

# WHOLESALE CLIENT INFORMATION GUIDE

## 1. About us

Capital Com Australia Pty Ltd ("CCAU, us, we, our, the Company") is a company registered in Australia (ABN 47 625 601 489) and the holder of an Australian Financial Services Licence ("AFSL") issued by the Australian Securities and Investments Commission ("ASIC").

Our contact details are:

<b>Issuer:</b>	Capital Com Australia Pty Ltd
<b>AFSL number:</b>	513393
<b>Address:</b>	Level 34, 120 Collins Street, Melbourne, VIC 3000
<b>Website:</b>	<a href="http://www.capital.com">www.capital.com</a>
<b>Email:</b>	<a href="mailto:support.au@capital.com">support.au@capital.com</a>

## 2. Purpose

This Information Guide ("this Guide") applies to wholesale clients only. A client can be categorised as wholesale if they meet the wealth criteria under section 761(G)7 or are able to demonstrate that they have the necessary knowledge, understanding, and experience trading complex financial products, under section 761GA of the Corporations Act 2001 (Cth). For more information on our assessment criteria, please refer to the section "Wholesale Client Assessment Criteria" in this Guide.

This guide does not deal extensively with how our products work or the risks associated with trading these products; however, it does contain important information pertaining to our assessment criteria as well as the benefits and disadvantages of holding a professional account with us.

**Importantly, you should take note that as a wholesale client, you will not receive the same protections as our retail clients. This is set out in more detail in Section 9 of this guide. It is important that you read and understand how the loss of these protections might affect you, before you apply for a professional account with us.**

## 3. General Risks Disclosure

Trading on margin is high risk and can result in significant losses. It is therefore not suitable for everyone. As a wholesale client, you will have access to greater leverage which increases your risks significantly compared to that of a retail client. We will not monitor your account, trading behavior

or your profits or losses to confirm whether your application disclosures are consistent with that of a wholesale client. We also do not provide personal advice and accordingly, will not take into consideration your personal or financial situation or needs. It is your responsibility to seek independent financial, legal or tax advice if you need it.

#### **4. Past Performance**

CCAU does not guarantee the investment performance of Margin FX, or CFD products nor the investment performance of the underlying markets or instruments. Past performance is no indication or guarantee of future performance.

Due to various factors, including changing market conditions, any past information may no longer be reflective of current and or future CFD positions. Moreover, you should not assume that any information provided by us is personalised investment advice from CCAU.

#### **5. Our Products and Services**

##### **Margin FX & Contracts for Difference (CFDs)**

We offer Margin FX Contracts and CFDs. CFDs are an over-the-counter (OTC) derivative products and are not traded directly with an exchange.

Margin FX refers to a contract that allows you to speculate on the value of one currency vs another, whereas CFD's generally applies to commodities, cryptocurrencies, stock indices or the price of a company share. However, it is common for Margin FX to also be referred to as a CFD.

The amount of profit or loss made on a CFD contract will be based on the difference in price between when the position was opened and when it was closed. There may also be an overnight funding fee or benefits that relate to the CFD, such as dividends.

CCAU offers numerous instruments in which to trade CFD's such as precious metals (Gold, Silver etc), ETF's, cryptocurrencies, market indices, shares, FX and commodities (Oil, Natural Gas etc). For more information please visit our website ([www.capital.com](http://www.capital.com)). Please note CCAU reserves the right to add or remove products from its offering at its discretion.

## **Nature of CFDS**

As CFDs are speculative geared products they place a significantly greater risk on your initial investment than non-geared investments such as conventional share trading. Unlike share trading, you do not own or have any rights to the underlying asset. We do not recommend that you use our products on a wholesale client account basis if you cannot assume increased risks of losing money.

You must carefully consider whether CFDs are appropriate for you considering your financial circumstances, experience and investment objectives. We note that you could lose all the margin funds you deposit with CCAU to establish or maintain a CFD position.

Derivative markets can be highly volatile. The prices of CFDs and the underlying securities, currencies, commodities, cryptocurrencies, financial instruments or indices may fluctuate rapidly and over wide ranges and in reflection of unforeseen events or changes in conditions, none of which can be controlled by you or us. The prices of CFDs will be influenced by unpredictable events including, amongst other things, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events and the prevailing psychological characteristics of the relevant marketplace.

## **6. Fees and Charges**

Certain fees and charges are payable by you to us. Please refer to our website and mobile application for further information on our current fees and charges. We will provide you with an itemized breakdown of costs and charges in your account on the Online Trading Platform however, our fees and charges are generally made up as follows:

### **Spreads**

We are compensated for our services through the Buy/Sell spread. When you open a new position, you 'pay' the spread – the difference between the Buy and Sell prices. The spreads are dynamic due to the uncertain nature of the markets and are set at our sole discretion. The spread is always incorporated into our quoted rate and is never an additional charge payable by you. The price of the spread varies across instruments, you can view the relevant spread for your chosen instrument on the trading platform and mobile app under the 'market info' tab and is named as 'dynamic spread'.

## **Administration & Additional Charges**

We do not charge any administration fees to open or maintain your account however, we reserve the right to charge any admin or additional fee at our sole discretion. Where an administration or additional fee is introduced, we will provide you with 30 days written notice in advance of the effective date of the changes.

In addition, we may from time to time modify the size, the amounts and the percentage rates of its fees providing you with a respective notification of such charges accordingly. Any alteration to charges will be notified to you in advance of the relevant change via our Website or the mobile application. It is your responsibility to keep yourself updated, and monitor and/or to check regularly the fees and charges on our website or in the mobile application, we are not obliged to make personal notifications of the alterations to the charges. Your continued use of our Online Trading Platform shall be considered as your consent and agreement to such changes and shall be governed by those terms and conditions, as modified. If you do not wish to be bound by those changes you should cease to use our platform and inform us immediately.

## **No Commissions or Fees for Deposits or Withdrawals**

No fees are charged by us for deposits to or withdrawals from your account. You will be liable for any money transfer fees in regard to your deposits and/or withdrawals, in such cases you would be required to liaise directly with your bank or payment service provider.

## **Overnight Fees**

If you hold a position open overnight, we may charge an overnight funding fee. For Cryptocurrencies, ETF's and Shares the fee is based only on the leverage provided rather than the entire value of your position. The overnight fee charge on Indices, Commodities and FX is based on the entire value of your position.

Please note, the overnight fee varies across instruments. You can find the specific overnight fee for your chosen instruments in the market information tab on the trading platform or mobile application.



### **Inactive Account Fees**

Inactive Accounts will not be subject to any charge, relating to the maintenance or administration of such accounts. However, we reserve the right to terminate accounts that have been inactive for an extended period of time. CCAU will generally notify you before the account is closed but should you choose to reactivate the account (if the option is available to you), you may be required to re-verify your identity in accordance with our AML Procedures.

### **Guaranteed Stop Loss Order Fee (GSL Fee)**

We charge a fee for offering a guaranteed stop loss (GSL). The fee is shown when the GSL function is selected and is only deducted if the GSL is executed. It is typically calculated using this formula:  $\text{Quantity} \times \text{Price} = \text{Premium}$  and will vary depending on instrument. When selecting this function we will deduct extra margin to cover the maximum loss on the position in order for us to accept your order.

### **Dividends**

Adjustments will be made to your account due to dividend payments related to the underlying equity. Such adjustment will be calculated by us based on the size of the dividend, the size of your position, any possible taxation on US shares, and whether it is a buy or a sell trade. If you hold a long position, we will adjust your account in your favour by the dividend multiplied by the long quantity as adjusted, if necessary, for taxation. If you hold a short position, we will adjust your account in our favour by the dividend multiplied by the short quantity as adjusted, if necessary, for taxation.

A dividend adjustment is applied when an underlying share passes its Ex-Dividend Date (including the ex-date of any special dividend) in the underlying stock market.

However, as we are dependent upon notification from an external third party we cannot under any circumstances be held liable for the consequences of any delayed adjustments.

## 7. Leverage and Margin

We offer the following leverage limits to our wholesale clients:

Product category	Professional account (Max. leverage)
Major currencies	300:1
Major indices	200:1
Commodities	200:1
Shares	20:1
Cryptocurrencies	100:1

Leverage can magnify both profits and losses as it allows you to take larger exposures. The aforementioned leverage limits expose you to greater risk meaning that you could lose substantially more investing as a wholesale client than a retail client. You must maintain a Margin Level of at least 50% for your CFD account failing which we will automatically close out your positions until your account reaches 50% of the Margin Level, or until there are no open CFD positions. Margin is calculated as a percentage of the contract value. Leverage ratios and margin requirements vary depending on which product you wish to place a transaction. For more information, please refer to our website.

**CCAU can't be held responsible in the event a margin call notification does not reach you or a push notification is missed and/or fails. It remains your responsibility to continuously monitor your open positions on the Trading Platform or mobile application to ensure that you retain sufficient equity to support your open positions.**

## 8. Wholesale Client Assessment Criteria

We offer professional accounts to clients based on either one of the following assessment criteria:

### A. Wealth

1. If you have net assets of at least AUD \$2.5 million;

**OR**

2. If you have had a gross income of at least AUD \$250 000 per year, for the last 2 financial years.

If you meet either one of the above criteria, you must provide us with a certificate by a qualified accountant confirming that you satisfy the criteria above. The accountant's certificate must be:

- no more than 6 months old at the time the offer of financial products is made;
- and
- updated every two years to stay current.

If you require additional information about the requirements of an accountant certificate, please contact us on [support.au@capital.com](mailto:support.au@capital.com) or refer to our website.

#### B. Experience

1. You have placed a minimum of 20 leveraged derivative trades per quarter for at least 4 quarters in the preceding 3 years with a notional value of AUD \$250,000 or more;

**OR**

2. You have held a relevant position in the financial services industry and have gained experience trading derivatives whilst in that position;

**AND**

3. You have successfully completed an assessment to demonstrate your knowledge and experience as a Sophisticated Investor.

If you believe that you meet our requirements to be classified as a Sophisticated Investor, you can complete an application form and provide the relevant supporting documents for us to assess your application. In assessing your application, we must be satisfied on reasonable grounds that you are able to assess:

- the merits of our products and services; and
- the value of our products and services; and
- the risks associated with holding our products; and
- your own information needs; and
- the adequacy of information given by us.

The decision to accept your application is therefore subject to our sole discretion. If we are satisfied on reasonable grounds that you have met our qualifying criteria. It is important that you read and understand the content of the form as it sets out important information and disclosures.

## 9. Appropriateness and Change in Circumstances

By applying for a professional account, you acknowledge that you have the necessary skill, experience and knowledge to trade as a wholesale client. You are responsible for determining whether CFDs are appropriate for you and must independently consider your financial circumstances, experience and investment objectives.

If your circumstances change so as to affect your eligibility to be categorised as a wholesale client, please let us know as soon as possible but in any event, no later than **10 calendar days** of such change in your circumstances. CCAU will not accept liability for any losses arising from your change in circumstance and any delay or failure on your part, to notify us.

In addition to your right to request to revert to retail client status, CCAU retains its discretion to reclassify a wholesale client as a retail client in circumstances it deems necessary or appropriate to do so.

## 10. What protections will I have as a wholesale client?

**It is important that you read this section carefully because as a wholesale client you will lose some of the protections that are afforded to our retail clients.** These protections include the following:

Disclosure Documents	You will not be entitled to receive a Product Disclosure Statement, Financial Services Guide or any other document that we would be required to give to our retail clients. In circumstances where you may have received these documents prior to your application as a wholesale client, these will no longer apply to you.
Dispute Resolution	<b>Internal Dispute Resolution</b> CCAU may provide its wholesale clients with access to its internal dispute resolution procedures (i.e. complaints handling procedures). For more information on how we handle complaints, please refer to Section 15 below.

	<p><b>External Dispute Resolution</b></p> <p>Wholesale clients will forfeit their right to complain to the Australian Financial Complaints Authority (AFCA). In this regard, please note that AFCA has a discretion whether or not to address wholesale client complaints.</p>
Conflicted Remuneration	<p>The applicable Future of Financial Advice (FoFA) requirements relating to conflicted remuneration will not apply to wholesale clients.</p>
Product Intervention Order	<p>The protections afforded to retail clients under the <i>ASIC Corporations (Product Intervention Order–Contracts for Difference) Instrument 2020/986</i> which came into effect on 29 March 2021 will not apply to wholesale clients.</p>
Design and Distribution Obligations	<p>From 5 October 2021, the design and distribution obligations which will assist retail clients to obtain appropriate financial products by requiring issuers and distributors (like us) to have a customer-centric approach to designing, marketing and distributing financial products, will not apply to wholesale clients.</p>

CCAU may provide some of the retail client protections to you as a wholesale client, such as the right to have your complaints handled internally in the same manner we would handle retail client complaints. These protections are offered to you at our sole discretion and may be withdrawn at any time. Our decision to provide such protections at any particular time does not create any entitlement for you to their continued provision and does not affect our right to treat you as a wholesale client.

## 11. Client money

CCAU will continue to hold all wholesale client money in segregated accounts. Client money received from wholesale clients under the Sophisticated Investor assessment are considered 'derivative retail client money' and will receive the same protections as retail client money in accordance with the ASIC Client Money Reporting Rules 2017.

Where we provide you with Payment In Transit (PIT) functionality, we process payments you make to your account, by taking the following steps:

- When you make a payment to us, and before that amount clears and settles in our trust account, we receive such payments on your behalf and ensure that we pay an equivalent amount, directly into your account on your behalf.
- The monies in your account are yours and we hold them in our trust account on your behalf until they are withdrawn to be paid to you on request or by instruction, or paid to us when they become due and payable to us.
- Once the sum you have contributed (PIT) has settled in our client monies account, we may set off positive and negative amounts, so that the amount in your account represents your net position.
- Where your payment to us does not settle for any reason, we may deduct the amount we have paid on your behalf from your trading account.

## **12. Platform risks**

Our Trading Platform operates exclusively on-line using the internet. While trading on our platform, system errors might occur and we therefore cannot accept liability for any loss arising as a result of a system failure. You should be aware of the risks that may result from any failure, malfunction or disruption in or of any transmission, communication system, computer facility or trading software, whether belonging to us or to any other third party.

System failures could result in a delay or failure to open and/or close positions. It is your responsibility to ensure that you have stable internet connectivity whilst trading and to ensure that you have uninterrupted access to your account when you have open positions that require monitoring.

## **13. Existing Positions**

You will be treated as wholesale, effective from the date of your wholesale client classification. Any open positions on your account prior to your classification as wholesale will not be affected and will stay at the leverage at which they were opened. Any positions opened after you have been reclassified will be set at the new higher leverage.

# WHOLESALE INFORMATION

This means, if you want to keep a position but have the new leverage applied, you will first have to close the existing position and open a new one to benefit from that increased leverage.

## 14. Privacy

All information that we collect about you will be treated in accordance with our Privacy Policy which can be found on our website.

## 15. Complaints

If you have a complaint, you can contact us in a way that is most convenient to you. We are contactable by:

<b>Email</b>	<a href="mailto:complaints.au@capital.com">complaints.au@capital.com</a>
<b>Livechat</b>	<a href="https://capital.com/contact-us">https://capital.com/contact-us</a>

Please provide us with relevant information and details about your complaint in order for us to assist you more efficiently.

What we need from you:

- Your name, trading account number and contact details;
- A clear description of your complaint and when it occurred;
- In case you have spoken with anyone from CCAU, please state his/her name; and
- Copies of relevant documents or any other relevant supporting information.

Once we receive your complaint we will try to resolve it as soon as possible. Please note that your complaint is dealt with in accordance with our own internal processes and is not subject to the procedures set out in ASIC's *Regulatory Guide 271: Internal Dispute Resolution Procedures*.

In addition, should we not resolve your complaint to your satisfaction, you do not have an automatic right of access to AFCA, our external dispute resolution scheme. AFCA does however have discretion on whether or not to address complaints it receives from wholesale clients.

## **16. Tax**

Margin FX & CFDs may give rise to a tax obligation in Australia. Tax implications may vary and will depend on your individual circumstances and other relevant factors. CCAU does not provide tax advice, including advice about Goods and Services Tax (GST). The taxation of CFDs is set out in ATO Tax Ruling TR 2005/15, which may provide some guidance on how Margin FX and CFDs are taxed. Generally, if you make a gain attributable to an exchange rate or price fluctuation that part of the gain may be included in your income. Conversely, if you make a loss attributable to an exchange rate or price fluctuation, that part of the loss may be deducted from your income. There may also be tax implications that arise if you have any open positions at the time we begin to treat you as a wholesale client.

Taxation laws are complex, and it is your responsibility to understand and consult a tax advisor before entering into any transactions with CCAU. It is recommended that you consult an independent tax advisor to discuss these implications if any.