margin in order to maintain your Position. Those additional funds may be substantial. If you fail to provide those additional funds your Position may be liquidated if the Liquidation Level is triggered. You will be liable for any shortfall in your Account resulting from that liquidation.
- You could lose all moneys deposited with CMG, and in addition, be required to pay CMG further funds representing losses and fees on your open and closed Positions. For example, although you may only invest \$1,000 in an Account as Margin, if the market moves against your Position, you could lose more than \$1,000.
- Under certain conditions, it could become difficult or impossible for you or us to close or liquidate a Position. For example, this can happen when there is a significant change in prices over a short period or some change in government policy causes an Underlying Instrument to be suspended, closed or revalued. Refer to sections 5.2 and 5.7 for a more detailed explanation about these risks.
- CMG will not or may be unable, in all circumstances, to accept your request to place an order. Refer to sections 5.2 and 5.7 for further details.

- If CMG accepts your request to place an order, such an order may not always limit your losses to the amounts that you had intended.
- Market conditions may make it impossible to execute such orders. Refer to Section 5.2 for more detailed explanation about these risks.
- The high degree of leverage that is obtainable in dealing in CMG Products because of small Margin Requirements can work against you as well as for you. The use of leverage can lead to large losses as well as large gains.

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

## 5.2 MARKET RISK

### **Derivative instruments are speculative & volatile**

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

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

### **Dealing is affected by factors in the Underlying Instrument**

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

Positions by entering into offsetting Positions in another Contract or closing existing Positions.

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

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

As a result, a potentially profitable transaction may not be executed, or it may not be possible to close out a Position in a timely fashion at the price you require. This may lead to reduced profits and high losses.

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

As a result, a potentially profitable deal may not be executed, or it may not be possible to close out a Position in a timely fashion at the price you want, resulting in reduced profits or higher losses.

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

### **Foreign exchange risks**

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



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

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

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

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

#### **Loss caused by spread**

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

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

#### **Interest rate fluctuations**

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

Should you hold a long Position in a Bullion CFD, Index Future CFD, Commodity CFD or Cryptocurrency CFD and the interest rate of the currency in which it is

denominated rises significantly then the value of the Position may drop significantly causing losses.

Should you hold a long Position in a Cash Future CFD and the interest rate of the currency in which it is denominated rises significantly then the value of the Position is likely to drop significantly causing losses however a financing credit will be realised.

#### **Rolling over Future CFDs**

Upon expiry of any future CFD, open Positions will be rolled on the expiry date of the CFD contract.

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

### **5.3 LEVERAGE & DEALING ON MARGIN**

You may incur losses due to a Margin FX Contract or CFD trading. These losses may be far greater than the money that you have deposited into your Account or are required to satisfy Margin Requirements. In addition, you could be required to pay further funds that represent losses and other fees on your open and closed Positions.

#### **Changes in Margin Requirements**

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

If CMG determines that Force Majeure Event exists, then it may (without prejudice to any other rights under the Client Agreement and at its sole discretion) increase the Margin Requirement. Whilst we endeavour to provide as much notice as possible this may occur without us being able to provide prior notice. Accordingly, you should be prepared at any time to have funds equal to the notional value of their

Positions available to meet any increase in the Total Margin Requirement.

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

You will incur a Margin Requirement based on the value of the CMG Product determined by us. If you do not satisfy that Margin Requirement we have the right, but not the obligation, to close that Position and you will be liable for any loss suffered.

### **Risk Resulting from Margin Calls**

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

- some or all of your open Positions being closed or liquidated by us;
- you being prevented from opening new Positions or extending existing Positions; and
- you being liable for interest charges on negative or debit balances.

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

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

trigger the liquidation of Contracts even though the Position is hedged.

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

### **Margin Calls when Positions are Hedged or Partially Hedged**

Clients are permitted to have both long and short Positions in the same instrument at the same time. However, Margin Requirements still apply.

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

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

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

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

### **5.4 CMG ACTS AS PRINCIPAL & PRODUCT ISSUER**

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

As CMG issues the Products, you are exposed to the financial and business risks, including credit risk, associated with dealing with CMG.

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

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

## **5.5 COUNTERPARTY RISK**

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

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

CMG's creditworthiness as the Product issuer has not been assessed by an approved rating agency. This means that CMG has not received an independent opinion of its capability and willingness to repay its debts from an approved source.

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

## **5.6 SEGREGATED ACCOUNTS**

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

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

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

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

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

### **What is an unsecured creditor?**

In the event of our insolvency, as an unsecured creditor, clients will need to submit to the liquidator proof of the balance of CMG's obligations, as evidenced by their Account statements. Refer to section 6.4 of this PDS for information about how client monies are treated in this circumstance.

## **5.7 OUR DISCRETIONS**

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

### **Circumstances in which CMG may close client open Positions**

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

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

CMG reserves the right to close a client's open Positions if a Product is removed from our Product

Schedule. Circumstances in which we may remove a Product include when the Underlying Instrument is prohibited by a government or by regulations from being traded.

### **Right to limit Open Positions**

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

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

### **Right to refuse transactions**

CMG has the right under the Client Agreement to refuse any transaction or order for any reason.

Circumstances in which CMG may decide to do so include, but are not limited to the following:

- where CMG is, in its opinion, unable to maintain an orderly market in any one or more of the Products as a result of the occurrence of any act, omission or event (including any specific or general circumstance beyond CMG's control such as a natural disaster, political or regulatory occurrences or upheaval, disruption to, communications, power or other infrastructure);
- the suspension, closure, liquidation or abandonment of any relevant market or Underlying Instrument;
- the imposition of limits or special or unusual terms in the relevant markets or Underlying Instrument such as the prohibition of short selling in an Underlying Instrument or the introduction, change or abandonment of any price controls;
- the excessive movement, volatility or loss of liquidity in the relevant markets or Underlying Instrument;

- when CMG, in its opinion, considers it necessary for the protection of its rights under the Client Agreement; or
- when CMG considers that the client may be in possession of "inside information" as defined by the laws of the relevant country.

## **5.8 REGULATORY & SOVEREIGN RISK**

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

## **5.9 WARNING REGARDING ONE-CLICK DEALING**

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

## **5.10 OPERATIONAL RISKS**

### **Electronic Advisors**

Clients are advised of the risks in utilising electronic trading advisors. CMG bears no responsibility for the performance of these trading systems and will accept no responsibility for losses arising from their use whatsoever.

### **Communication Networks**

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

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

### **Trading Platform**

There are operational risks associated with any trading platform and any disruption to our Trading Platform may mean that you will be unable to trade in the

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

We reserve the right in unforeseen and extreme market situations to suspend the operation of our Trading Platform or any part or section of it. In such an event, we may, at our sole discretion, and under the Client Agreement, with or without notice, close out your open Contracts at prices we consider fair and reasonable at such time.

#### **5.11 EVENT OF DEFAULT**

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

## 6. HOLDING YOUR MONEY

### 6.1 SEGREGATED BANK ACCOUNTS

All client funds are held on trust and will be paid into segregated bank accounts maintained by us with a top-tier banking institution which is regulated by the UK Prudential Regulation Authority (PRA) or elsewhere, regulated by an equivalent regulatory authority.

Segregated bank accounts are held in AxiTrader's name but are established to hold retail client funds separate from AxiTrader's own funds.

We do not hold individual segregated accounts and your moneys will be co-mingled into one or more segregated bank account with other retail client money.

We will deposit any moneys due to you in relation to dealings in our Products into a segregated bank account.

We will pay, withdraw, deduct or apply any amounts from your money held in any segregated bank account in the following circumstances:

- to defray brokerage and other proper charges (e.g. commissions);
- to pay us other money to which we are entitled;
- to withdraw wholesale client funds paid into or held in the segregated bank account; and
- where interest is earned on the account, and we have disclosed to you that we intend to keep any interest payments.

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

We are solely entitled to any interest derived from client money being deposited in a bank account by us with such interest being payable to us from the relevant bank account when we determine.

### 6.2 WHOLESALE CLIENT FUNDS

AxiTrader on-boards all clients as retail clients and holds retail client money in segregated bank accounts separate from our own money.

Subsequently, AxiTrader assesses each client's wholesale or retail client status from time to time.

**Funds held on behalf of wholesale clients may be used by AxiTrader to meet its obligations incurred in connection with margining, guaranteeing, securing, transferring, adjusting or settling dealings in derivatives, including dealings on behalf of other clients.**

**Note that this may result in a shortfall in respect of your client money entitlement.**

The assessment of wholesale client status comprises a financial value test which operates as follows:

- If a client has, at any time, held positions in derivatives with a notional value totalling A\$500,000 or more, the client is deemed to be a wholesale client.
- The value of the derivative is calculated by the notional value of the derivative. This means, that, for example, a client who enters into a derivative with a notional value of A\$500,000 will be regarded as a wholesale client, even if the position has a leverage of 100 times such that the client is only required to deposit A\$5,000 as Initial Margin.
- A number of different derivatives (short or long) can be aggregated together to meet the A\$500,000 threshold if they are entered into at or about the same time.

We will notify you in writing if you meet the required threshold to be classified as a wholesale client under the financial value test.

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

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

We will also provide you with an annual notice of your current classification as a wholesale client or a retail client.

### **6.3 CLIENT MONEY REPORTING**

CMG has established policies for client money record-keeping, reconciliations and reporting. Under these policies we will:

- keep accurate records of the amount of client money we receive from you, and retain them for a minimum of seven years;
- perform daily reconciliations of the amount of client money we have recorded against the amount actually held in the client money account, some of which will include your client money;
- transfer surpluses in segregated client funds from, or deficits in segregated clients' funds to segregated bank accounts within three days of each reconciliation date;
- perform monthly reconciliations within 10 business days of each month end and report any discrepancies to senior management;
- prepare a monthly compliance report to senior management evidencing adherence to client money policies;
- prepare an annual directors' declaration and an external auditor's report on our compliance with the client money policies within three months of the end of each financial year; and
- publish on our Website the most recent annual directors' declaration and external auditors report.

### **6.4 CLIENT MONEY PROTECTION**

#### **Retail client money**

In the event that CMG becomes insolvent, merges with another business or ceases to carry on some or all of its activities, retail client money held by us, will be distributed as set out below:

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

#### **Wholesale client money**

Wholesale clients are treated as general creditors in the event of insolvency.

## 6.5 WARNING ABOUT SEGREGATED ACCOUNTS

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

The purpose of these accounts is to segregate retail clients' money, from our own funds. However, an individual client's money is comingled into one or more segregated bank accounts.

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

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

## 6.6 WHAT IS AN UNSECURED CREDITOR?

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

## 7. MARGINS AND MARGIN CALLS

### 7.1 MARGIN AND MARGIN CALLS

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

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

### 7.2 INITIAL MARGIN

The Initial Margin is an amount of money, which is due from you at the time the Position is entered into. The Initial Margin is security to protect ourselves against possible market movements.

When you open a Position with us in Margin FX Contracts and CFDs you will need to have sufficient Free Equity in your Account to satisfy the Margin Requirement for that Position. Margin Requirements vary with each product and a list of current Standard Margin Rates is set out in the CMG Product Schedule available on our Website.

### 7.3 EXAMPLES OF MARGIN REQUIREMENTS

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

#### Margin FX Margin Requirements

The Initial Margin requirement on Margin FX rate will be calculated by using two factors; your account leverage setting and the symbol's standard margin rate. Your Margin Requirements on Cash Future CFDs can be calculated as follows: Lot volume x contract size x contract price / account leverage x standard margin factor.

For example, to buy one lot of EURUSD Margin FX contracts at 1.2000 with a 1% standard margin rate, the Margin Requirements would be calculated as follows: For a client with an account leverage of 100:1 the margin requirement is calculated as 1 lot x EUR



$100,000 \times 1.20000 \text{ price} / 100 \text{ leverage} * 1 \text{ standard margin factor} = \text{EUR } 1,200.$

For a client with a higher account leverage of 400:1 the margin requirement is calculated as 1 lot x EUR  $100,000 \times 1.20000 \text{ price} / 400 \text{ leverage} * 1 \text{ standard margin factor} = \text{EUR } 300.$

### **Bullion CFDs Margin Requirements**

The Initial Margin Requirement on Bullion CFDs is generally 1% of the notional value of your Position. Margin Requirements on Bullion CFDs are calculated as follows:  $\text{Margin Requirement} = \text{Contract Quantity} \times \text{contract price} \times \text{Margin Percentage}.$

For example, to buy 100 ounces (1 standard contract) of XAUUSD Bullion CFDs at a price of USD750 the Margin Requirement would be calculated as follows:  $(100 \times 750) \times 1\% = \text{USD } 750.$

### **Cash Future CFDs Margin Requirements**

Cash Futures CFDs Initial Margin rate will be calculated by using two factors; your account leverage setting and the symbol's standard margin rate. Your Margin Requirements on Cash Future CFDs can be calculated as follows:  $\text{Lot volume} \times \text{contract size} \times \text{contract price} / \text{account leverage} \times \text{standard margin factor}.$

For example, to buy one Lot of USOIL CFDs trading at \$70.00 with a 4% standard margin rate, the Margin Requirements would be calculated as follows: For a client with a leverage of 100:1 the margin requirement is calculated as  $1 \text{ lot} \times 10 \text{ barrels} \times \$70.00 \text{ price} / 100 \text{ leverage} * 4 \text{ standard margin factor} = \text{USD } 28.00.$

For a client with a higher leverage of 400:1 the margin requirement is calculated as  $1 \text{ Lots} \times 10 \text{ barrels} \times \$70.00 \text{ price} / 400 \text{ leverage} * 4 \text{ standard margin factor} = \text{USD } 7.00.$

### **Commodity CFDs Margin Requirements**

The Initial Margin requirement on Commodity CFDs is generally 1%. Commodity CFDs have minimum point increments (or "ticks") of between 0.01 and 1.0. As a result, your Margin Requirement can be calculated as follows:  $\text{Margin Requirement} = (\text{Margin Percentage} \times$

$\text{current contract price} / \text{minimum point increment}) \times \text{Contract Quantity}.$

For example, to buy 10 USWTI CFDs at a price of USD70, the Margin Requirement would be calculated as follows:  $(1\% \times 70/0.01) \times 10 = \text{USD } 2,100.$

Please refer to CMG's Product Schedule for individual commodity tick values.

### **Index Cash CFDs Margin Requirements**

The Index Cash CFDs Initial Margin rate will be calculated by using two factors; your account leverage setting and the symbol's standard margin rate. Your Margin Requirements on Index Cash CFDs can be calculated as follows:  $\text{Lot volume} \times \text{contract size} \times \text{contract price} / \text{account leverage} \times \text{standard margin factor}.$

For example, to buy two Lots of GER30 Index Cash CFDs trading at 12,000 with a 4% standard margin rate, the Margin Requirements would be calculated as follows: For a client with a leverage of 100:1 the margin requirement is calculated as  $2 \text{ lots} \times 1 \text{ EUR} \times 12,000 \text{ price} / 100 \text{ leverage} * 4 \text{ standard margin factor} = \text{EUR } 960.$

For a client with a higher account leverage of 400:1 the Margin Requirement is calculated as  $2 \text{ lots} \times 1 \text{ EUR} \times 12,000 \text{ price} / 400 \text{ leverage} * 4 \text{ standard margin factor} = \text{EUR } 240.$

### **Index Future CFDs Margin Requirements**

The Initial Margin requirement for Index Future CFDs is generally 1% of the notional value of the Position. Margin Requirements on Index Future CFDs can be calculated as follows:  $\text{Margin Requirement} = \text{Margin Percentage} \times \text{contract price} \times \text{Contract Quantity}.$

For example, to buy 10 AUS SPI 200 Index Future CFDs trading at 6,000, the Margin Requirement calculation would be as follows:  $1\% \times 6,000 \times 10 = \text{AUD } 600.$

### **Cryptocurrency CFD Margin Requirements**

The Initial Margin requirement on Cryptocurrency CFDs is generally 80% of the notional value of your Position. Margin Requirements on Cryptocurrency

CFDs are calculated in USD using a forex formula that incorporates the account leverage factor as follows:  
Margin Requirement = Contract Quantity x contract size x contract price / account leverage x Initial Margin factor.

For example, to buy 2 Bitcoin (standard contracts size of 1) of BTCUSD CFDs at a current market price of USD 4,000 and 1:400 account leverage and 80% Initial Margin. The Margin Requirement would be calculated as follows:  $2 \times 1 \times \text{USD } 4,000 \times 1/400 \times 80 = \text{USD } 1,600$ .

#### **7.4 TOTAL EQUITY BALANCES**

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

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

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

To assist you, Total Equity and Free Equity together with Total Margin Requirement are available on the Trading Platform and are published in a daily statement.

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

#### **7.5 PROFITS AND LOSSES**

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

#### **7.6 VARIATION MARGIN**

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

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

#### **7.7 CHANGE TO MARGIN REQUIREMENTS**

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

Furthermore, if we determine that a Force Majeure Event exists then we may, without prejudice to any other rights under the Client Agreement and at our sole discretion, take any one or more of the steps outlined in clause 14.5 of the Client Agreement.

One of the steps that we may take is to increase the Margin Requirements from that specified up to 100%. Accordingly, in extreme cases, you should be prepared at any time to have funds equal to the notional value of your Margin FX Contract or CFD available to meet any increase in the Margin Requirements by us.

#### **7.8 MONITORING MARGIN REQUIREMENTS**

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

If the value of the Position moves against you, then you will be required to deposit additional funds (Variation Margin) and, if so, you will be subject to a Margin Call; i.e. to pay additional Margin or,

alternatively, to close the Position in order to reduce your Initial Margin. In other words, you must maintain sufficient Free Equity in your Account in cleared funds to cover any increases in your Total Margin Requirement. If your Total Margin Requirement exceeds your Total Equity, your Account will be placed on Margin Call. If your Account reaches the Liquidation Level some or all of your Positions may be liquidated.

#### **7.9 NOTIFICATION OF MARGIN CALL**

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

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

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

#### **7.10 MARGIN CALLS WHERE SEVERAL POSITIONS ARE OPEN**

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

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

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

#### **7.11 MARGIN CALLS WHERE POSITIONS ARE HEDGED OR PARTIALLY HEDGED**

Clients are permitted to have both long and short positions in the same instrument at the same time. However, Margin Requirements still apply.

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

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

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

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

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

#### **7.12 PAYMENT OF MARGIN CALLS**

As pointed out in section 7.8, if your open Positions move against you and your Free Equity balance falls below your Total Margin Requirement, your Account will be placed on Margin Call.

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

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

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

Once your Free Equity balance falls below your Total Margin Requirement, you may be restricted from dealing on your Account until your Free Equity balance meets or exceeds your Total Margin Requirement.

### 7.13 FAILURE TO MEET MARGIN CALLS

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

### 7.14 REVALUATION OF POSITIONS

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

### 7.15 LIQUIDATION LEVEL

We may place a liquidation order for your open Position(s) when your Total Equity balance falls below the Liquidation Level or zero, whichever is the greater. At or below this Liquidation Level, we may liquidate some or all of your open Positions. However, we do not represent or warrant that we will place such liquidation orders, that they will be executed, or that your open Positions will be closed out at any particular level. You are responsible for losses that you may incur, despite us having the right to close out your Position before the losses were incurred.

Liquidation Level is the ratio between Total Equity and Margin Requirement.

$$\text{Liquidation Level} = \frac{\text{Account Balance +/- Unrealised Profits}}{\text{Margin Requirement}}$$

The Liquidation Level is specified in the Product Schedule and within the Trading Platform. We may vary the Liquidation Level by providing details on the Website and in our Product Schedule or otherwise in accordance with the Client Agreement.

### 7.16 ORDER OF POSITION CLOSURE

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

- Contracts which are currently open and quoted by CMG;
- The Contract with the largest Initial Margin requirement will be closed first; and
- Remaining contracts will be closed in descending order based on their Initial Margin requirement.

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

## 8. FEES, COSTS AND CHARGES

### 8.1 GENERAL

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

- Margin Requirements;
- Swap Charges and Rollover Charges;
- interest charges applied to debit balances in your Account;
- exchange fees; and
- administration charges.

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

### 8.2 COMMISSIONS

#### Standard Account

No commissions are charged on transactions executed in our Standard Accounts.

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

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

#### Pro Account

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

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

### 8.3 SWAPS AND ROLLOVERS

In relation to Margin FX Contracts and Bullion CFDs a Swap Charge or Swap Benefit may accrue daily for any open contracts as at the market close (5PM New York time (00:00 MT4 Server time Monday to Friday).

In relation to Cash Future CFDs no daily Swap Charge or Swap Benefit will accrue. However, for any Contracts open at the expiry date, a Rollover Charge or Rollover Benefit will accrue. These rollovers occur every 1 or 3 months depending on the Underlying Instrument. Financing charges apply to Cash Future CFDs.

#### Costs when Positions are Hedged or Partially Hedged

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

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

#### Margin FX Contracts & Swaps

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

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

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

and short open Positions, because of the impact of the CMG spread.

### Bullion Swaps

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

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

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

### Future CFD Swaps

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

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

In order to minimise the bid – offer spread CMG typically switches from using the front month to the next serial contract 1-2 Trading Days prior to the Underlying Instrument's last Trading Day when liquidity can be limited.

### Example:

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

The Underlying Instrument is the March ASX S&P200 and is due to expire when the June contract will

become the Underlying Instrument. The prevailing prices are set out below:

	AUS200 CFD	March Future	June Future
<b>Pre-Rollover</b>	5,919 – 23	5,920 – 22	5,935 – 37
<b>After Rollover</b>	5,934 – 38	5,920 - 22	5,935 – 37

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

$(\text{Current Bid} - \text{Entry Price}) \times \text{AUD}25.00 \times 10 \text{ Contracts}$   
 $(5,919 - 5,950) \times \text{AUD}25 \times 10 = (\text{AUD } 7,750) \text{ Loss}$

When the CMG Product is derived from the next serial contract the unrealised profit will be:

$(5,934 - 5,950) \times \text{AUD}25 \times 10 = (\text{AUD } 4,000) \text{ Loss}$

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

To adjust for this revaluation, CMG applies a Rollover Charge using the following calculation:

$(\text{Opening Price New Contract} - \text{Closing Price Expiring Contract}) \times \text{AUD}25.00 \times 10 \text{ Contracts}$   
 $(5,937 - 5,920) \times \text{AUD}25.00 \times 10 \text{ Contracts} = \text{AUD } 4,250 \text{ Debit}$

The net effect of the revaluation and swap adjustment is:

$\text{Revaluation} - \text{Swap Adjustment} = \text{AUD } 3,750 - \text{AUD } 4,250 = (\text{AUD } 500) \text{ Loss}$

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

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

Rollovers typically occur on a quarterly basis for Commodity CFDs and Index Future CFDs. However, the CAC40 is rolled on a monthly basis.

#### **8.4 SETTLEMENT OF SWAP AND ROLLOVER CHARGES AND BENEFITS**

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

#### **8.5 CONVERSION FEES**

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

#### **8.6 INTEREST CHARGES APPLIED TO BALANCES**

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

#### **8.7 ADMINISTRATION CHARGES**

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

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

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

### **9. TAXATION IMPLICATIONS**

Clients should, seek professional taxation advice that is based on their individual circumstances and the taxation laws of their country of taxation.

## **10. CLIENT AGREEMENT**

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

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

#### **10.1 DISCRETIONS**

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

- a) we will have due regard to our commercial objectives, which include;
  - (i) maintaining our reputation as a product issuer;
  - (ii) responding to the market forces;
  - (iii) managing all forms of risks, including, but not limited to operational risk and market risk; and
  - (iv) complying with our legal obligations;
- b) we will act when necessary to protect our position in relation to the trade or event;
- c) we will take into account the circumstances existing at the time and required by the relevant provision, and not take into account irrelevant or extraneous considerations or circumstances;
- d) we may take into account your trading or investment experience; and
- e) at all times, we will act reasonably, commercially and bona fide, and where required or appropriate provide you with prior notice before exercising that discretion.

## **11. REMUNERATION OF OUR ADVISERS AND THIRD PARTIES**

### **11.1 REMUNERATION AND OTHER BENEFITS RECEIVED BY OUR EMPLOYEES**

Our employees who provide you with transaction execution may receive remuneration for the provision of these Services. Our employees also receive salaries, performance-related bonuses and other benefits.

### **11.2 SHARING OF COMMISSIONS AND OTHER AMOUNTS**

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

### **11.3 REFERRAL BENEFITS FOR OTHER SERVICES PROVIDERS**

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

## **12. COMPLAINTS AND DISPUTE RESOLUTION**

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

If we are unable to resolve the complaint within 45 calendar days, we will: (a) inform you of the reasons for the delay; (b) provide you with updates on progress of the complaint; and (c) specify a date when a decision can be reasonably expected. We would expect that in most cases the above process would deal with the matter fully and to your satisfaction.

If you are dissatisfied with the outcome you may lodge a complaint with the Financial Commission, an alternative dispute resolution forum external to us using the contact details available on our Website.

## **13. PRIVACY POLICY**

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



## 14. INTERPRETATION AND GLOSSARY

### INTERPRETATION

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

In this PDS the following terms and expressions have, unless the context otherwise requires, the following meanings:

<b>ACCOUNT</b>	means the account(s) that has been opened by CMG for the Client;
<b>ACCOUNT CURRENCY</b>	means the currency selected by you under the Client Agreement and which, in the absence of a selection will be US Dollars;
<b>AGREEMENT</b>	means the agreement described in clause 1.1 of the Client Agreement, as amended, varied, or replaced from time to time;
<b>AML REGULATIONS</b>	means any relevant anti-money laundering and counter-terrorist financing laws, including but not limited to the <i>Anti-Money Laundering and Terrorist Financing Regulations, 2014</i> and all regulations, rules and instruments made under the <i>Proceeds of Crime Act, 2013</i> ;
<b>APPLICABLE LAWS*</b>	means all: <ol style="list-style-type: none"> <li>(a) applicable provisions of laws and regulations, including all relevant rules of government agencies, exchanges, trade and clearing associations and self-regulatory organisations, that apply to the parties, this Agreement and the transactions contemplated by this Agreement; and</li> <li>(b) Saint Vincent and the Grenadines laws, procedures, standards and codes of practice that apply in relation to the parties, this Agreement and the transactions contemplated by this Agreement;</li> </ol>
<b>APPLICATION FORM</b>	means the application form and account opening documentation, including documentation required to be returned for the purposes of complying with Anti-Money Laundering and Counter-Terrorism Financing legislation, completed by you and submitted to us whether electronically or in hard copy;
<b>ASSOCIATE*</b>	means: <ol style="list-style-type: none"> <li>(a) a person who is an officer, employee, agent, representative or associate of a party;</li> <li>(b) a Related Body Corporate of a party; and</li> <li>(c) a person who is an officer, employee, agent, representative or associate of a Related Body Corporate of a party;</li> </ol>
<b>AUSTRALIAN DOLLAR AUD OR A\$</b>	means Australian dollars;

<b>AUTHORISATION</b>	means:  (a) an authorisation, consent, declaration, exemption, notarisation or waiver, however it is described; and  (b) in relation to anything that could be prohibited or restricted by law if a government agency acts in any way within a specified period, the expiry of that period without that action being taken;
<b>AUTHORISED PERSON*</b>	means you and/or any person authorised by you to give instructions to us under this Agreement;
<b>AxiTrader &amp; CMG</b>	means AxiTrader Limited, (Business Company Number 25417 BC 2019);  AxiTrader is registered trade mark of AxiCorp Financial Services Pty Ltd Australian Company Number 127 606 348;  AxiTrader Limited is a wholly-owned subsidiary of AxiCorp Financial Services Pty Ltd;  CMG is a trading name of AxiTrader Limited.
<b>CMG PRODUCTS</b>	means the financial products issued by CMG;
<b>CMG SPREAD</b>	means the difference between the bid and offer prices of a Contract quoted from time to time by us and, where appropriate, expressed as a percentage of the relevant price;
<b>CMG SWAP RATE *</b>	means the rate that CMG may determine from time to time having regard to the Interbank Rate and the CMG spread;
<b>BASE CURRENCY</b>	means US Dollars or the currency as agreed under clause 3.3 of the Client Agreement;
<b>BULLION</b>	means gold, silver, palladium or platinum;
<b>BULLION CFDS</b>	means a CFD whose value fluctuates by reference to the fluctuations in the Underlying Instrument which relate to Bullion;
<b>BUSINESS DAY</b>	means any day other than a Saturday, Sunday or public holiday on which banks are open for business in London, England, New York, United States and Sydney,, Australia  (a) in the case of services relating to an index to which limited trading hours applies, any day on which the exchange on which the relevant security or each constituent security has its primary listing, or the exchange on which the index operates, whichever is applicable, is open for trading, and will exclude any day on which all trading on the relevant exchange is closed or suspended; and  (b) in the case of services relating to an index to which Limited Hours Trading does not apply, any day on which any relevant exchange is open for trading;
<b>CASH FUTURE CFD</b>	means a CFD whose value fluctuates by reference to the fluctuations in the value of an Underlying Instrument, which is an equity index future or cash contract, or an oil cash contract;
<b>CFD</b>	means a Contract between you and us for the taking of Positions in an Underlying Instrument;
<b>CLAIM*</b>	means, in relation to a person, any claim, allegation, cause of action, proceeding, liability, suit or demand made against a person however it arises and whether it is present or future, fixed or unascertained, actual or contingent;

<b>CLIENT</b>	means you;
<b>CLIENT AGREEMENT</b>	means the Client Agreement for Margin Foreign Exchange and Contracts for Difference issued by CMG;
<b>CLIENT MONEY</b>	means the money Clients have deposited with us that are held by us;
<b>CLOSE OF BUSINESS</b>	means 17.00 New York time on a Business Day;
<b>CLOSING DATE</b>	means, in respect of a Position, the date on which the relevant Position is closed out;
<b>COMMODITY</b>	means oil or gas, or any other commodity acceptable to us;
<b>COMMODITY CFDS</b>	means a CFD whose value fluctuates by reference to the fluctuations in the value of an Underlying Instrument relating to a commodity;
<b>CONFIRMATION</b>	means a form of notification, which may be provided by us electronically, including via the internet, requiring access by the Client, confirming entry into a Position;
<b>CONTRACT</b>	means any transaction entered into between us and you, whether oral or written, including any derivative, option, future, contract for difference or other transaction relating to the financial products issued by us;
<b>CONTRACT PRICE</b>	means the price we offer you to trade in our financial products from time to time and which is calculated by us according to the Client Agreement;
<b>CONTRACT QUANTITY</b>	means in relation to a Position, the number of Contract Units making up that Position;
<b>CONTRACT SIZE*</b>	means in relation to a Product, the quantity of the Underlying Instrument included in a Contract Unit;
<b>CONTRACT UNIT*</b>	means a single unit of a Product;
<b>CONTRACT VALUE*</b>	means, in respect of a Product, the Contract Price multiplied by the Contract Quantity multiplied by the Contract Size;
<b>CONTROLLER</b>	in relation to the property of a corporation, means: <ul style="list-style-type: none"> <li>(a) a receiver, or receiver and manager of that property; or</li> <li>(b) anyone else who (whether or not as an agent of the corporation) is in possession, or has control, of that property for the purpose of enforcing a security interest.</li> </ul>
<b>CRYPTOCURRENCY CFD</b>	means a CFD whose value fluctuates by reference to the fluctuations in the value of an Underlying Instrument, which is a cryptocurrency exchange price;
<b>DISPUTE*</b>	means any dispute or difference between the parties arising out of, relating to or in connection with this Agreement or transactions under this Agreement, including any dispute or difference as to the formation, validity, existence or termination of this Agreement;
<b>EQUITY INDEX FUTURES CONTRACT*</b>	means a futures contract over an equity index;
<b>ERROR</b>	has the meaning given in clause 3.5 of the Client Agreement;
<b>EVENT OF DEFAULT</b>	means an event described in clause 9.1 of the Client Agreement;
<b>EXCHANGE RATE</b>	means the exchange rate we may reasonably offer to you from time to time having regard to the applicable prevailing Interbank Rates and the CMG spread that is available to you from us via the Trading Platform or on request;

<b>EXPIRY DATE</b>	means the day on which the Margin FX Contract, CFD or other Product expires (if applicable);
<b>FSA</b>	means the Financial Services Authority of St Vincent & the Grenadines;
<b>FORCE MAJEURE EVENT</b>	means the definition given in clause 14.1 of the Client Agreement;
<b>FOREIGN EXCHANGE CONTRACT OR FX CONTRACT</b>	means an FX Contract or an NDF;
<b>FREE EQUITY</b>	is your Total Equity less your Total Margin Requirement;
<b>FSG*</b>	means our financial services guide, including any supplementary and replacement financial services guide, as replaced or amended from time to time;
<b>INDEX</b>	means an index which is, or forms part of or is referenced by, an Underlying Instrument;
<b>INDEX CASH CFD</b>	means a CFD whose value fluctuates by reference to the fluctuations in the value of an Underlying Instrument, which is a cash index futures contract;
<b>INDEX FUTURE CFD</b>	means a CFD whose value fluctuates by reference to the fluctuations in the value of an Underlying Instrument, which is an equity index futures contract;
<b>INITIAL MARGIN</b>	means, Margin payable on the opening of a Position being such percentage of the Contract Value as specified by us, and as amended by us under clause 4.3 of the Client Agreement from time to time;
<b>INSOLVENCY EVENT*</b>	<p>means any of the following:</p> <ul style="list-style-type: none"> <li>(a) you are dying, or ceasing to be of full legal capacity or otherwise becoming incapable of managing your own affairs for any reason;</li> <li>(b) you become, or you take any step that could result in you becoming, an insolvent under administration;</li> <li>(c) an administrator is appointed to you;</li> <li>(d) any of the following occurs: <ul style="list-style-type: none"> <li>(i) a Controller or analogous person is appointed to you or any of your property;</li> <li>(ii) an application is being made to a court for an order to appoint a Controller, provisional liquidator, trustee for creditors or in bankruptcy or analogous person to you or any of your property; or</li> <li>(iii) an appointment of the kind referred to in (ii) is being made (whether or not following a resolution of application);</li> </ul> </li> <li>(e) the holder of a security interest or any agent on its behalf, appoints a Controller or takes possession of any of your property;</li> <li>(f) you fail to comply with a statutory demand;</li> <li>(g) an application is being made to a court for an order for your winding up;</li> <li>(h) an order is being made, or the passing of a resolution for your winding up;</li> <li>(i) you: <ul style="list-style-type: none"> <li>(i) suspend payment of your debts, cease (or threaten to cease) to carry on all or a material part of your business, stating that you are unable to pay your debts or being or becoming otherwise insolvent; or</li> <li>(ii) are unable to pay your debts or otherwise are insolvent;</li> </ul> </li> <li>(j) you take any step towards entering into a compromise or arrangement with, or assignment for the benefit of, any of your members or creditors;</li> <li>(k) a court or other authority enforces any judgment or order against you for the payment of money or the recovery of any property; or</li> <li>(l) any analogous event under the laws of any applicable jurisdiction,</li> <li>(m) unless this takes place as part of a solvent, amalgamation, merger or consolidation that has been approved by us;</li> </ul>

<b>INTERBANK RATE*</b>	means the mid Interbank Rate calculated by us with reference to the bid and offer prices for the Underlying Instrument most recently quoted by any one or more third party banks;
<b>INTRODUCING BROKER*</b>	means an independent entity that refers clients to us, including pursuant to an introducing broker agreement;
<b>LIMITED TRADING HOURS</b>	means the ability of the client to trade Margin FX Contracts and CFDs (where available) as are designated by us from time to time under this Agreement only during such hours as the relevant exchange is open;
<b>LIQUIDATION LEVEL</b>	means the minimum Free Equity balance before CMG will commence closing out Positions, as discussed at section 7.15 of this PDS;
<b>LONG PARTY</b>	means, in relation to a Product, the party that has notionally taken a long position in respect of the relevant Underlying Instrument, for example, as shown in section 3.5 of this PDS;
<b>LOSS</b>	includes any loss, damage, liability or obligation, compensation, fine, penalty, charge, payment, cost or expense (including any legal costs and expenses on a full indemnity basis) however it arises and whether it is present or future, fixed or unascertained, actual or contingent;
<b>LOT</b>	means one standard Contract Unit;
<b>MARGIN</b>	means the amount that you must have in your Account to enter into a Margin FX Contract, CFD or other Position with us;
<b>MARGIN CALL</b>	means a demand for additional funds to be deposited into your Account to meet your Total Margin Requirement because of adverse price movements in your open positions or a change in Margin Requirement;
<b>MARGIN FX CONTRACT</b>	means a Contract between you and us for the taking of Positions in a foreign currency;
<b>MARGIN PERCENTAGE</b>	means such percentage of the Contract Value as specified by us in the Product Schedule;
<b>MARGIN REQUIREMENT</b>	is the amount of Margin you are required to have in your Account from time to time in order to enter into a Margin FX Contract or CFD, or to maintain your Position/s;
<b>MARKET ORDER</b>	means an order placed to open or close a Margin FX Contract or CFD at our current price;
<b>MARKET RULES*</b>	means the rules, regulations, customs and practices from time to time of any exchange, financial market, clearing house, clearing and settlement facility, or other organisation or market involved in the conclusion, execution or settlement of a transaction or contract (including in respect of an Underlying Instrument) contemplated by the terms of this Agreement and any exercise by such exchange, clearing house or other organisation or market of any power or authority legitimately conferred on it;
<b>MATURITY DATE*</b>	means, in respect of an NDF, the date on which the NDF is to be closed out (unless terminated earlier);
<b>MINIMUM POINT INCREMENT</b>	represents the minimum possible price change between two successive transaction prices permitted by us. The Minimum Point Increment can represent either an upward or downward movement in price;
<b>MINIMUM TRADING SIZE</b>	means such minimum Contract quantity or Contract value as we may specify on our Website from time to time for any type of Margin FX Contract or CFD;
<b>NDF*</b>	means a non-deliverable forward contract in respect of a currency pair offered

	under this Agreement;
<b>NET TERMINATION AMOUNT*</b>	has the meaning given in clause 10 of the Client Agreement;
<b>NEXT SERIAL FUTURES CONTRACT</b>	means a contract of the same series as the futures contract which is the Underlying Instrument of a CFD, but with the Expiry Date being the next occurring Expiry Date in the relevant series;
<b>OPENING VALUE*</b>	means in relation to a Position, the Contract Value as at the time of opening the Position;
<b>PDS</b>	means our product disclosure statement, including a supplementary and replacement product disclosure statement;
<b>PERSONAL INFORMATION</b>	means information or an opinion about an identified individual, or an individual who is reasonably identifiable:  (a) whether the information or opinion is true or not; and  (b) whether the information or opinion is recorded in a material form or not.
<b>POSITION</b>	means the long or short Position you have taken in your Margin FX Contract, CFD or other Product with us;
<b>PRIVACY POLICY</b>	CMG's privacy policy as set out on its websites, and as amended from time to time;
<b>PRO ACCOUNT</b>	means an Account where commissions are charged on transactions executed;
<b>PRODUCT</b>	means a product offered by CMG under this PDS and described in the Product Schedule;
<b>PRODUCT SCHEDULE</b>	means the Product Schedule published on our Website;
<b>RELATED BODY CORPORATE</b>	means any entity that is either a holding company, parent, subsidiary or affiliate of CMG Limited and includes AxiCorp Financial Services Pty Ltd (ACN 127 606 348) and its controlled entities;
<b>REPORT*</b>	means any daily statement, monthly statement or other report we provide to you;
<b>ROLLOVER BENEFIT</b>	means a benefit you may receive on certain Positions held overnight and which are described in the relevant parts of the Product Schedule;
<b>ROLLOVER CHARGE</b>	means a charge you may have to pay on certain Positions held overnight and which is described in the relevant parts of the Product Schedule;
<b>SERVICES</b>	means the services provided by us under the Client Agreement;
<b>SETTLEMENT DATE*</b>	means such settlement date following the Closing Date or Maturity Date (if applicable) as we may reasonably determine in accordance with practice in the relevant market and notify to you at the time of entering into a Position;
<b>SHORT PARTY</b>	means in relation to a Product, the party that has notionally taken a short position in respect of the Underlying Instrument, for example, as shown in section 4.5 of this PDS;
<b>STANDARD ACCOUNT</b>	means an Account where no commissions are charged on transactions executed and transaction fees are incorporated into the bid-offer spread for each product;
<b>STANDARD MARGIN RATES</b>	means such percentage of the Contract Value as specified by us in the Product Schedule;
<b>SWAP CHARGE</b>	means a payment you may be required to make where you have a short Margin FX Contract or CFD - other than an Index Future CFD or Commodity CFD – held overnight and which is described in paragraphs 8.3 and 8.4;

<b>SWAP BENEFIT</b>	means a benefit you may receive where you have a short Margin FX Contract or CFD - other than an Index Future CFD or Commodity CFD – held overnight and which is described in paragraphs 8.3 and 8.4;
<b>TOTAL EQUITY</b>	means the aggregate of the current cash balance in your Account and your current unrealised profits and losses;
<b>TOTAL MARGIN REQUIREMENT</b>	means the sum of your Margin Requirements for all of your open Positions;
<b>TRADING DAY</b>	means in the case of Positions over an Underlying Instrument which is traded on, or references, an Underlying Market, a day on which the Underlying Market is open for trading in the ordinary course (and if there is more than one Underlying Market, a day on which all applicable Underlying Markets are open for trading in the ordinary course);
<b>TRADING PLATFORM</b>	means the trading platform we make available to you via an internet or WAP service, and/or electronic routing service, including any software, by which you may trade with us online. This includes the Client portal of the back-office accounting system through which we will report Confirmation statements, etc;
<b>TRUST</b>	has the meaning given in clause 8.2 of the Client Agreement;
<b>TRUST DEED</b>	has the meaning given in clause 8.2(c) of the Client Agreement;
<b>UNDERLYING INSTRUMENT</b>	means the underlying asset, security, currency pair, commodity, futures contract, cryptocurrency, or index, the reference to which the value of a Margin FX Contract or CFD is determined;
<b>UNDERLYING MARKET</b>	means the underlying market in which the Underlying Instrument is traded;
<b>VALUATION TIME*</b>	means, in respect of a Position: (a) the time the Position is opened; (b) the Close of Business on each Trading Day the Position is open (other than the Trading Day the Position is closed); and the time the Position is closed;
<b>VARIATION MARGIN</b>	means the unrealised profit or loss on an open position as calculated by CMG and reported either in the Trading Platform or on a Statement;
<b>WEBSITE</b>	means the internet address <a href="http://www.cmgau.com">www.cmgau.com</a> and includes the Trading Platform;
<b>WE/US</b>	means AxiTrader Limited or CMG (Business Company Number 25417 BC 2019);
<b>YOU</b>	Means the Client.