Product Disclosure Statement

1. Contact Details

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2. Key information

2.1. About Us

Hantec Markets (Australia) Pty Ltd (HMA, us, we, our) ACN 129 943 086 is the issuer of the products described in this Product Disclosure Statement (PDS). Should you have any queries about this document, please do not hesitate to contact us. Our contact information is at the start of this PDS.

HMA is wholly owned by Hantec Pacific Ltd.

2.2. Contents

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

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

This PDS does not take into account your financial situation, personal objectives or needs. Before using the products referred to in this PDS you should read it carefully, and then consider your objectives, financial situation and needs and take all reasonable steps to fully understand the possible outcomes of trades and strategies that can be employed using our Online Platforms. HMA recommends you seek independent financial advice to ensure that a particular product is suited to your financial situation and requirements.

2.3. Client Terms and Conditions

When you open a trading account with HMA, you will be provided with a separate document titled “Terms & Conditions”. It contains terms and conditions that govern HMA’s relationship with you. You can obtain a free copy of the document by contacting HMA or visiting HMA’s website or by using the contact information at the start of this PDS.

2.4. Retail Clients

The PDS is only required to be provided to Retail Clients. If you are a Wholesale Client or Sophisticated Investor, then providing you with this PDS does not mean we wish to treat you as a Retail Client.

2.5. Warning

Trading in Margin FX Contracts and CFDs involves the potential for profit as well as the risk of loss which may vastly exceed the amount of your initial deposit and is not suitable for all investors. Due to the highly leveraged nature of most of our products, the risk of loss is significantly heightened. Movements in the price of a Contract’s underlying instrument (e.g. foreign exchange, commodities, rates or cryptocurrency) are influenced by a variety of factors of global origin many of which are unpredictable. Violent movements in the price of the underlying instrument may occur in the market as a result of which you may be unable to settle adverse trades. HMA is unable to guarantee a maximum loss that you may suffer from your trading. By trading Margin FX Contracts and CFDS, you do not own or have any rights to the underlying instruments.

2.6. ASIC Benchmarks

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

ASIC Benchmark

This table provides a high-level summary of HMA’s compliance with these benchmarks.

Benchmark	Requirement	Compliance?	Reference
1. Client Qualification	Maintain and apply a written client qualification policy that sets out the minimum qualification criteria that prospective investors will need to demonstrate they meet before opening an account; outlines the processes we have in place to ensure prospective investors who do not meet the qualification criteria are not able to open an account and trade in CFDs and that requires us to keep written records of client assessments.	Yes	For more information about this benchmark please see ‘Step 1’ in Section 4 of this PDS.
2. Opening Collateral	An issuer should generally only accept cash or cash equivalents from investors as opening collateral when establishing an account to trade in CFDs. If credit cards are used to open accounts, an issuer should accept no more than $1000 via credit card to fund the account.	Yes Customers can only deposit up to AUD 1000 equivalent when opening an account with their credit card	For more information about this benchmark please see ‘Step 2’ in Section 4 of this PDS.
3. Counterparty risk – Hedging	An issuer should maintain and apply a written policy to manage its exposure to market risk from client positions, which includes the factors it takes into account when determining if hedging counterparties are of sufficient financial standing; and sets out the names of those hedging counterparties (as they stand from time to time). Policies should be displayed in an up to date form on the issuer’s website.	Yes	For more information about this benchmark please see Section 13 of this PDS.
4. Counterparty risk – Financial resources	An issuer should maintain and apply a written policy to maintain adequate financial resources, which details how the issuer monitors its compliance with Australian financial services licence financial requirements; and conduct stress testing to ensure it holds sufficient liquid funds to withstand significant adverse market movements.	Yes	For more information about this benchmark please see Section 13 of this PDS.
5. Client Money	An issuer should maintain and apply a clear policy on its use of client money, including whether it uses money deposited by one investor to meet the margin or settlement requirements of another.	Yes	For more information about this benchmark please see Section 14 of this PDS.
6. Suspended or halted	An issuer should not allow new CFD positions to be	Yes	For more information

underlying assets	opened when there is a trading halt over the underlying instrument, or trading in the underlying instrument has otherwise been suspended, in accordance with the rules of the relevant market.		about this benchmark please see Section 13 of this PDS.
7. Margin Calls	An issuer should maintain and apply a written policy about its margin practices which details: (a) how the issuer will monitor client accounts, to ensure that it receives early notice of accounts likely to enter into Margin Call; (b) what rights the issuer may exercise in relation to client accounts, including the right to make a Margin Call or close out positions; and (c) when the issuer will exercise these rights, and what factors it will take into account in deciding whether to do so.	Yes	For more information about this benchmark please see Section 7 of this PDS.

2.7. Examples

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

3. What are we authorised to do?

HMA is authorised to give you general advice in relation to derivatives, foreign exchange contracts and non-cash payment products. HMA is also authorised to deal in relation to those same products.

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

HMA is also authorised to "make a market" for foreign exchange and derivatives Contracts. This means that we set our own prices for the products we offer, including buy and sell prices.

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

HMA offers Margin FX and CFD trading services via our Online Platform.

This PDS describes products that are:

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

There are two broad types of product that you can trade with us:

- Margin Foreign Exchange (FX); and
- Contracts for Difference (CFDs).

Those two types of products are explained in more detail below. The specific underlying instruments able to be traded under those categories will be listed on the Online Platform.

4. Margin FX Contracts

A Margin FX Contract is an agreement to pay or receive the change in value of a currency pair depending on whether the price rises or falls. The price of our Margin FX Contracts are based on the price of an underlying currency pair. However, you do not own any underlying currency and cannot trade it on an exchange by owning a Margin FX Contract. By entering into a Margin FX Contract, you are either entitled to be paid an amount of money or required to pay an amount of money depending on the movements in the price of the Contract. The amount of any profit or loss made on a Margin FX Contract will be the net of:

- The difference between the price of the Contract when the position is opened and the price of the Contract when the position is closed;
- Any Margin adjustments in respect of the Contract;
- Any Rollover Interest relating to the Contract.

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.

Margin FX Contracts only require a deposit which is much smaller than the Contract size (this is why the Contract is "margined" or "leveraged").

HMA's Margin FX trading service is outlined as follows:

Step 1: You must set up a trading account with HMA.

ASIC Benchmark 1: RG 227 – Client Qualification
The Issuer's policy on investor qualification for CFD and FX trading

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

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

- Sets out the minimum qualification that prospective clients need to demonstrate they meet before HMA agrees to open an account for them;
- Outlines the processes HMA has in place to ensure that prospective clients who do not meet the minimum qualification criteria are not able to open an account and trade in Margin FX Contracts or CFDs; and
- Requires us to keep written records of client assessments.

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

If you do not fulfil the minimum qualification criteria, you will not be able to open an account and trade in Margin FX and CFDs.

Step 2: You will then need to deposit an Initial Margin of a Base Currency into your newly established HMA account before you start trading. You will be required to deposit an Initial Margin which is a percentage of the notional contract amount.

HMA may apply a special margin requirement to any Contract (eg. in times of volatility). An example of a special Initial Margin level is 150%, which is subject to change by the assessments of the market risk.
Our funding methods found on our website at https://www.hantecmarkets.com/funding/ will tell you how to make the deposit.

Example

HMA may request you to deposit AUD 1,000 so that you can purchase a Margin FX Contract with a notional value of AUD 100,000.

In this example, AUD 1,000 is your Initial Margin.

ASIC Benchmark 3: RG 227 – Opening Collateral
The Issuer's policy on the types of assets accepted from investors as opening collateral

We only accept deposits via wire transfer and Bpay and approved third party payment providers (which will be set out on our website) from your account, into our accounts, or via credit card.

We only accept credit card payments for up to $1,000 AUD as Initial Margin.

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

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

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

Example

An example of a Currency Pair is AUD/USD. AUD/USD 0.6759/0.6761 means that one AUD is exchanged for 0.6759 USD. The currency on the left of a pair is the Base Currency.

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

Example

If the AUD/USD Currency pair is quoted as 0.6759/0.6761, then this is showing the bid/offer price.

To buy AUD (offer), you would pay 0.6761 x Contract size.
To sell AUD (bid), you would receive 0.6759 x Contract size.

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

A Contract's size can be any amount equal to or greater than 1,000 of a particular trading currency, except for the InterBank Classic platform which requires a minimum Contract size of 500,000 of a particular trading currency. You can enter into a Contract online (via our Online Platforms) at a Spot rate of exchange that is quoted by HMA. What you are actually buying is a Contract – not the asset itself.

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

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

HMA has trading rules (including "forced liquidation" which are explained in Section 5 below and an Initial Margin requirement which is explained above) to help you limit any losses. The trading rules also help reduce (but not avoid) the risk that you will lose more than your deposited funds (see "Significant Risks" at Section 13).

HMA usually offers settlement of trades on a T+2 basis. This is a global standard which refers to the trade date, plus two Business Days. When you are trading in currencies, what constitutes a Business Day depends on what currencies you are trading. See "Business Day" in the glossary for more information. This means that your trading account will be credited or debited within 2 business days after you close your position.

Example

Joe is of the opinion that the EUR will appreciate against the USD in the near future. He sees that the prices quoted on the EUR/USD Currency Pair by HMA is 1.1820 (bid) / 1.1822 (offer). The "offer" is the buy price, so he buys a Contract of EUR/USD at 1 lot size, which is100,000. He wants to sell it later at a higher price. Joe's base currency is AUD. Assume that the required Initial Margin for opening one Contract is 1% of the Contract value. 1 AUD = 0.6761 USD (offer).

Opening the position	
Buy 100,000 at offer price.	1 x 100,000 x 1.1822 = $118,220 USD 118,220 / 0.6761 = $174,855.79 AUD
The Contract is leveraged at 1:100 ratio. That means we require an Initial Margin to be deposited into our account which is 1% of the Contract value.	$174,855.79 x 0.01 = $1,748.56 AUD
We earn a "spread", which is the difference between the bid and offer prices that we source from other clients or from our wholesale providers, and the bid and offer prices we quote to you. In this example, the difference is 0.0002 (known as two "PIPs"), which amounts to $20 USD. It is built into the price when Joe closes his position, because he will buy it back at the offer price.	(1.1822 - 1.1820) x 100,000 = $20 USD 20 / 0.6761 = $29.58 AUD
Rollover Interest	
When a position is held open overnight, you are credited or debited interest depending on the Currency Pair. In this example, Joe technically is borrowing the Euro which has a higher interest rate than the	1 lot x -1.68 Pips (Assumed EUR/USD Long Swap Rate) = $16.8 USD USD 16.8 / 0.6761 (AUD/USD Spot Rate) = $24.85 AUD

USD, so he must pay interest on this position. These swap rates float daily based on overnight interest rates. In this case, he must pay 1.68 PIPs per 1 lot per day.	
Closing the Position	
The next day the price of EUR/USD has increased to 1.1832 (bid) / 1.1834 (offer). The trade has moved in Joe's favour and he decides to take his profit and close the position by selling at the bid price.	1 x 1.1832 x 100,000= $118,320 USD 118,320 USD / 0.6761 (AUD/USD Spot Rate) = $175,003.70 AUD
Joe's gross profit is the difference between the opening position and the closing position.	$175,003.70 - $174,855.79 = $147.91 AUD
Joes' net profit is the gross profit less the costs. The spread was built into the price.	$147.91 - $24.85 = $123.06

Summary: In the above example, Joe had to deposit $1,748.56 to cover his Initial Margin requirement and he has made a total gain of $123.06. In The above example, if the price had decreased by 10 points instead of increasing, Joe would have made a loss of $95.12 AUD.

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

5. Forced liquidation

If the Margin Level in your account drops below a predetermined level set by HMA (e.g. 30% of an Initial Margin or 0.3% of the Notional Contract Amount) or if HMA exercises its absolute discretion, then HMA is entitled to close out your position at the prevailing market rate without notice to you. HMA could do this in order to minimise trading risk and deduct the resulting realised loss from your remaining funds held by HMA. You will remain liable for any negative positions which cannot be covered by the closing out of your positions.

Example

Joe thinks that the EUR will depreciate against the USD in the near future. He sees the prices quoted on the EUR/USD currency pair by HMA is 1.1820 (bid) / 1.1822 (offer). The bid price is the sell price, so he sells a Contract of EUR/USD at 1 lot size, which is 100,000. He wants to buy it later at a lower price, in order to close his position. Joe's Base Currency is AUD. 1 AUD = 0.6761 USD (offer). Joe has invested AUD $2,500.

Opening the position	
Buy 100,000 at offer price.	1 x 100,000 x 1.1820 = $118,200 USD 118,200 / 0.6761 = $174,826.21 AUD
The Contract is leveraged at 1:100 ratio. That means we require an Initial Margin to be deposited into our account which is 1% of the Contract value.	$174,826.21 x 0.01 = $1,748.26 AUD
We earn a "spread", which is the difference between the bid and offer prices that we source from other clients or from our wholesale providers, and the bid and offer prices we quote to you. In this example, the difference is 0.0002 (known as two "PIPs"), which amounts to $20 USD. It is built into the price when Joe closes his position, because he will buy it back at the offer price.	(1.1822 - 1.1820) x 100,000 = $20 USD 20 / 0.6761 = $29.58 AUD
Rollover Interest	
When a position is held open overnight, you are credited or debited interest depending on the Currency Pair. In this example, Joe technically is borrowing the USD which has a lower interest rate than the Euro, so he must pay less interest on this position than in the previous example. These swap rates float daily based on overnight interest rates. In this case, he must pay 0.3 PIP per 1 lot per day.	1 lot x 0.3 (EUR/USD Short Swap Rate) = $3.0 USD $3.0 USD / 0.6761 = $4.44 AUD
Closing the position	
The next day the price of EUR/USD has increased to 1.1928 (bid) / 1.1930 (offer). The trade has moved against Joe and HMA forces the closing of his position to protect him from further loss.	Margin Requirement =$1,748.26 PIP Value = 0.0001 x 100,000 = $10 USD PIP Value in AUD = 10 USD / 0.6761 = $14.79 AUD 30 PIPs = $443.72 After 30 PIP move, Account equity = $2,500 - 443.72 = $2056.28 Margin Level: Equity/ Margin requirement = 2056.28 / 1,748.26 = 117.62%. Account is force liquidated when margin level drops below 30%.

In addition to Forced Liquidation, we may Margin Call your position while a trade is open. See the section 7, "Margin Calls" for more detail.

6. CFDs

A CFD is an agreement to pay or receive the change in value of a share, a share index, a commodity or a cryptocurrency depending on whether the price rises or falls. However, you do not own that underlying instrument or trade it on an exchange. It is an over-the-counter (OTC) product. You cannot transact with another CFD provider to close any existing position issued through HMA.

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

When trading CFDs, you and HMA agree to exchange the difference in value of the CFD between when the CFD is opened and when it is closed. You will either be entitled to be paid an amount of money into your account (if the value of the underlying instrument has moved in your favour) or will be required to pay an amount of money from your account (if the value of the underlying instrument has moved against you). Your account will also be affected by other amounts you must pay us in respect of your account, such as fees and interest on debt balances.

You can keep a CFD trade open for as long as you are able to meet your Margin requirements. CFD transactions are closed by you taking an offsetting, opposite position to what you did to open your position.

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

We offer a number of different types of CFDs:

A. Commodities and commodities indices

Trading in commodities operates in the same manner as foreign exchange trading, except the underlying asset is a commodity. Examples of metal commodities include Loco London Gold (LLG) and Loco London Silver (LLS). You can also trade on indices of commodities, such as the Dow Jones-AIG Commodity Index.

When using our services, you can only trade on the quoted Spot Rate for commodities Contracts.

In the same way as described in section 4, above, we do not deliver the physical underlying assets to you, and you have no legal right to it. Rather, settlement is made by cash based on the difference between the buy and sell rates of the Contracts. Gold and Silver rates are quoted in USD. This means that if your Initial Margin is in AUD, we will convert it to USD so that you can make the trade.

Example

Joe is of the opinion that the price of gold will appreciate against the USD in the near future. He decides to enter into a CFD Contract in respect of gold with the expectation that the gold price will rise. Our Online Platform shows the price of gold (XAU/USD) as being $1,475.50 (bid) / $1476.00 (offer). Our minimum lot size is 100 ounces. Joe buys 1 lot.

Opening the position	
Joe buys a CFD in respect of 100 ounces of gold at the offer price.	1 x 1,476.00 x 1 lot = $147,600 USD 147,600 / 0.6761 = $218,310.90 AUD
The account is leveraged at 1:100 ratio. That means we require an Initial Margin to be deposited into our account which is 1% of the Contract value.	$218,310.90 x 0.01 = $2,183.11 AUD
We earn a “spread”, which is the difference between the bid and offer prices that we source from Liquidity providers, and the bid and offer prices we quote to you. In this example, the difference is $0.50, which amounts to $50 USD. It is built into the price when Joe closes his position, because he will sell it back at the bid price.	(1,476.00 – 1,475.50) x 100,000 = $50 USD 50 / 0.6761 = $73.95 AUD
Rollover Interest	
When a position is held open overnight, you are credited or debited interest depending on the Contract. In this example, Joe technically is borrowing Gold in terms of the USD so he must pay interest on this position. These swap rates float daily based on overnight interest rates. In this case, he must pay 1.9 PIPs per 1 lot per day.	1 lot x -1.9 = $19.0 USD 19 / 0.6761 = $28.10 AUD
Closing the position	
The next day the price of Gold has increased to $1,486.00 (bid) / $1486.50 (offer). The trade has moved in Joe’s favour and he decides to close his position.	= 1 x 1,486.00 *100 / 0.6761 = $219,789.97 AUD
His total gross gain is the buy value less the sell value	$219,789.97 - $218,310.90 = $1,479.07 AUD
His total net gain is the gross gain less the costs.	1,479.07 – 28.10 = $1,450.97 AUD

B. Index CFD trading or Indices

An index is made up of a group of shares and is used to track the performance of a country’s economy, a market sector or an exchange. Examples of securities indices are AUS200, FTSE100 and NASDAQ100. Securities indices have prices quoted in the currency of their country of origin.

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

When using our services, you can only trade on the quoted Spot Rate for securities index Contracts.

HMA may apply a special margin requirement in times of volatility. For example, it may apply a special margin requirement for securities indices Contracts in times of high share market volatility. An example of a special Initial Margin level is 150%, which is subject to change by the assessments of the market risk.

Example of securities indices trading

Joe is of the opinion that the value of the AUS200 will increase in the near future, so he makes a deposit of AUD $5,000 AUD into his margin trading account (Leverage 1:200) with HMA. He buys 2 AUS200 Contracts at the Spot Bid Price of $5,500 AUD.

In this example, HMA requires an Initial Margin of $82.50 AUD (AUD5500 / 200 x 150% x 2 Lots) to buy 2 AUS200 Contracts.

Assuming that the sell price of the AUS200 rises from AUD 5500 to AUD5510 over the course of the day, then the floating profit or loss for Joe is calculated as AUD 20 ((5510– 5500)*2).

Opening the Position	
Joe buys 2 Contracts of AUS200 CFDs at the offer price.	5,500 x 2 Lots = AUD 11,000
The account is leveraged at 1:200 ratio. That means we require an Initial Margin to be deposited into our account which is 150% of the Contract value of each Contract.	11,000 x 150% / 200 = $82.50 AUD
Closing the Position	
The sell price of AUS200 has increased to AUD 5510 after 10 minutes. The trade has moved in Joe’s favour and he decides to close his position.	5,510 x 2 Lots = $11,020 AUD
His total gross gain is the sell value less the purchase price.	11,020 - 11,000 = $20 AUD

Dividends

Dividend payments are applicable to most cash indices and will be applied as debit/credit along with the rollover to your open positions (see section 18 for an explanation of rollovers). Adjustments will apply on the eve of the ex-dividend date of the constituent members of the relevant Index. The adjustment will appear as a debit or credit cash entry.

When an equity goes ex-dividend, the price of that equity theoretically decreases by the dividend amount. In practice, this does not always happen as there are many market forces affecting an equity price. The amount of points an index cash CFD drops by is dependent on the weighting of the equity within the index. If more than one constituent equity of an index CFD goes ex-dividend on the same day, the amount of points each equity will theoretically cause the sector or index to drop by is added together to calculate the total amount of dividend points or "drop points".

Where an index is a Total Return Index, dividend payments will not be credited / debited.

C. Energy CFDs

A full list of the commodities you can trade is available on our website. Energy commodities are quoted in USD.

Example

Joe's research suggests that the demand for oil in China will soon increase and therefore he expects the oil price to rise. Joe buys 1 CFD Contract of WTI at $55.50 USD, which equals to $100 USD for every $1 USD movement in the price.

Joes' speculation proves to be correct. The price of WTI jumps to $60.50 USD and he decides to sell. Joe's profit is $500 USD (calculated by multiplying the difference between the opening and closing price with the Dollar value per increment).

D. Cryptocurrency CFDs

A full list of the cryptocurrency CFDs you can trade is available on our website.

Example

Joe's account has a balance of $15,000 USD. He has 200:1 leverage on FX pairs but only 5:1 leverage on cryptocurrency CFDs. Joe decides to buy 1 CFD Contract of Bitcoin (BTC/USD) at the offer price of $10,000 USD. Each CFD Contract has the value of 1 Bitcoin. With 5:1 leverage, Joe has a margin requirement of $2,000 USD.

Bitcoin's bid price falls to $9,000 USD. Although Joe's trading account opening balance was $15,000, Joe's equity is now $14,000 USD due to the floating loss on the trade.

7. Margin Calls

ASIC Benchmark 7: RG 227 – Margin Calls

We maintain and apply a written margining policy. Margin Calls are automatically generated by the MT4 platform.

For both Margin FX Contracts and CFDs in Currenex Interbank Direct, the Margin Call Level is set to 100%. The Forced Liquidation level is 30%.

For both Margin FX Contracts and CFDs in MT4, the Margin Call level is set to 70%. The Forced Liquidation level is 30%.

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

When the Forced Liquidation level is reached the client's open positions will be closed.

Sample Margin Call calculations are noted below.

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

Until an open position is closed, the Total Margin requirement may increase or decrease at any time. If a Margin Call is due, you must add up all the Margin requirements for all open positions on your account. If your account and the overall profit or loss value of your open position is less than the Margin requirement on your account, you will be required to fund the shortfall (Margin Call).

To satisfy a Margin Call you can:

- Close out existing positions to reduce your Margin requirement;
- Deposit additional funds into your account.

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

Example: Margin FX

Joe has a balance of $4,000 AUD in his account and a leverage of 100:1. Joe opens a $200,000 long AUD/USD position at a rate of 0.75. He has a margin requirement of $2,000 AUD.

For 2 lots long: 1 Pip value = (One Pip / Exchange Rate) * Lot Size = (0.0001/0.75) * 200,000 = 26.67 AUD.
The market falls to a bid price of 0.7425 (75 pips) and Joe is now floating down (75 x 26.67 AUD) = -$2000.00 AUD.

Joe's equity is now A$2,000.00 (A$4000-A$2000=A$2000), which is equal to his margin requirement; this has triggered a Margin Call.

The market continues to fall and the bid price of the AUD/USD has now hit 0.7380.

Joe's Equity is now $600 AUD and has fallen to 30% of his margin requirement ($2,000 AUD).

This triggers our system's automatic liquidation and Joe's position will be automatically closed to prevent further losses.

Example: Metals

Joe's account has a balance of $5,000 AUD and he is on 100:1 Leverage. AUD/USD = 0.75.

Joe decides to buy 2 Gold CFDs (100 troy oz.) at a price of $1500 USD.
This has a margin requirement of (2 * 1500) = $3, 000 USD
$3, 000 USD / 0.75 = $ 4,000.00 AUD

Gold's bid price falls to $1425.0 USD and Joe is now floating down -$3,800 AUD.
Joe's equity is now $1,200 AUD ($5,000 AUD - $3,800 AUD = $3,868 AUD).

Where Joe's equity dips equal 30% of his Margin Requirement ($1200 AUD), this triggers our system's automatic liquidation and Joe's position will be automatically closed to prevent further losses.

8. Expiry

We do not offer Contracts with a set expiry date.

As your CFDs will not have a set expiry date, they will remain open until you or we close the open position, in accordance with our Terms and Conditions.

Rollover interest will apply to overnight open positions.

9. Managing Risks by using Stops and Limits

We offer features on our Online Platform that helps you control trading losses.

A. Stop Loss Order
A Stop Loss Order is an order to close an open position when it reaches a certain price. A stop loss order remains in effect until the position is liquidated or you cancel the stop loss order.

B. Profit Target Order

A Profit Target Order is a pre-determined price where you exit a profitable position. Before you enter a position, you should determine where your Profit Target is going to be. Profit Targets are an important part of order management, as it helps you to automatically exit the market at the price you planned for — even if you're not watching your screen at the time the price is reached. This is referred to as a Take Profit feature.

C. Trailing 10

A Trailing Stop Loss Order moves every time the price moves a certain distance. In other words, a trailing stop will automatically 'trail' behind the price when the price moves further into profit. This allows you to lock in profits and semi-automatically manage your trade.

You can specify your stop loss to move up five pips every time the price moves up five pips – ideal for when you're not around to manage your positions. If your stop loss moves up automatically and the pricing action begins to move in the opposite direction, the stop loss will remain where it is and, if reached, you'll be stopped out.

D. Buy Limit Order

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

E. Sell Limit Order

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

F. Buy Stop Order

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

G. Sell Stop Order

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

10. Conversion of currency

Your trading account with HMA is normally denominated in a "Base Currency" which is either AUD or USD. Sometimes for you to trade, you may need to convert existing funds into USD or AUD. For example, you can generally only buy or sell certain commodities CFDs using USD. If you deposit AUD into your account, you will be required to convert it to USD before trading one of those CFD products.

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

Alternatively, HMA can convert your funds by first quoting you a spot price pursuant to its usual Terms and Conditions. If you choose to accept HMA's quoted price, then the transaction will usually take place immediately, upon receipt of your cleared funds. The new currency will be delivered to your HMA account.

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

11. Trading Facilities

We are able to provide Margin FX and CFD trading facilities through our Online Platform.

When you use our Online Platform, you may "plug in" other third-party applications. The use of those applications can carry significant risk (see section 12, "Significant Risks" of this PDS). We do not take responsibility and will not indemnify you from any loss incurred in connection with third party plugins that you choose to use, regardless of whether or not we know about them or approve them.

HMA provides access to Margin FX and CFD trading via a number of online trading platforms created by third-party software providers:

- MetaTrader 4 or MT4 Platform, provided by MetaQuotes. HMA holds a licence from MetaQuotes.
- Interbank Direct Platform, provided by Currenex
- Interbank Classic Platform, provided by Currenex.

12. Significant benefits

The benefits of using our services include:

12.1. Hedging

You can use our trading facilities to hedge your exposures to the price movement in an underlying instrument.

Example

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

12.2. Speculation

In addition to using our foreign exchange trading facilities as a risk management (hedging) tool, you can benefit by using the quoted underlying instrument prices offered by us to speculate on changing asset price movements.

Speculators seek to make a profit by predicting market moves and buying a Contract that derives its value from the movement of an underlying instrument (currency, index, commodity, cryptocurrency or other asset).

Example

A client enters into a speculative trade, based upon a belief that the market will move in a particular direction.

12.3. Access to markets

When using our Online Platform you gain access to and trade on systems which are updated 24 hours a day, 5 days per week. .

12.4. Real time streaming quotes

Our Online Platforms provide real time quotes provided by us. You may check your accounts and positions in real-time and you may enter into trades based on real-time information.

12.5. Control over your accounts and positions

When using our trading facilities we allow you to place stop loss limits on your trades. This means that if the market moves against you we will close out your position in accordance with the limit set in your Stop Loss Order. We also allow you to attempt to place a profit target order in order to help you automatically exit the market at a price you planned for. Please refer to section 12 below, which highlights the risk to you that in a volatile market we may not be able to close out your position until after the Stop Loss limit is exceeded. If this occurs, you may lose more than you deposited.

13. Significant risks

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

Some of the risks associated with using our trading facilities include:

13.1. Unforeseen Circumstances

If we are unable to perform our obligations to you due to reasons beyond our control, we may suspend our obligations to you. This may include suspending the operation of our Website and Online Platform.

Example
During periods of significant market disturbance, it may be impractical or impossible to trade in relevant financial markets. We will inform you if any of these events occur. In such an event, we may, at our sole discretion (with or without notice) close out your open positions at prices we consider fair and reasonable at the time.

13.2. Liquidity risk

In some circumstances it may be difficult or impossible for you to open a position (including closing out an existing position) or open a position at the price which you wish to trade because of a lack of liquidity in the underlying instrument.

Example
This can happen when there are not enough trades made in the market for an underlying instrument, causing significant change in the price, value or rate of an underlying instrument over a short period of time or our inability to hedge our own risk. This may give rise to substantial losses. You may not be able to close out a position at a pre-determined stop-loss level and the position may be closed at a level that leaves you substantially worse off.

13.3. Market volatility

Markets for underlying assets are subject to many influences which may result in rapid fluctuations. Because of this market volatility, there may be circumstances were we are unable to open a position (including closing out an existing position) or open a position at the price which you wish to trade.

There is no margin FX or CFD transaction or Stop Loss Order which is available via our Online Platform that can be considered “risk free”. It is recommended that you closely monitor your transactions at all times.

You can eliminate some of the downside risk by the use of Stop Loss Orders. If you use a Stop Loss Order we will enter into a position opposite to your existing position if the exchange rate or commodities price reaches a level specified by you in advance.

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

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

13.4. Market risk

If you enter into a transaction for the purpose of trading an asset, you will be exposed to changes in the relevant asset market. These changes may result in losses to you which are in addition to any gains or losses resulting from fluctuations on currency markets.

13.5. Leverage risk

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

13.6. We act as a market maker

We are authorised to “make a market” for foreign exchange and derivative Contracts. This means that we set our own price for the products we offer. This means that the price we quote for a Contract over an underlying instrument may diverge significantly from any current exchange or market price, or a competitor’s price, for that underlying instrument. Further information about how our prices are derived is set out in section 18 of this PDS. Where we are the counterparty to the trade, if the market moves against you and you lose on a trade, we may directly benefit from that trade.

13.7. Counterparty risk

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

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

Whilst HMA hedges most of its client trades with hedging counterparties, it sometimes does not hedge those trades. That means that if you win HMA loses, and if you lose, HMA wins.
The Products in this PDS are not protected by a licensed exchange, also known as a central counterparty. Instead the products are called “over the counter” derivatives. This means that you contract directly with HMA and you are also subject to our credit risk. If we, or our hedging counterparty, become insolvent we may be unable to meet our obligations to you, in which case you will become an unsecured creditor. You can assess our financial ability to meet these counterparty obligations to you by reviewing financial information about our company. You can obtain a free copy of our financial

statements by contacting us by using the contact information at the start of this PDS.

We may hold some of your money in a currency other than your nominated base currency. For example, you may nominate and deposit AUD as your base currency, and then place a winning trade. We may place USD into our client money accounts (in addition to your AUD deposit) to represent the combined AUD equivalent of your winning trade. The platform will only show your AUD balance. We take the currency risk (and benefit) in the event that the USD fluctuates in value. As your counterparty, if we were to become insolvent then you would be exposed to any USD currency risk in that situation.

ASIC Benchmark 3: RG 227 – Counterparty Risk (Hedging)

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

Not all client trades are hedged. It is possible that, if neither us or our hedging counterparties accept your trade, it will be rejected. A full list of hedging counterparties is in our Hedging Policy, which is available on our website.

ASIC Benchmark 4: RG 227 – Counterparty Risk Financial Resources

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

AFSL Compliance

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

Stress testing capital adequacy

The capital requirements and surplus position of HMA is monitored on a daily basis. Our risk is monitored 24 hours a day, 5 days a week at all times whilst the markets we operate in are open.

Stress testing is conducted quarterly. Alerts have been established at pre-defined levels to ensure that appropriate remedial action is taken in the event of market movements that are adverse to our financial position. In practice, our representatives monitor our cash position to ensure that the amount of cash (or cash equivalent) is sufficient to cover the firm's expenses and other commitments. We also maintain a twelve-month cash flow and budget that takes into account regulatory capital an operating expenses. We also create a daily net capital report for each trading day to make sure there is sufficient capital under regulatory requirements and for proper operations.

13.8. Systems Risks

We rely on technology to provide our trading facilities to you. A disruption to our Online Platform may mean you are unable to trade when you want to. Alternatively, an existing transaction may be aborted as a result of a technology failure.

Example
An example of disruption includes the "crash" of the computer systems used to operate the online facility.

We manage this risk by having state- of-the-art IT systems and backup measures.

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

13.9. Use and Access to our Website

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

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

13.10. Cyber Security Risks

Cyber security risks are a major threat to businesses around the world. We cannot guarantee against third party interference to our Website and Online Platform, or to the technology provided by third parties upon which we rely. This means that you may be exposed to issues arising from any third party interference which may occur.

Example
Unauthorised access to our or your IT systems or devices, data breaches, business interruption, errors in pricing feeds or inability to access your account or close positions. In the worst case scenario, financial loss may occur.

We take this risk seriously and manage it by ongoing monitoring of our IT systems, protection and backup measures (including virus protection software). You can limit your risk by ensuring that you have up-to-date software for the devices that you use to access our Online Platform and ensure that you use strong passwords which are kept confidential and secure.

13.11. *Fees and Charges*

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

13.12. *Latency and price feed risk*

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

13.13. Suspension or trading halt of the Underlying Instrument

ASIC Benchmark 6: RG 227 – Suspended or halted underlying assets

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

13.14. Opportunity cost

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

13.15. Not a regulated exchange

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

13.16. Substantial losses

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

13.17. Volume limits

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

13.18. Our rights under the Terms and Conditions

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

- An Event Outside Our Control occurs (as defined in the Terms and Conditions. This includes market closures, pandemic, or a wide range of other events)
- Access to the online trading facility is suspended
- The Initial Margin is approaching or no longer sufficient to cover the negative mark to market value of any or all open positions you have open with us
- A Corporate Event occurs (as defined in the Terms and Conditions)
- A Division Event occurs (as defined in the Terms and Conditions)
- A Manifest Error occurs (as defined in the Terms and Conditions)
- A Default Event occurs (as defined in the Terms and Conditions)
- A material breach of the Terms and Conditions occurs.

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

13.19. Information on the Website and Online Platform

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

13.20. Third party trading

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

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

Key risks when using third party trades or software include:

- You can lose control of your trades and suffer financial loss.
- Any software may stop working and you are stuck with open positions and you suffer financial loss.
- You can lose more money than your initial deposit.
- It may result in you being margin called (see section 7 "Margin Calls") and your positions may be liquidated.
- Some are offered by fraudulent or illegal / underground entities in remote parts of the world.

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

14. How we handle your money

The funds in your account will be held in a designated trust account until you place a trade, or withdraw your funds. Funds deposited by HMA's clients are segregated from HMA's money and held in the designated account in accordance with Australian Law.

ASIC Benchmark 5: RG 227 – Client Money
This section explains our client money policy, including how we deal with your money and when we make withdrawal from your account. It also mentions the counterparty risk associated with the use of your money.

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

Example

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

Example

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

If you are a Retail Client or Sophisticated Investor, we cannot use your client money for our own capital purposes or to hedge with our liquidity providers. We use our own funds, and we may use Wholesale Client funds for these purposes, subject to the Terms and Conditions. We typically hold the equity balance displayed in your account, in our designated segregated account. Client money typically includes:

Initial Margin
Plus
Profits you have won but not withdrawn
Plus
Running profits in any open positions
Minus
Losses from past trades
Minus
Running losses accrued against any open positions
Minus
Any fees or other amounts we are entitled to.

Sometimes there may be a discrepancy in the balance shown to you via the Online Platform and the amount of client money we hold. That may be because of a pricing feed error, uncleared funds, software malfunction, if we have extended credit to you, or if we otherwise take action under the Terms and Conditions, which may include freezing your account if you, say breach the Terms and Conditions.

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

There is also a counterparty risk that you may lose some or all of your money if there is a deficiency in the designated segregated account. See section12, “Significant Risks” for more information concerning this risk.

15. The costs involved in using HMA products

Please refer to our current FSG for a description of how HMA, its employees and related parties are paid, and for information about the Spread, conversion costs, administrative charges, rollover interest and commission that may be payable in relation to the products described in this PDS. You can find this information (with worked examples) in the current FSG. You can obtain a free copy of the FSG by contacting us using the contact information at the start of this PDS.

16. How do the Online Platforms work?

See section 4 “Margin FX Contracts” above for a detailed explanation and example of how our Online Platform works. Before trading using our Online Platform, we recommend that you first practice using a HMA demo account.

To make a trade using our Online Platform:

- You must first register with HMA by filling out the registration form either provided to you at the same time as this PDS, or located at www.hantecmarkets.com. A pre-condition to successful registration is an acknowledgement by you that you have read this PDS, the FSG and that you have read and agreed to be bound by the Terms and Conditions. Another pre-condition is that you meet our minimum client qualification criteria, which is explained in section 4 of this PDS in more detail.

- Once you are registered, you will be able to login to your account on our Online Platform using your username and password.

- Once logged in, a number of windows will pop up in the platform. In order to place a trade, you first select a foreign exchange currency pair, commodity, share, index price or cryptocurrency from the trade window. For example, you can choose the currency pair of EUR/USD. Once you have selected a currency pair, commodity, share, index or digital currency, you need to select the amount you wish to invest by buying/selling your intended number of Contracts.

- Once you have chosen your currency pair, commodity, share, index or, cryptocurrency, you determine whether to buy or sell the asset.

- Once the trade has been executed, the particulars of that trade will be communicated to you either by post or electronically via the Online Platform or by email. You can transfer money into or out of your account, subject to the Terms and Conditions.

17. How much money do you need to trade?

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

Example

Margin requirement = Contract quantity x bid/offer price x margin percentage

The Initial Margin is determined having regard to the leverage and position size. We reserve the right to vary the Initial Margin at our own discretion. For example, we may vary the margin percentage in periods of market volatility or to comply with our internal risk management policies.

Example

Joe believes that the AUD is going to rise against the USD. He wants to buy 1 lot of AUD/USD pair. The current price of AUD/USD is 0.6568 / 0.6570. He deposited $2,000 into his trading account and his leverage is 1:200. His Initial Margin would be $500.00 AUD.

Contract size AUD 100,000 x0.005 = $500.00 AUD

18. How are our Contract prices calculated?

We cannot predict future exchange rates or the prices of indices, commodities or other assets, and our quotations on our website are not a forecast of where we believe the rates or prices will be at a future date. The decision to transact at a particular rate or price will always be your decision.

The calculation of the price to be paid (or the payout to be received) for Contracts offered by us, at the time the Contract is purchased or sold, will be based on our best estimate of market prices and the expected level of interest rates, implied volatilities and other market conditions during the life of the Contract and is based on a complex arithmetic calculation.

The Contract prices (or the payout amounts) we offer to you when hedging, trading or speculating on market prices may differ from prices available in the primary or underlying markets where Contracts are traded. This is due to the Spread in the price calculation that favours us. Different Spreads are used depending on the value of the Contract. These are subject to our right to make corrections in the event of mis-priced or typographically incorrect data.

We do not provide a market amongst or between clients for investment or speculation. Each transaction you enter into is an individual agreement made between us and you as a principal and is not transferable, negotiable or assignable to any third party.

Trades that are not covered or terminated prior to 17:00 New York Time (or any other time specified by us and communicated to you pursuant to the Terms and Conditions) are held overnight (“rolled over”) and will result in you paying or receiving interest. This is known as rollover or differential interest. Rollover refers to the interest you may earn or be charged daily on your open positions.

19. Terms and Conditions

Our Terms and Conditions are provided to you at the beginning of the registration process and must be read and agreed to before a Contract is entered into. If you are not a resident of Australia you cannot use our services.

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

1. This PDS
2. The Terms and Conditions
3. Account Opening Form

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

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

We may apply a special margin requirement to any Contract (eg. in times of volatility). An example of a special Initial Margin level is 150%, which is subject to change by the assessments of the market risk.

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

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

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

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

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

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

20. Stopping or cancelling a payment

Should you wish to cancel or alter any Contract you have entered into with HMA, it will be at our complete discretion. If, at your request, we cancel or alter your Contract, you may have to pay any costs for exchange rate losses that are incurred.

21. Tax implications

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

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

22. What are our different roles?

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

HMA is also the service provider. Our website (and at times, our Representatives) can give you general advice and help you use our trading services.

23. What should you do if you have a complaint?

In the event you have a complaint about HMA, you can contact your HMA Representative and discuss your complaint.

If your complaint is not satisfactorily resolved, please contact by telephone or in writing:

Joanne Ding
Head of Compliance
See contact details on page 1 of this PDS

At this stage, we will try to resolve your complaint within a period of forty-five (45) calendar days from the day of the initial complaint. The Head of Compliance will provide a full written response to you.

If the complaint cannot be resolved to your satisfaction, you have the right to refer the matter to the Australian Financial Complaints Authority (AFCA) within two (2) years from the date of our final response.

Contact details for AFCA are outlined below:

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

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24. Glossary

ASIC refers to the Australian Securities and Investments Commission.

AUD refers to the Australian dollar.

Base Currency refers to the currency in which your trading account is denominated. It also refers to the currency on the left of a quoted trading pair. For example, if it is USD, you can only transfer USD into that account. The profit or loss is also converted into that currency. See Step 3 of Section 4 of this PDS for an example.

Business Day refers to a day on which commercial banks are open for business (including dealings in foreign exchange) in the host countries of the relevant Currency Pair, or in the case of CFDs, the relevant exchange times where the CFD is being traded.

CFD means Contract for Difference - a leveraged financial instrument that changes in value by reference to fluctuations in the price of an underlying instrument such as a share, a share index, a commodity or digital currency**.**

Contract This is a contract which you may enter in to with HMA. It derives its value from an underlying instrument (such as a currency, a currency pair, a commodity, another asset such as a company share, or an index or a cryptocurrency). A Contract does not involve any legal rights with respect to the underlying assets, and nor does it create a right or obligation on either party to deliver the underlying asset(s). Rather, settlement is made by cash based on the difference between the buy and sell rates of the Contracts.

Currency Pair refers to the value of one named currency relative to another named currency.

EUR refers to the Euro – the official currency of the European Union.

Forced Liquidation is described in Section 4 of this PDS.

Free Equity means your Total Equity less your total Margin Requirement.

FSG refers to the Financial Services Guide issued by HMA.

FX means Foreign Exchange.

Initial Margin is the initial deposit required by you before you can trade with HMA. See Step 2 in Section 4 of this PDS.

InterBank Classic Platform is one of the platforms HMA allows some clients to use. A minimum Contract size of 500,000 or above, of a particular trading currency is required for opening new positions in this platform.

Leverage is the ability to pay only a small amount of the value of a currency as an initial payment to open a grade. Also known as "gearing".

Margin is the amount you must have in your account to enter into a Margin FX Contract or CFD with HMA.

Margin Call is a demand for additional funds to be deposited into your account to meet your Total Margin Requirement because of adverse price movements on your open positions.

Margin FX Contract means a Contract to pay or receive the change in value of a currency pair depending on whether the price rises or falls.

Margin Level is the equity or balance of funds in your account and is calculated as a percentage by dividing your trading account equity by your used margin.

New York Time is New York Eastern Standard Time.

Notional Contract Amount or Notional Amount refers to the value of your Contract, which is only notional because you don't have a legal right to the full amount. For example, if your Initial Margin is USD 1,000 which is only 1% of the Contract size, then the Notional Contract Amount (or Notional Amount) is USD 100,000.

Online Platform means our password protected online electronic trading systems and portals (including via web access, mobile or other device or downloadable platforms) that we make available to you, either directly or indirectly through our third party service providers and through which you can deal with us.

PDS means Product Disclosure Statement.

PIP is the smallest possible move in a currency price.

Representative includes a director or employee of HMA, and a director or employee any company related to HMA, as well as any other entity that is appointed as an Authorised Representative of HMA.

Retail Client means a customer or potential customer of HMA who is not a Wholesale Client or a Sophisticated Investor.

Rollover Interest means the costs that are calculated daily on your overnight positions.

Sophisticated Investor means a person who would be a Wholesale Client only through the application of section 761GA of the Corporations Act 2001 (Cth). This requires the person to sign a special Sophisticated Investor letter.

Spot Rate The price that currency, index, commodity or other asset is quoted at, for an immediate "on the spot" transaction. All prices quoted by us are quoted using the Spot Rate.

Spread is described in our FSG under the heading "What Fees and Commissions are Paid to HMA?".

Stop Loss Order has the meaning as set out in section 9 of this PDS.

T+2 refers to a rule that most funds settle within 2 Business Days after the trade day.

Terms and Conditions are the terms and conditions that you are required to agree to before you can use the products described in this PDS. They are incorporated by reference into the PDS. You can obtain a free copy of this document by contacting us using the contact information at the start of this PDS.

Total Equity is the total of the current cash balance in your account and your current unrealised profits and losses.

Total Margin means the sum of your margin requirements for all your open positions.

Total Return Index refers to an index that measures the performance of the securities in the index by assuming that all dividends are reinvested. The S&P 500 is an example of a Total Return Index.

USD means United States dollar.

Website means www.hantecmarkets.com**.**

Wholesale Client has the same meaning as in section 761G of the Corporations Act but does not include a Sophisticated Investor.