

ACY Capital Australia Limited

KEY INFORMATION STATEMENT (KIS)

CONTRACT FOR DIFFERENCE

Issue Date 7 December 2020 – Version Number 8



VFSC License No.: 012868

Table of Contents

| | |
|--|-----------|
| 1. Important Information | 5 |
| 1.1 This Key Information Statement | 5 |
| 1.2 ACY Capital Products | 5 |
| 1.3 Your potential liability | 5 |
| 1.4 General information | 6 |
| 1.5 Your Suitability to Trade ACY Capital CFDs | 6 |
| 1.6 Currency of KIS | 6 |
| 1.7 Anti-Money Laundering Laws | 7 |
| 1.8 Applications | 7 |
| 1.9 Retail Clients | 7 |
| 1.10 How to contact us | 7 |
| 2. How to Trade | 7 |
| 2.1 Your Account | 8 |
| 2.2 Opening a CFD | 8 |
| 2.3 Dealing | 8 |
| 2.4 Pricing - bid/offer spread | 9 |
| 2.5 ACY Capital Trading Platform | 9 |
| 2.6 Confirmations of Transactions | 10 |
| 2.7 ACY Capital Indices & Share CFDs - Corporate Actions | 10 |
| 3. ACY Capital's Margin Policy | 11 |
| 3.1 ACY Capital's Margin Policy | 11 |
| 3.2 Margin Calls | 11 |
| 3.2 Paying Margin | 11 |
| 3.3 How margin is calculated? | 12 |
| 3.4 Your Margin defaults | 12 |
| 4. Client Qualification Policy | 13 |
| 5. Key Features of ACY Capital CFDs | 13 |
| 5.1 Summary of Key Features of ACY Capital CFDs | 14 |
| 6. Key Benefits of ACY Capital CFDs | 14 |
| 7. Significant Risks of Trading in our Products | 15 |
| 8. Client Money held by ACY Capital | 23 |

| | |
|--|-----------|
| 8.1 Client Money - Trust Account | 23 |
| 8.2 Use of Client moneys | 24 |
| 8.3 Withdrawal Authority | 24 |
| 8.4 Consequences of withdrawals from the ACY Capital Client moneys trust account | 24 |
| 9. Order Types | 25 |
| 9.1 Limit Order | 25 |
| 9.2 Market Order | 26 |
| 9.3 Stop Order | 26 |
| 9.4 Stop-Loss Order | 26 |
| 9.5 Take-Profit Order | 27 |
| 9.6 Order Duration | 27 |
| 10. Costs, Fees & Charges | 27 |
| 10.1 Account Types | 27 |
| 10.2 Spreads | 28 |
| 10.3 Finance Charges/Credit and Rollovers | 28 |
| 10.4 Currency Conversion Fee | 29 |
| 10.5 Funding Charges | 29 |
| 10.6 Margin | 30 |
| 11. CFD Trading Examples | 30 |
| 11.1 Stock Index CFDs | 30 |
| 11.2 Margin FX | 31 |
| 11.3 Share CFD | 31 |
| 12. External Fees, Taxes and Charges | 32 |
| 13. Taxation Implications | 32 |
| 14. General Information | 32 |
| 14.1 Accounts Denominated in Foreign Currency | 32 |
| 14.2 Discretions | 33 |
| 14.3 Cooling Off | 33 |
| 14.4 Dispute resolution | 34 |
| 15. Privacy Policy | 34 |
| 15.1 The information we collect | 34 |
| 15.2 How we collect information | 35 |
| 15.3 Use and disclosure of your information | 35 |

| | |
|--|-----------|
| 15.4 Access to your personal information | 36 |
| 16. ACY Capital Disclosure Benchmarks | 37 |
| 17. Glossary | 40 |

1. Important Information

1.1 This Key Information Statement

This Key Information Statement (“KIS”) is dated 7 December 2020 and was prepared by ACY Capital Australia Limited (VFSC 012868) (“ACY Capital”, “we”, “our”, “us”), as the issuer of its over-the-counter contracts for difference (“ACY Capital CFDs”, “Contract”, “CFDs”) referred to in this KIS.

This KIS is designed to provide you key information about ACY Capital CFDs and this KIS describes the key features of ACY Capital CFDs, their benefits, risks, the costs and fees of trading in ACY Capital CFDs and other related information.

ACY Capital CFDs are leveraged financial products so you should read this KIS and the Terms and Conditions in full before making any decision to invest in them. Some expressions used in this KIS have definitions given in the Glossary at the end of this KIS (see Section 18).

The provision of this KIS to any person does not constitute an offer to any person of any interests to whom it would not be lawful to make such an offer. This KIS has not been lodged nor it is required to be lodged with the Vanuatu Financial Services Commission.

ACY Capital is a Vanuatu financial services provider and neither this KIS nor any ACY Capital conduct is intended to be an inducement, offer or solicitation to anyone outside of Vanuatu.

1.2 ACY Capital Products

The products covered by this KIS are over-the-counter derivative Contract for Difference (CFD) products issued by ACY Capital and are not exchange-traded. We offer six broad range of CFD products that over different underlying assets via ACY Capital Trading Platforms:

- Margin Foreign Exchange (margin FX, FX, Forex)
- Indices
- Commodities
- Metals
- Crypto Currencies
- Shares/Equities

1.3 Your potential liability

Please read the Key Features in Section 5, and the Significant Risks in Section 7 for important information about your potential liability.

Potential investors should carefully consider the risks involved in trading over-the-counter derivative products and ultimately understand and accept the risks of investing in ACY Capital CFDs. Trading in ACY Capital CFDs is not suitable for all investors because of the significant risks involved (see Section 8).

Your potential liability is not limited to the amount you pay ACY Capital or the amount we hold on trust for you. We may ask you to pay additional amounts in excess of those amounts to cover any shortfall. Your liability on short ACY Capital CFDs can be unlimited. You should carefully consider the risks of ACY Capital CFDs and your capacity to meet your liability before investing.

This initial warning cannot set out and duplicate all of the important information in this KIS. You should read this KIS and the Terms and Conditions in their entirety before making a decision to acquire and deal in financial products covered by this KIS. We recommend that you contact us if you have any questions arising from this KIS or the Terms and Conditions prior to entering into any Transactions with us. ACY Capital recommends that you consult your advisor or obtain independent advice before trading.

Please note that ACY Capital does not guarantee the performance, return of Securities from, or any particular rate of return, of an ACY Capital CFD product or transaction. Clients may lose more than the amount of funds in their Account, and should only capital you can afford to lose. Please note that the historical financial performance of any ACY Capital CFD or underlying instrument/market is no guarantee or indicator of future performance.

1.4 General information

This KIS does not constitute a recommendation or opinion that our products are appropriate for you. The information in this KIS is general only and does not take into account your personal objectives, financial situation and needs.

1.5 Your Suitability to Trade ACY Capital CFDs

If we ask you for your personal information to assess your suitability to trade ACY Capital CFDs and we accept your application to trade ACY Capital CFDs, this is not personal advice or any other advice to you. You must not rely on our assessment of your suitability since it is based on the information you provide us and the assessment is only for our purposes of determining whether we are comfortable to open an Account for you. It is not feasible for you to later claim that you are not responsible for any losses you incur merely because we have opened an Account for you. You remain solely responsible for your own assessments of the features and risks of ACY Capital CFDs and seeking your own advice as to whether these ACY Capital CFDs are suitable for you.

1.6 Currency of KIS

The information in this KIS is up to date at the time it was prepared but is subject to change at any time. If there is new information, which is materially adverse to you, we will

issue either a new KIS or a supplementary KIS containing the new information. If the new information is not materially adverse to you, you will be able to find this updated information on our website www.acy.com through our company announcement.

1.7 Anti-Money Laundering Laws

ACY Capital is subject to anti-money laundering and counter-terrorism financing laws (AML/CTF laws) that can affect ACY Capital CFDs. If your Account is established, ACY Capital may disclose your personal information or stop transactions on your Account to comply with the AML/CTF laws or under ACY Capital's AML/CTF procedures, without liability to you for any loss that arises due to that occurring, this includes withdrawal of your account balance.

1.8 Applications

If you wish to apply for an ACY Capital CFDs Account, you must complete the online ACY Capital Account Application Form agreeing to the information held in this KIS.

1.9 Retail Clients

This KIS is designed for ACY Capital's retail clients only. Although informative, this KIS may not reflect ACY Capital's policies, procedures, and obligations to clients who are not retail clients. Any references to a "Client", "Clients", or "you" in this KIS are to be taken as referring to retail clients only.

1.10 How to contact us

If you have any questions, please contact ACY Capital as follows:

ACY Capital Australia Limited

Address: 1276 Kumul Hwy, 1st Floor Govant Building, Port Vila, Vanuatu

Phone: +678 24404

Email: support@acy.com

Web: www.acy.com

2. How to Trade

2.1 Your Account

You must complete ACY Capital's online Account Application Form. If your application is accepted by ACY Capital, your Account will be opened. Your Account covers all of the services and products which you apply for in your Application Form and which are accepted by ACY Capital.

Your trading in ACY Capital CFDs is conducted through your Account on the trading platform, ACY Capital Trading Platform.

The legal terms governing your Account and your dealing in our products are set out in the Terms and Conditions. By opening an Account, you agree to the Terms and Conditions.

2.2 Opening a CFD

The terms of each ACY Capital CFD are agreed between you and ACY Capital before entering the Transaction.

Before you enter ACY Capital CFD, ACY Capital will require you to have sufficient Account Value to satisfy the Margin requirements for the relevant number of ACY Capital CFDs. The payments you make to ACY Capital are applied as either Margin or the fees and charges and the amount net of those fees and charges is credited to your Account. The fees and charges for transacting with ACY Capital are set out in this KIS.

A CFD is opened by buying a contract, corresponding with either buying (going long) or selling (going short) the underlying security. "Going long" is when you buy a contract in the expectation that the price of the underlying security will increase. "Going short" is when you transact in a contract in the expectation that the price of the underlying security will decrease.

When you close a position, you are liable for the costs, fees and charges as described in this KIS (see Section 10). You should be aware that your investment might suffer a loss, depending on the value of your CFD at the time of Close Position compared with the time of your Open Position. Refer to section 11 for CFD calculation examples.

2.3 Dealing

Quotes for prices for dealing in ACY Capital CFDs are indicative only, so are subject to the actual price at the time of execution of your Order. While ACY Capital endeavours to execute your Order to the best of its ability, there is no assurance that the Order will be executed at your preferred price (pre-set price).

Quotes can only be given and Transactions made during the open market hours of the relevant market on which the Underlying Products are traded. ACY Capital may at any time at its sole discretion without prior notice impose limits on our ACY Capital CFDs in respect of particular Underlying Products. Ordinarily, ACY Capital would only do this in the following circumstances:

- if the market for the Underlying Product has become illiquid; or

- trading in the Underlying Product has been suspended; or
- there is some significant disruption to the markets, including trading exchanges restrictions, trading facilities failure, or any economic and political factors.

You should be aware that the market prices and other market data, which you view through ACY Capital's Trading Platform or other facilities that you arrange yourself may not be current or may not exactly correspond with, the prices for our ACY Capital CFDs offered or dealt by ACY Capital.

2.4 Pricing - bid/offer spread

ACY Capital quotes a lower price and a higher price at which you can place your Order. This is referred to as the bid/offer spread. The higher quoted price is the indication of the price at which you can buy the Contract. The lower quoted price is the indication of the price at which you can sell the Contract.

You may only deal in and out of contracts by using ACY Capital's prices. ACY Capital offers prices based on its market making pricing model where ACY Capital chooses the prices made available to Clients.

ACY Capital's bid/offer prices are based on the corresponding prices offered by the Hedging Counterparty to ACY Capital and these prices may not be the same as those quoted for the Underlying Product in the relevant market.

ACY Capital aims to give competitive pricing via its Trading Platform but please be aware that ACY Capital does not act as your agent to find you the best prices, as ACY Capital is acting as principal when transacting with you.

When your Order is executed, for you to break even or realise a profit, putting aside for the sake of simple illustration any fees or charges, the price at which you exit your position needs to be at least equal to the original bid or offer price that you started the position (depending on whether you went long or short); if you trade at the offer, the price needs to reach the bid and vice versa.

When you receive a quote for a Contract by ACY Capital, it is made by reference to the price or value of the Underlying Product in the relevant market. This price or value may differ from the price or value of the Underlying Product for various reasons; for example, an additional spread is applied to the pricing offered by ACY Capital.

2.5 ACY Capital Trading Platform

Your Account gives you access to ACY Capital Trader Platform, which is a multi-product multi-currency on-line trading platform. At the Your Account gives you access to ACY Capital Trading Platform, which is a multiproduct on-line trading platform. Please note Share CFDs are only available through ACY Capital MT5 trading platform.

ACY Capital provides practice Accounts known as “demo” Accounts, which conduct simulated trading. This enables you to become familiar with the ACY Capital Trading Platform attributes.

2.6 Confirmations of Transactions

If you transact in our ACY Capital CFDs, the confirmation of that Transaction may be obtained by accessing the daily history online through our trading platform.

It is your obligation to review the transaction history immediately to ensure its accuracy and to report any discrepancies within 48 hours.

2.7 ACY Capital Indices & Share CFDs - Corporate Actions

If the Underlying Asset (Indices & Share CFDs) is subject to Corporate Action (dividend, rights issue, stock splits, etc), we will make adjustments to your account and/or take reasonable steps to reflect the impact on your account.

The dividend will be credited into your account according if you are holding a long position. According to tax policy from different Exchange, your dividend payment will be withheld a certain percentage as tax payment.

The dividend will be debited from your account if you are holding a short position on that indices CFD or share CFD. The full payment will be deducted according to corporate action requirement. Any adjustment will be uniformly applied across all relevant positions at the time.

You may not direct ACY Capital how to act on a corporate action or other shareholder benefit. ACY Capital has a discretion to determine the extent of the adjustment and aims to place the parties substantially in the same economic position they would have been in had the adjustment event not occurred.

ACY Capital may elect to close a position (without prior notice to you) if an adjustment event occurs and it determines that it is not reasonably practicable to make an adjustment. ACY Capital may also elect to close ACY Capital CFD if the ACY Capital CFD's Underlying Securities are subject of a take-over offer, scheme of arrangement or other mechanism for change in control, prior to the closing date of the offer.

ACY Capital CFDs do not entitle you to direct ACY Capital on how to exercise any voting rights in connection with the ACY Capital CFD's Underlying Security.

Clients should be aware that some Exchanges purge orders in securities that undergo corporate actions. You should seek confirmation from ACY Capital of any action for specific corporate actions that might affect your ACY Capital CFDs.

3. ACY Capital's Margin Policy

3.1 ACY Capital's Margin Policy

ACY Capital applies the following main principles:

Each Client is required to maintain a minimum required amount of Margin before issuance of a Contract. The Initial Margin is determined by ACY Capital based on a number of factors, including the market price of the Underlying Product, the lot size of the CFD contract, the Account leverage, and the Product leverage.

3.2 Margin Calls

Apart from your obligation to maintain the required amount of Margin, you are also obliged to meet Margin Calls by paying the required amount by the time stipulated in the Margin Call. Accounts with margin call levels are monitored by us. You will also have access to our Trading Platform to check your margin call levels. If your Account Equity level only covers 100% or less of the Margin Requirement, you are regarded being on margin call. You will receive auto notification via the Trading Platform. Margin Calls are payable immediately.

If you do not read the Margin Call notification via the Trading Platform, you remain liable to meet the Margin Call. This obligation is in addition to your obligation to maintain the Initial Margin.

There is no limit as to when you need to meet Margin Calls, how often you may be notified or the amount of the Margin Calls. The timing and amount of each Margin Call will depend on movements in the market price of the Underlying Product for the position, and the things that affect the market price of the Underlying Product and changes to the Account Value.

If your Equity only covers 50% of the Margin Requirement for your open positions, your worst offending Position (the contract with the largest loss) will be automatically closed out at the first price available and as determined by the instrument's price, market liquidity, and other factors might impact on execution time, regardless of whether you have checked your Account's requirement for minimum Margin or whether you have tried to make a payment but it has not been credited to your Account.

3.2 Paying Margin

You must pay the Initial Margin before the ACY Capital CFDs are issued to you. You must then maintain the minimum amount of Margin required by us. You will also be required to meet any Margin Calls.

To pay Margin you must deposit the funds into the ACY Capital Client moneys trust account. The funds are kept in this account and withdrawn only to meet your obligations to ACY Capital.

Your payment to ACY Capital is effective only when cleared funds are deposited into the ACY Capital Client moneys trust account.

3.3 How margin is calculated?

ACY Capital sets the amount of the Initial Margin. The Initial Margin is determined by ACY Capital based on a number of factors, including the market price of the Underlying Product, the lot size of the CFD contract, the Account leverage, and the Product leverage.

Here is an example of calculating Margin Cover:

You deposit \$10,000 into the ACY Capital Client moneys trust account in order for your Account to be credited with \$10,000. You enter into a position and ACY Capital requires you to pay Initial Margin of \$8,000. A short time later, there are fluctuations in the market such that your unrealised loss on your Account is \$2,000. As a result, your Margin Cover is fully utilised and therefore you have no capacity to enter into further Transactions (except to Close your Open Position) and you are at risk of being Closed Out if there are further adverse movements in the pricing.

Under the Terms and Conditions, your obligation to pay Margin arises from the time you have an Open Position. If the market moves so as to increase the minimum Margin requirements, or ACY Capital increases the minimum Margin requirement, you immediately owe the increased amount of the Margin Cover, regardless of if or when we contact you to pay more Margin. Your obligation to maintain the minimum required Margin remains at all times, whether or not we contact you and whether or not you log into your Account.

We will also conduct emergency increase on Margin requirements due to market volatility by giving you minimum one day written notice. However, at extreme market situation, we might increase margin requirement at our discretion without giving you further notice.

3.4 Your Margin defaults

When your equity only covers 50% or less of your Margin requirements, your positions may be Closed Out and the resulting realised loss deducted from any proceeds. Any losses resulting from Closing Out your Open Positions will be debited to your Account(s). If you have multiple accounts with ACY Capital, we will use the available fund from your other accounts to cover the negative balance and you may be required to provide additional funds to ACY Capital to cover any shortfall.

It is your legal responsibility to pay your account and bring your negative account balance back to zero after positions been closed out. Negative account balance is treated as debt that you owe to ACY Capital. We would take debt collection action against you if you failed to rebalance your account with further payments.

4. Client Qualification Policy

ACY Capital operates a Client qualification policy that is intended to ensure new Clients are qualified to invest in ACY Capital CFDs based on the information you give us. Investing in these CFDs is not suitable for all Clients, due to the significant risks involved.

You should obtain independent advice in relation to the suitability of our Products for your personal objectives, financial situation and needs. You should carefully consider the features of our ACY Capital CFDs and their significant risks before investing in them.

In order to be deemed sufficiently qualified to trade with us, you must be able to pass a multiple-choice quiz designed to test the extent of your knowledge in trading and financial markets. In order to qualify, you must record a pass score. The quiz consists of 10 multiple choice questions, with at least one correct answer required from each of the following sections:

- have previous experience trading in CFDs;
- have an understanding of the concepts of leverage, margins and volatility;
- have an understanding of the key features of the product;
- have an understanding of the trading process and relevant technology;
- are able to monitor and manage the risks of trading;
- and understand that only risk Securities should be traded.

If you pass the multiple-choice quiz, then you will be deemed qualified to trade through us. If a pass grade is not achieved, then you will not be deemed qualified to trade. To the extent permitted by law we do not accept liability for your choice to invest in ACY Capital's CFDs so you should read all of this KIS carefully, consider your own needs and objectives for investing in ACY Capital CFDs and take independent advice as you see fit.

5. Key Features of ACY Capital CFDs

A CFD is a sophisticated over-the-counter derivative financial product, which allows you to make a profit or loss from changes in the market price of the Underlying Product, without actually owning the Underlying Product or having any direct interest in the Underlying Product. In simple terms, the amount of any profit or loss made on the Contract will be equal to the difference between the price of the Contract with reference to the Underlying Product when the Contract is opened and the price of the Contract with reference to an Underlying Product when the Contract is closed, multiplied by the number of ACY Capital CFDs held.

The calculation of profit or loss is also affected by other payments, including payments relating to transaction fees, Finance Charges and any other charges (for more information, see Section 11).

You can take both "long" and "short" positions. If you take a long position, you profit from a rise in the Underlying Product, and you lose if the price of the Underlying Product falls.

Conversely, if you take a short position, you profit from a fall in the price of the Underlying Product and lose if the price of the Underlying Product rises.

ACY Capital CFDs are derivatives, which derive their prices from the real time changes in the price of the Underlying Product in the relevant market. Prices for ACY Capital CFDs are only quoted for, and can only be traded during the open market hours on which the Underlying Product is traded. ACY Capital will not quote for a Contract on a particular Underlying Product if that Underlying Product is illiquid (for more information on potential external disruptions see Section 8).

ACY Capital CFDs allow you to receive many of the economic benefits of owning the full value of the Underlying Product without physically owning it (for more information on key benefits of trading in ACY Capital CFDs see Section 6). For more information on which ACY Capital CFDs ACY Capital provides quotes on, please download a demonstration ACY Capital Trading Platform located on the ACY Capital website www.acy.com.

5.1 Summary of Key Features of ACY Capital CFDs

ACY Capital CFDs are over-the-counter derivatives issued by ACY Capital. They are not exchange-traded and index level movements around the world without having to own and pay full value for the underlying Product. Your Account must be funded before you can transact with us. You do this by paying at least the Initial Margin (plus other fees and Charges detailed in Section 11). You remain liable to pay Margin Calls and to maintain the required amount of Margin. If you do not maintain the required Margin or you do not pay the required Margin Call within the relevant timeframe, the Contract can be Closed Out and you remain liable to pay us any remaining shortfall.

ACY Capital CFDs are not traded on a licensed market. The terms of ACY Capital's CFDs are individually tailored to the requirements of the parties to the Contract – you and ACY Capital. Accordingly, the protections associated with licensed markets are not available to you.

You do not own or have any right or obligation to acquire the Underlying Product itself.

There is leverage in ACY Capital's CFDs because you only pay Margin to ACY Capital, not the full value of the Contract. All payments to ACY Capital are paid as Margin (or for the relevant fees and charges). The more Margin you pay, the less leverage you have.

6. Key Benefits of ACY Capital CFDs

Leverage:

ACY Capital CFDs are leveraged which means you outlay a small amount (Initial Margin), rather than the full value of the Contract. The use of leverage enables you to take a trading position with an exposure to an Underlying Product without needing to buy or sell the full value of the Underlying Product. This leverage gives you the potential to take a greater

level of risk for a smaller initial outlay, so this increases the potential risks and rewards. Leverage can magnify losses (see Section 7).

Speculation:

ACY Capital CFDs can be used for speculation, with a view to profiting from market fluctuations in the Underlying Product. You may take a view of an Underlying Product and so invest in our ACY Capital CFDs intending to make a profit.

Hedging:

You can use our ACY Capital CFDs to hedge your existing exposure to an Underlying Product.

Market Position:

You can deal in ACY Capital CFDs to profit (and lose) in both rising and falling markets.

7. Significant Risks of Trading in our Products

This Section does not detail all risks applicable to ACY Capital CFDs but rather seeks to highlight the key significant risks involved in trading in ACY Capital CFDs. Trading in ACY Capital CFDs carries a high level of risk and returns are volatile. You should obtain independent professional advice and carefully consider whether ACY Capital CFDs are appropriate for you in light of your knowledge, experience and financial objectives, needs and circumstances. Trading in ACY Capital CFDs should not be undertaken unless you understand and are comfortable with the risks of leveraged investments. You should consider these key risks involved in trading with us and in our products:

| Key Risks | Description |
|-----------------------------------|--|
| <p>Loss from Leverage:</p> | <ul style="list-style-type: none"> ACY Capital CFDs are leveraged, which means the amount you initially outlay is far less than the full face value of the transaction, which means that results are magnified which can lead to large losses as well as large gains. The high degree of leverage in our ACY Capital CFDs can work against you as well as for you. The leveraged nature of these CFDs gives a risk of a loss larger than the amounts you pay ACY Capital as Margin. It can also cause volatile fluctuations in the Margin requirements. You can minimise the risk of losses on positions by monitoring your Open Positions and Closing Out the positions before losses arise. Leveraged products such as ACY Capital CFDs involve greater risks, including the liability to pay additional Margin |

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| | <p>Calls at short notice, as margin requirements can change rapidly in response to movements in the underlying market.</p> <ul style="list-style-type: none"> Your potential losses can exceed your initial investment and the amounts held in your account. |
| Unlimited loss on short or long positions: | <ul style="list-style-type: none"> There is risk that you may incur an unlimited loss on short or long positions – more than the amount you pay ACY Capital for the positions. It's your legal obligation to pay the shortfall if your account went into negative balance. You can minimise the risk of losses on positions by monitoring your Open Positions and Closing the positions before losses arise. |
| Client moneys are applied to pay for the position: | <ul style="list-style-type: none"> The money, which you pay into the ACY Capital Client moneys trust account is withdrawn in accordance with the Terms and Conditions. Please see Section 8 for more details. Money is withdrawn from the ACY Capital Client moneys trust account to either to pay ACY Capital or to pay you. Moneys withdrawn to pay ACY Capital are ACY Capital's moneys (and are not held for you). Funds withdrawn in this manner lose the protections afforded by the Client moneys trust account. |
| Margin risk: | <ul style="list-style-type: none"> You must be able to pay ACY Capital the amount of required Margin (including the initial margin and any additional margins) as and when required, otherwise all of your Transactions may be Closed Out without notice to you. Margin requirements are highly likely to change continuously and at times very rapidly, in line with market movements in the Underlying Product. There is a moderate to high risk that if the market value of the Underlying Product moves rapidly against you, you will be required to pay more Margin on little or no notice. |
| Foreign exchange risk: | <ul style="list-style-type: none"> Foreign currency conversions required for funds to match the Base Currency of your Account can expose you to foreign exchange risks between the time the Transaction is entered into and the time the relevant conversion of currencies occurs. Foreign exchange markets can change rapidly. This exposes you to adverse changes in the value of your Account, |

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| | <p>which can be large (depending on foreign exchange rates) and volatile. This will directly affect the value of a position.</p> |
| <p>Counterparty risk:</p> | <ul style="list-style-type: none"> • When you deal in ACY Capital CFDs, you have a counterparty risk with ACY Capital. An element of counterparty risk is “credit risk” and the “limited recourse” feature of our ACY Capital CFDs in turn impacts this, so you should consider your credit risk with ACY Capital having the financial resources at the time to pay you the amounts it owes you. For further information please see Credit Risk and Limited Recourse below. • You have the risk that ACY Capital will not meet its obligations to you under the ACY Capital CFDs. ACY Capital’s CFDs are not exchange traded so you need to consider the credit and related risks you have with ACY Capital. • The potential adverse outcome of this risk is very significant to you since, if it occurs, you could lose all or some of your investment. • It is possible that ACY Capital’s Hedging Counterparty, or the custodian used by the Hedging Counterparty, may become insolvent or it is possible that other Clients of that Hedging Counterparty may cause a default which reduces the financial resources or capacity for that Hedging Counterparty to perform its obligations owed to ACY Capital under the hedge contracts. Since ACY Capital is liable to you as principal on the Contract, ACY Capital could be exposed to the insolvency of its Hedging Counterparty or other defaults, which affect the Hedging Counterparty. See below for information about the particular Hedging Counterparty. |
| <p>Hedging counterparty risk:</p> | <p>ACY Capital will nominate Hedging Counterparties on a case-by-case basis. These Hedging Counterparties will be aggregators of interbank pricing, and a facilitator of passing the ACY Capital hedge transactions through to the interbank market. You should note that:</p> <ul style="list-style-type: none"> • The Hedging Counterparty has not been involved in the preparation of this KIS nor authorised any statement made in this KIS relating to it. • The Hedging Counterparty has no Contractual or other legal relationship with you as holder of the Contract. The Hedging Counterparty is not liable to you and you have no legal recourse against the Hedging Counterparty (because ACY Capital acts as principal to you and not as agent) nor can you |

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| | <p>require ACY Capital to take action against the Hedging Counterparty.</p> <ul style="list-style-type: none"> • ACY Capital gives no assurance as to the solvency or performance of any Hedging Counterparty. ACY Capital does not make any express or implied statement about the solvency or credit rating of any Hedging Counterparty. • The regulation of a Hedging Counterparty is no assurance of the credit quality of the Hedging Counterparty or of any regulated or voluntary scheme for meeting the claims of creditors of the Hedging Counterparty. • The credit quality of a Hedging Counterparty can change quickly. ACY Capital is not able to make assessments of the credit quality of its Hedging Counterparties which it can disclose and reports by independent credit rating agencies may not be available because of their lack of consent or because they are not licensed to allow such reports to be cited in the KIS given to retail clients. <p>ACY Capital is not authorised to set out in this KIS any further information published by the respective Hedging Counterparties and ACY Capital takes no responsibility for third-party information about those Hedging Counterparties which may be available to you.</p> |
| <p>Credit risk:</p> | <p>You have credit risk with ACY Capital when your Account has a net credit balance made up from the amounts credited as Margin, the unrealised value of the positions, other amounts credited to your Account (from closed positions or Finance Charges credited to your Account), other positions posted to your Account (from your other trading using ACY Capital Trading Platform), less fees and charges and the minimum required Margin.</p> <p>Your credit risk with ACY Capital:</p> <ul style="list-style-type: none"> • depends on the overall solvency of ACY Capital, which is affected by ACY Capital's risk management; • is affected by your limited recourse against ACY Capital. <p>Your more significant credit risk arises when the moneys are withdrawn and paid to ACY Capital (rather than the risks for when your money is in the ACY Capital Client moneys trust account). In this instance, you are taking credit risk with ACY Capital because you become an unsecured creditor of ACY Capital.</p> <p>Your credit risk with ACY Capital is managed and reduced by ACY Capital by doing the following:</p> |

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| | <ul style="list-style-type: none"> • applying its risk management policy and Margin Policy designed to reduce risk to ACY Capital and therefore benefit all of its Clients; • hedging positions; and • keeping all ACY Capital Trading Platform-related surplus funds in a dedicated trust bank account so those funds can only be used in connection with ACY Capital’s dealings with all Clients who use ACY Capital Trading Platform, including their positions, and/or fees and charges (and not for general working capital). |
| Limited recourse: | <ul style="list-style-type: none"> • Underlying Product or any Contract, which ACY Capital has with its Hedging Counterparties, and you cannot force ACY Capital to make any decision about seeking recovery against ACY Capital’s Hedging Counterparty. You are dependent on ACY Capital taking any action to seek recovery. ACY Capital has complete discretion as to how it pursues that action, although ACY Capital would act honestly, fairly and efficiently in determining if and how to pursue that recovery action. • The limited recourse does limit your potential recovery against ACY Capital. <p>This key risk is linked to Counterparty Risk above.</p> |
| Market risk: | <p>Financial markets can change rapidly; they are speculative and volatile. Prices and exchange rates even of currencies depend on a number of factors including, for example, central bank decisions, interest rates, demand and supply and actions and policies of governments.</p> <p>ACY Capital’s CFDs are highly speculative and volatile. There is a high risk that market prices will move such that the Contract Value of the CFD on closing can be significantly less than the amount you invested in them. There is no guarantee or assurance that you will make profits, or not make losses, or that unrealised profits or losses will remain unchanged.</p> |
| Not a regulated market: | <p>ACY Capital’s CFDs are over-the-counter derivatives and are not covered by the rules for exchange-traded CFDs. Over-the-counter CFDs, such as ACY Capital’s CFDs, by their nature may not at times be liquid investments in themselves. If you want to exit your position, you rely on ACY Capital’s ability to Close your position at the time you wish, which might not match the liquidity or market price of the Underlying Product.</p> |

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| <p>Market disruptions:</p> | <p>A market disruption may mean that you may be unable to deal in our ACY Capital CFDs when desired, and you may suffer a loss as a result of that. This is because the market disruption events, which affect the Underlying Product, will also affect the ACY Capital CFDs on the same or very similar basis.</p> <p>Common examples of disruptions include the “crash” of a computer-based trading system, a fire or other emergency affecting technology systems, or a regulatory body declaring an undesirable situation has developed in relation to a particular series of ACY Capital CFDs or a particular trade, and suspends trading in those ACY Capital CFDs or cancels that trade.</p> |
| <p>Orders and gapping:</p> | <p>It may become difficult or impossible for you to Close a position. This can, for example, happen when there is a significant change in the Contract Value over a short period. There is a moderate to high risk of this occurring.</p> <p>ACY Capital’s ability to Close a position depends on the market for the Underlying Product. Stop-loss Orders may not always be filled and, even if placed, may not limit your losses to the amount specified in the Order, as there are no guarantees that there will be no loss.</p> |
| <p>Online trading platform:</p> | <p>You are responsible for the means by which you access the ACY Capital Trading Platform or your other contact with ACY Capital. If you are unable to access the ACY Capital Trading Platform, it may mean that you are unable to trade in our ACY Capital CFDs (including Closing them Out) or you might not be aware of the current Margin requirements and so you may suffer loss as a result.</p> <p>ACY Capital may also suspend the operation of the ACY Capital Trading Platform or any part of it, without prior notice to you. Although this would usually only happen in unforeseen and extreme market situations, ACY Capital has discretion in determining when to do this. If the ACY Capital Trading Platform is suspended, you may have difficulty contacting ACY Capital, you may not be able to contact ACY Capital at all, or your Orders may not be able to be executed at prices quoted to you. There is a risk that ACY Capital will impose volume limits on Client Accounts or filters on trading, which could prevent or delay execution of your Orders, at your risk. You have no recourse against ACY Capital in relation to the availability or otherwise of the ACY Capital Trading Platform, nor for their errors and software.</p> |

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| <p>Market:</p> | <p>ACY Capital Clients should be aware that some practices in placing Orders can constitute market manipulation or creating a false market which is conduct prohibited by regulators. It is the Client's responsibility to be aware of unacceptable market practices and the legal implications. The Client may be liable for penalties to regulators such as VFSC or be liable to ACY Capital for costs to ACY Capital arising out of those trading practices of the Client which lead to the Client, ACY Capital or any other person suffering loss or penalty.</p> |
| <p>Conflicts:</p> | <p>Trading with ACY Capital for its ACY Capital CFDs carries an automatic risk of actual conflicts of interests because ACY Capital is acting as principal in its CFDs with you and ACY Capital sets the price of the CFDs and also because it might be transacting with other persons, at different prices or rates.</p> <p>The policy used by ACY Capital is that as principal it issues the Contract to you based on the price it gives you, not by acting as broker to you. ACY Capital obtains its price by dealing with its own Hedging Counterparties.</p> <p>The other trading activities of ACY Capital, such as acting as broker to its Clients, are conducted without reference to ACY Capital's dealing in our ACY Capital CFDs with you. ACY Capital will make those Transactions as principal or as agent, and will do so to hedge its position and with the intention of making a profit.</p> |
| <p>Valuations:</p> | <p>The ACY Capital CFDs are valued by ACY Capital. Typically this is by direct reference to (but not automatically solely derived from) the market value (or, if relevant, index level) of the relevant Underlying Product on the relevant market, which in turn affects the price quoted by the relevant Hedging Counterparty to ACY Capital. If the market fails to provide that information (for example, due to a failure in trading systems or data information service) or trading in the Underlying Product is halted or suspended, ACY Capital may exercise its discretion to determine a value.</p> <p>Internet, connectivity delays and price feed errors sometimes create a situation where the prices displayed on our trading screen 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.</p> |

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| <p>Regulatory bodies:</p> | <p>A Client may incur losses that are caused by matters outside the control of ACY Capital. For example, actions taken by a regulatory authority exercising its powers may ultimately result in losses to the Client by reason of the effect of those actions on the Underlying Product and so the terms of the Client’s Contract. A regulatory authority can, in extreme situations, suspend trading or alter the price at which a position is settled, which will affect the Underlying Product for the Client’s Contract.</p> <p>ACY Capital’s powers on default, indemnities and limitations on liability: If you fail to pay, or provide security for, amounts payable to ACY Capital or fail to perform any obligation under your ACY Capital CFDs, ACY Capital has extensive powers under the Terms and Conditions to take steps to protect its position. For example, ACY Capital has the power to Close Out positions and to determine the rates of interest it charges. Additionally, under the Terms and Conditions you agree to indemnify ACY Capital for certain losses and liabilities, including, for example, in default scenarios.</p> |
| <p>Operational risk:</p> | <p>There is always operational risk in a Contract. For example, disruptions in operational processes such as communications, computers and computer networks, or external events may lead to delays in the execution and settlement of a Transaction. We are not liable to you if losses arise owing to delays, errors or failures in operational processes outside our control, in particular, due to faults in the ACY Capital Trading Platform or in the provision of data by third parties.</p> |
| <p>Solvency of ACY Securities:</p> | <p>The risks you have by dealing with ACY Capital cannot be simplistically assessed by reference to historical financial information about ACY Capital or its Hedging Counterparties or general statements of principle.</p> <p>The credit risk you have on ACY Capital depends on its solvency generally, as well as on the amount (and kind) of its capitalisation, its cash flow, all of its business risks, its Client and financial product concentration risks, its counterparty risks for all of its business and Transactions (not just the ACY Capital CFDs), its risk management systems and actual implementation of that risk management and the limited recourse you have.</p> |

Your credit risk on ACY Capital will fluctuate throughout the day and from day to day, including due to the implied credit risk on Hedging Counterparties, whose credit risk to ACY Capital (and so indirectly to you) cannot be assessed or verified on a continuous basis or perhaps at all.

You should take into Account all of those factors and not rely only on past financial statements since that could be materially incomplete information for your purposes, not current and therefore potentially misleading as a guide to the current solvency and creditworthiness of ACY Capital.

8. Client Money held by ACY Capital

8.1 Client Money - Trust Account

Moneys paid by you to ACY Capital for ACY Capital CFDs are initially deposited into a Client moneys trust account, which is referred to in this KIS as the “ACY Capital Client moneys trust account”.

The moneys paid by you into the ACY Capital Client moneys trust account are held for you and are segregated from ACY Capital’s own funds. This means those funds are not available to pay general creditors in the event of receivership or liquidation of ACY Capital.

Individual Clients do not have separate or segregated accounts. All Clients’ moneys are combined into one account.

ACY Capital keeps accurate records of the amounts of Client money it is required to hold in the ACY Capital Client moneys trust account for each client and on an aggregate basis; and performs daily and monthly reconciliations of the amounts of Client money that, according to our records, is required to be held in the ACY Capital Client money trust account against the amount of reportable Client money that is actually being held in that account. These reconciliations are performed on an aggregate and individual client basis.

ACY Capital is entitled to retain all interest earned on the money held in the ACY Capital Client moneys trust account.

ACY Capital does not use money paid to us by Clients in connection with derivatives for margining, guaranteeing, securing, transferring, adjusting, or settling and of ACY Capital’s dealings in derivatives with other parties, including dealings on behalf of other people other than the Client. Furthermore, ACY Capital does not use Client money as its capital, including working capital, for the purposes of meeting any obligations incurred by ACY Capital and for the purposes of hedging, counteracting, or offsetting the risk to ACY Capital associated with a transaction between ACY Capital and the Client.

A Client's deposit also serves as confirmation of their direction to ACY Capital to tell us that these moneys can be withdrawn as payment for amounts owed to ACY Capital under any Contract they wish to enter into using ACY Capital Trading Platform, as well as for any applicable fees and charges as set out in this KIS, or as otherwise authorised by law. If you do not use the Client reference number when making your deposit, ACY Capital may ask you to confirm your written direction before we can credit your Account to enable you to enter into a Transaction.

The Terms and Conditions give ACY Capital its entitlement to withdraw your funds from the ACY Capital Client moneys trust account, to the extent that that become payable to ACY Capital under any contract you enter into and as authorised by law.

8.2 Use of Client moneys

Client moneys are held in the ACY Capital Client moneys trust account until ACY Capital carries out the Client's direction and funds are withdrawn. The timing of the funds being held in the ACY Capital Client moneys trust account might be for a short time, as little as the same day as your deposit or as much as a few days depending on whether the payment has been correctly referenced with the unique Client reference number we give to you when you make your deposit or subsequently allocated manually.

ACY Capital will not withdraw from the trust account any of the funds you deposit there, until they become payable by you (for example, in accordance with a particular Contract, for any applicable fees or charges, or as otherwise authorised by law). Your Account with ACY Capital is credited and debited to reflect this process.

You are free to decide that it is more prudent for you to pay more than the required minimum Margin to reduce the risks from leveraging or to avoid time limits for meeting later Margin requirements that you cannot meet.

8.3 Withdrawal Authority

You must maintain Margin in an amount of at least the minimum required Margin amount. ACY Capital uses the Terms and Conditions, policies and procedures to ensure each Client's payments for ACY Capital CFDs are allocated to that Client's Account.

8.4 Consequences of withdrawals from the ACY Capital Client moneys trust account

Moneys are withdrawn from the ACY Capital Client moneys trust account either to pay ACY Capital or to pay you. Moneys withdrawn to pay ACY Capital are ACY Capital's own moneys (and are not held for you).

From the time of withdrawal from the ACY Capital Client moneys trust account:

- You lose the protections given to a Client money trust account of that kind.
- You may, in certain circumstances, become an unsecured creditor of ACY Capital for its obligations on the Contract and your other dealings with ACY Capital. This includes exposure as an unsecured creditor for payment to you of the net Account Value (if any) after closing all of your positions.

ACY Capital reduces the risks to you arising from the withdrawals from the ACY Capital Client money trust account by:

- using a Client money trust account dedicated only for Clients using an Account (and not mixing its own money in it); hedging Clients' Contracts with its own funds;
- using Client payments made to it for their ACY Capital CFDs only for paying fees and charges on the ACY Capital CFDs, or as otherwise authorised by law; and
- managing all Clients' Margin requirements under a policy designed to reduce risk to ACY Capital and therefore benefit all of its Clients.

9. Order Types

Different types of Orders are available on ACY Capital Trader Platform. You will be able to find out information about Orders that apply on ACY Capital Trader Platform when you log in. The following are examples of Order types that may be available to you. If you have any questions, please contact ACY Capital.

Important notice about this section

When you request to place one of the types of Orders described in this Section, we have discretion whether or not to accept and execute any such request. We will, at our discretion, accept or reject any Orders. The price at which we accept an Order to trade will generally be on the basis of filling the full volume of the Order in one Transaction if possible and partially filled Orders will be filled as soon as the opportunity arises. For some ACY Capital CFDs that you choose to trade, there may be a minimum trade value or other restrictions (e.g. pricing) that relate to a particular market. In addition, pending order pre-set prices are for reference only. Final execution price might not be the same as your pre-set price.

9.1 Limit Order

Limit Orders are commonly used to enter the market at a predetermined price that is more favourable to you than the current market price.

Limit Buy is placed below the current market price and are executed when the ask price hits or breaches the price level specified.

Limit Sell is placed above the current market price and are executed when the bid price breaches the price level specified.

When a Limit Order is triggered, it is filled as soon as possible at the price obtainable on the market. Note that the price at which your Order is filled may differ from the price you set for the Order.

9.2 Market Order

A market Order is an Order to buy or sell at the current market price as soon as possible. Your market order can only be executed when the Underlying Market is open.

9.3 Stop Order

Stop Orders are commonly used to enter the market at a predetermined price that is less favourable than the current market price.

Stop Buy is placed above the current market price and are executed when the ask price hits or breaches the price level specified.

Stop Sell is placed below the current market price and are executed when the bid price breaches the price level

When a Stop Order is triggered, it is filled as soon as possible at the price obtainable on the market. Note that the price at which your Order is filled may differ from the price you set for the Order.

9.4 Stop-Loss Order

A Stop-Loss Order is an instruction to Close the Contract at the best available price after a pre-determined price threshold is reached. Putting a Stop-Loss Order on your position will allow you to limit potential losses from adverse market fluctuations by closing your position at the best available price after the market price passes the price threshold you have set.

You would generally choose to place a Stop-Loss Order to provide some risk protection. Stop-Loss Orders are commonly used to exit positions and to protect investments in the event that the market moves against an Open Position.

ACY Capital has absolute discretion whether to accept a Stop-Loss Order, subject to market conditions and the reasonableness of your Stop-Loss Order. Your Order may be unreasonable if, for example, the level you have specified is beyond the level allowed for Orders for the Underlying Product or trading in the Underlying Product is too close or too far away from the market prices.

In the event ACY Capital accepts your Stop-Loss Order, market conditions may move against you in a way that prevents execution of your Stop- Loss Order. For example, in volatile markets, our quoted prices might gap through your Stop-Loss Order level, so that the closing level of quotes may be beyond the exact level specified by you. A gap in market prices reflects the market for the CFDs so can occur for any reason, without any apparent reason or at any time. Additionally, it is possible that not all of the Stop-Loss

Orders can be fulfilled because the underlying market does not have enough buyers and sellers in the volume of the Underlying Product to allow ACY Capital to hedge its Transactions. If the opening price of the Underlying Product is beyond the level of your Stop-Loss Order, your Order will be filled at the opening level, not at your Stop-Loss Order level.

9.5 Take-Profit Order

A Take-Profit Order is an instruction to Close the Contract at the best available price after a pre-determined price threshold is reached. Putting a Take-Profit Order on your position will allow you to lock in potential profit from favourable market fluctuations by closing your position at the best available price after the market price passes the price threshold you have set.

9.6 Order Duration

Good till cancelled:

The Order is valid until it is either manually cancelled or is executed because the necessary market conditions have been met.

10. Costs, Fees & Charges

We have 4 different account types which may impact on Fees and Charges.

10.1 Account Types

STPECN Account-MT4

There is no monetary commission charged on STPECN Accounts for trading all CFDs. The cost to open and close out a Position is according to the difference between the buy and the sell price (the spread).

ZeroECN Account-MT4

ZeroECN Accounts feature spreads from 0.0 pips and a round turn commission charge of \$6.00 (USD) per 1 standard lot of Margin FX/Metal/Crude Oil Contracts traded. If you have an Account which is denominated in a currency other than Australian dollars, rates are different. Please refer to our websites for more details. Commission charges are subject to change.

PureECN Account-MT4

ZeroECN Accounts feature spreads from 0.0 pips and a round turn commission charge of \$5.00 (USD) per 1 standard lot of Margin FX/Metal/Crude Oil Contracts traded. If you have an Account which is denominated in a currency other than Australian dollars, rates are different. Please refer to our websites for more details. Commission charges are subject to change.

Xchange Account-MT5

Xchange Accounts only available through ACY Capital MT5 Trading Platform. Share CFDs are offered through the MT5 platform. The commission charge for Australian Share CFDs are 0.08% per transaction. The commission charge for American Share CFDs are US\$0.02 per contract traded. All other instruments within Xchange account are commission free. Commission charges on Share CFDs are subject to change.

10.2 Spreads

The calculation of the price to be paid (or the payout to be received) for ACY Capital CFDs, at the time the Contract is opened or closed, will be based on market prices available at the time 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 calculation will include a spread in favour of ACY Capital.

Spread means the difference between the bid price (price offered) and the ask price (price requested) for the ACY Capital CFD. The spread is incorporated into the price quoted to you.

Our liquidity providers determine the raw inter bank spreads. The spread will be

- market depth of the underlying products,
- the size of your Transaction,
- expected levels of interest rates,
- implied volatilities and other market conditions during the life of the Contract,
- and the currency and the time zone in which you choose to trade.

Quotes from ACY Capital might be differ from the price or value of the Underlying Product. Spreads will also be varied throughout the trading session, especially during market open and close hours, volatile market conditions, spreads will go wider than usual.

10.3 Finance Charges/Credit and Rollovers

Where a CFD contract is held at the close of the Trading Day, a charge or credit is made to each position. The close of the Trading Day occurs at 23:59 on the Trading Platform.

These charges or credits are referred to as 'Swap' in the Trading Platform but may sometimes be referred to as financing, interest, or rollover charges or credits. Swaps may be charged to you or credited to you in accordance with:

- the Instrument you are trading; and

- if you are buying or selling that Instrument.

Key Points:

Swaps are charged or credited to each individual trading Position, even if you have opposing Positions in the same Instrument. If you hold a FX, Commodity, Metals, Indices, Crypto CFD Position at the close of the Trading Day on a Wednesday, the financing (Swap) charge or credit is multiplied by three (3) times. This accounts for the settlement of your open Position(s) for the following Weekend.

If you hold a Share CFD at the close of the Trading Day on a Friday, the financing (Swap) charge is multiplied by three (3) times. This accounts for the settlement of your open Position(s) for the following weekend. Swap is also charged or credited on public holidays. We may need to vary the Trading Day in which a 3-day Swap is charged or credited in accordance with any changes to settlement terms, public holidays, or market closures. Swap rates are subject to change.

Detailed swap charge on each instrument is listed in the Product Specification via your ACY Capital Trading Platform. Different charges applied to different product types for Margin FX, Metals, Commodities, Indices, Crypto Currencies, and Share CFDs. You can also check the rates from our website www.acy.com.

No Finance Charge/credit is paid or received if you open and close a position on the same trading day.

10.4 Currency Conversion Fee

The profit or loss of the Instrument you are trading may be denominated in a different currency other than your Account currency. This means that as well as having a direct exposure to your chosen Instrument, you may also be inadvertently exposed the fluctuations between the currency in which your profit or loss is measured, and your Account currency.

In most cases, the rate in which a conversion occurs is the rate that is displayed on your Trading Platform, although we do reserve the right to place an additional a fee or spread on the conversation rate. If there is no direct rate of exchange between your Account currency and the denomination of your Instrument currency, a third currency (generally USD) will be used to make the conversation.

10.5 Funding Charges

International Transfers

Deposits and withdrawals (Bank/Wire Transfers) to and from bank accounts outside of Australia will attract additional processing fees by our bank, and the receiving bank. We do not charge fees for receiving funds apart from our receiving bank charge. ACY Capital will charge USD\$25 for each international payment regardless the transaction size. Your receiving bank may also charge you for receiving your fund internationally. Please consult your bank for their detailed fees and charges.

Payment Service Providers

The use of Payment Service Providers (PSP) may also attract transaction and conversion fees. Please contact your PSP for more information.

Credit and Debit Cards

Deposits made in AUD may subject to a 1.5% handling fee. Deposits made in all other currencies may subject to a 2.5% handling fee. NOTE: Some credit cards/banks treat funding your Account as a 'Cash Advance'. Please contact your bank for details. Fees and charges are subject to change without notice.

10.6 Margin

You are required to maintain the Margin for Open Positions. The Margin is not a fee but rather a security deposit that you are required to keep with us. For further information please refer to Section 3.

11. CFD Trading Examples

The following examples are for illustrative purposes only. The figures in the examples are hypothetical and do not represent actual figures. ACY Capital provides these examples to illustrate the variables for a typical Transaction and how they affect the calculations. The variables of your actual Transactions will, of course, differ, so please check with ACY Capital before entering into a CFD Transaction.

11.1 Stock Index CFDs

Assume that the ASX 200 Index CFD is trading at 6400-6401 and you believe that the S&P/ASX 200 Index will rise. As a result, you buy 5 ASX 200 Index CFDs at 6401.

The next day the ASX 200 Index is trading at 6444-6445 and you decide to take your profit and close your position by selling 5 ASX 200 Index CFDs at 6444.

Your profit is calculated as follows:

AU 200 Index swap charge: $\$-1.5/\text{contract}/\text{day}$

Margin requirement 100:1, Margin required = $6401 \times 5/100 = \$320.05$

Buy Opening Level: $(5 \times 6401) = \$32,005$

Sell Closing Level: $(5 \times 6444) = \$32,220$ Difference: $(\$32,220 - \$32,005) = \$215$

Financing Charge: $\$1.5 \times 5 = \7.5

Net Profit on Transaction: = \$215 - \$7.5 = \$207.5

11.2 Margin FX

Assume that the AUDUSD is trading at 0.7000-0.7001 and you believe that the AUDUSD will rise. As a result, you buy 1 standard lot of AUDUSD at 0.7001.

The next day the AUDUSD is trading at 0.6950-0.6951 and you decide to cut your loss and close your position by selling 1 standard lot of AUDUSD at 0.6950.

Your loss is calculated as follows:

AUDUSD swap charge: \$-8.69/lot/day

Margin requirement 500:1, Margin required = $100,000/500 = \$200$

Buy Opening Level: $(100,000 \times 0.7001) = \$70,001$

Sell Closing Level: $(100,000 \times 0.6950) = \$69,500$ Difference: $(\$69,500 - \$70,001) = -\$501$

Financing Charge: \$8.69

Net Loss on Transaction: = $\$501 + \$8.69 = \$509.6$

11.3 Share CFD

Assume that the BHP is trading at 30.72-30.73 and you believe that BHP share price will rise. As a result, you buy 1000 BHP share CFDs at 30.73.

The next day BHP share price is trading at 33.72-33.73 and you decide to take your profit and close your position by selling 1000 BHP share CFDs at 33.72.

Your profit is calculated as follows:

Australian Share CFD swap charge: 3.99% per annual

Commission charge: 0.08% per side

Margin requirement 25:1, Margin required = $1000 \times 30.73/25 = \$1229.2$

Buy Opening Level: $(1000 \times 30.73) = \$30,730$

Sell Closing Level: $(1000 \times 33.72) = \$33,720$ Difference: $(\$33,720 - \$30,730) = \$2990$

Commission: $(30,730 \times 0.08\%) + (33720 \times 0.08\%) = \51.56

Financing Charge: $\$30,730 \times 3.99\% / 365 = \3.36

Net Profit on Transaction: = $\$2990 - \$51.56 - \$3.36 = \2935.08

12. External Fees, Taxes and Charges

You are responsible for any stamp duty, Transaction duty or similar goods and services or value added tax payable in respect of trading in Transactions (except for any income tax payable by ACY Capital). Bank charges and fees imposed on ACY Capital to clear your funds or in respect of your payments will also be charged to your Account.

The Terms and Conditions may allow ACY Capital to impose other fees or charges from time to time, which do not relate directly to Transactions (and so are not costs, fees or charges for acquiring or later dealing in the Contract itself). For example, you may be required to pay royalty or similar charges set by data providers for your use of information feeds or for online Transaction services. ACY Capital may debit these amounts to your Account.

13. Taxation Implications

Our products can have taxation implications for Clients, depending on the current tax laws and administration, the nature of the Client for tax laws, the terms of the Transactions and other circumstances. These are invariably complex and specific to each Client. You should consult your tax advisor before trading in these financial products.

14. General Information

14.1 Accounts Denominated in Foreign Currency

If you instruct ACY Capital to effect a Transaction denominated in a currency different from the denomination of your Account currency, ACY Capital will convert the currency value of your Transaction into the Account's currency.

The foreign currency conversions can expose you to foreign exchange risks between the time the Transaction is entered into and the time the relevant conversion of currencies occurs. This will immediately impact on the Margin requirements of your Account, so you must be careful to understand and to monitor the effect of trading in products denominated in foreign currencies.

Foreign exchange markets can change rapidly. Exchange rates depend on a number of factors including for example, interest rates, currency supply and demand and actions of government. In some situations, exchanges of currency may be suspended. These will impact on the rates of conversion set by ACY Capital.

14.2 Discretions

ACY Capital has discretions under the Terms and Conditions, which can affect your Orders and positions. You do not have any power to direct how we exercise our discretions.

When exercising our discretions, we will comply with our legal obligations as the holder of a VFSC license.

- We will have regard to our policies and to managing all risks (including financial, credit and legal risks) for ourselves and all of our Clients, our obligations to our counterparties, market conditions and our reputation.
- We will act reasonably in exercising our discretions and adhere to our fiduciary duty but we are not obliged to act in your best interests or to avoid or minimise a loss in your Account.

Our significant discretions are:

- whether to accept your Order (including to Close Out a position) or to amend it;
- any risk limits or other limits we impose on your Account or your trading;
- determining Margin requirements, especially the amount of Initial Margin, minimum Margin requirements,
- the time to meet any changed Margin requirement;
- determining values of Underlying Products (for opening and closing positions and for determining Margin);
- setting bid prices and offer prices; and
- closing your positions and setting the Closing Value.

You should consider the significant risks that arise from ACY Capital exercising its discretions – see Sections 7.

Our other discretions include:

- setting our fees and interest rates;
- adjusting our ACY Capital CFDs for adjustments made by the market to the Underlying Products;
- setting foreign exchange conversion rates;
- opening and closing your Account;
- giving you a grace period for full compliance in paying by cleared funds any amount you owe; and
- interpretation, variation and application of our policies.

14.3 Cooling Off

There is no cooling off arrangement for our offering. This means that you do not have the right to return the Contract, nor request a refund of the money paid to acquire the Contract.

If you change your mind after entering into a Contract with ACY Capital, you must close it out, pay any Transaction costs and take the risk of incurring a loss in doing so.

14.4 Dispute resolution

We have internal dispute resolution procedures to resolve complaints from Clients. A copy of these procedures may be obtained by contacting us and requesting a copy.

Contact ACY Capital to inform us about your complaint. You may do this by telephone, facsimile, email or letter to the following address:

Compliance Team

1276 Kumul Hwy, 1st Floor, Govant Building, Port Vila, Vanuatu

Initially, all complaints will be handled and investigated internally. Should you feel dissatisfied with the outcome, you have the ability to escalate your concerns to an external body for a resolution.

The Vanuatu Financial Services Commission (VFSC), has an approved external dispute resolution scheme that can deal with complaints about all of the financial services ACY Capital provides.

If you are dissatisfied with the outcome provided by ACY Capital's internal dispute resolution process, you have the right to complain to VFSC in writing at:

Vanuatu Financial Services Commission Companies House

PMB 9023, Rue Bougainville, Port Vila Vanuatu

Telephone: +678 22247

Email: registrar@vfsc.vu

Web: www.vfsc.vu

ACY Capital is a member of the VFSC complaints resolution scheme and our membership number is 012868.

15. Privacy Policy

15.1 The information we collect

Personal information is collected for the purpose of maintaining and establishing your Account, processing Transactions and for complying with certain laws and regulations. The information we collect from you will only be the essential information needed for us to effectively perform our services and duties to you. Without your personal details we may not be able to supply these services.

We will not collect, use or disclose any personal information from you revealing racial or ethnic origin, political opinions, memberships of a political association, religious beliefs or affiliations, philosophical beliefs, memberships of a professional or trade association, membership of a trade union, sexual preferences or practices, criminal record or health information unless:

- you have given express consent to ACY Capital to do so; there are reasonable grounds to believe that disclosure is necessary to prevent a threat to life or death;
- the use is authorised by law or reasonably necessary to enforce the law; or
- the information is necessary for the establishment, exercise or defence of a legal claim.

15.2 How we collect information

ACY Capital collects your personal information through a variety of ways. This includes, information that you provide to us:

- during face-to-face meetings,
- through the completion of our Application Forms, over the telephone or internet, and
- through a third party, such as your financial planner or adviser, Accountant or lawyer.

15.3 Use and disclosure of your information

The information we collect from you is strictly confidential for use by ACY Capital. ACY Capital will not reveal, disclose, sell, distribute, rent, licence, share or pass that information on to any third parties, other than:

- where you have consented to the disclosure;
- to service providers contracted to ACY Capital under strict confidentiality clauses;
- regulators as required by law; or
- other market operators, clearers and product operators for the purpose, giving effect to your instructions.

Disclosure to service providers may be necessary for the provision of our services to you.

ACY Capital may use your personal information for marketing purposes. If you wish to remove your name from our marketing mailing list please contact us on +678 24404 or write to us at the address detailed in Section 1 of this KIS.

If we wish to use any of your personal information for any other purpose than those specified in this Policy, we will not do so without your express consent. Exceptions to this include:

- where there are reasonable grounds to believe that disclosure is necessary to prevent a threat to life or health;
- where ACY Capital suspects that an unlawful activity is or has been engaged in;

- the use is authorised by law or reasonably necessary to enforce the law; or- in legal or dispute proceedings.

We will take reasonable steps to ensure that all information we collect, use or disclose is accurate, complete, up-to-date and stored in a secure environment that is accessible only by authorised personnel.

Please assist us to keep your details up-to-date and advise us if any information appears inaccurate. If you cease to be a Client of ACY Capital, we may keep our records about you, including your personal information, for seven years in order to comply with the legislative requirements. After that, we may destroy those records. If we do not agree that your personal information requires correcting, we must (if you request) take reasonable steps to ensure that whenever your personal information is later accessed or handled, it is not apparent that you are not satisfied as to the accuracy or completeness of that information.

15.4 Access to your personal information

You may access at any time any personal information that ACY Capital holds about you.

Exceptions to this include:

- where providing access will pose a serious threat to life or health of any individual or pose an unreasonable impact on the privacy of an individual;
- providing access would reveal our intentions in relation to negotiations with you in such a way as to prejudice our position in those negotiations;
- where the information relates to existing legal proceedings between ACY Capital and you and the information would not be discoverable in the process of those legal proceedings; or
- where providing access would be unlawful, may prejudice an investigation of possible unlawful activity, may prejudice enforcement of laws, or denying access is specifically authorised by law.

If ACY Capital does not allow you access to your personal information, we will provide you with reasons for our decision.

16. ACY Capital Disclosure Benchmarks

As the issuers of over-the-counter (OTC) derivatives, we publish certain information addressing a range of disclosure benchmarks. ACY Capital's compliance with each of these benchmarks is addressed in the below table:

| Benchmark Description | ACY Capital meets this benchmark as follows: |
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| <p>1. Client Qualification</p> | <p>ACY Capital maintains and applies a documented policy, which sets out the minimum qualification criteria that prospective retail investors will need to demonstrate before we will open an Account for you. ACY Capital also maintains a documented procedure to ensure such criteria are properly applied, and unsuitable investors are not accepted. We also maintain records of our assessments.</p> <p>Please note that we do not provide personal advice regarding the suitability of trading in these products for your personal financial circumstances and objectives. However, ACY Capital does not accept retail investors unless they are able to qualify to the satisfaction of ACY Capital.</p> <p>In order to be deemed sufficiently qualified to trade with us, you must be able to pass a multiple choice quiz designed to test the extent of your knowledge in trading and financial markets. The quiz consists of 10 multiple choice questions, with at least one correct answer required from each of the following sections:</p> <ul style="list-style-type: none"> • have previous experience trading in ACY Capital CFDs; • have an understanding of the concepts of leverage, Margins and volatility; • have an understanding of the key features of the product; • have an understanding of the trading process and relevant technology; • are able to monitor and manage the risks of trading; and • understand that only risk capital should be traded. |

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| | <p>If you pass the multiple-choice quiz, then you will be deemed qualified to trade through us. If a pass grade is not achieved, they you will not be deemed qualified to trade.</p> <p>To the extent permitted by law we do not accept liability for your choice to invest in any ACY Capital CFDs so you should read all of this KIS carefully, consider your own needs and objectives for investing in ACY Capital CFDs and take independent advice as you see fit.</p> |
| 2. Opening Collateral | <p>ACY Capital only permits Clients to open an Account and trade with cleared funds (i.e. transfer of cash from your bank Account to your Account with ACY Capital).</p> <p>Credit card deposits are limited to a maximum equivalent of AUD \$20,000 per client for the total credit card deposit. ACY Capital does not accept other financial products as collateral for opening or trading an Account, due to the potential for 'double leverage' in such circumstances. ACY Capital does not encourage the use of leverage products with borrowed funds and do not accept "cash equivalents" as opening collateral</p> |
| 3. Counterparty Risk – Hedging | <p>ACY Capital maintains and applies a written policy to manage our exposure to market risk from Client positions. This includes strict risk management controls to assess and monitor our hedging counterparties (to ensure they are of sufficient financial standing, are licensed by a comparable regulator, and are of sound reputation).</p> <p>ACY Capital ensures all hedging counterparties meet the following criteria:</p> <ul style="list-style-type: none"> • must have a good reputation and be a leader in the industry; • must have a detailed understanding of the foreign exchange business; • must have financial resources sufficient to offer the requisite margin and leveraging supports; • must have sufficient front and back office systems; • it must be regulated by the relevant authority in the countries that it operates. |
| 4. Counterparty Risk – Financial Resources | <p>ACY Capital maintains and applies a written policy to ensure the ongoing maintenance of adequate financial resources. We further maintain a detailed Risk Register, in which the key risks of our business are addressed and reviewed. Part of this process involves considering the</p> |

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| | <p>effect of various scenarios on liquidity and credit risk of a severe market rise or a severe market fall to determine the stress that ACY Capital can withstand.</p> <p>Our capital requirements and exposure are monitored on a daily basis using real-time software tools and reported formally on monthly basis. Further, our external independent auditor conducts an audit at the conclusion of every financial year.</p> |
| <p>5. Client Money</p> | <p>ACY Capital maintains and applies a clear policy with regard to the use of Client money. Please note that money you deposit into your Account is co-mingled with other Client money in our Client money trust account. Note, however, that ACY Capital engages in frequent reconciliations to ensure Client money is accounted for. Such monies are only applied to Client trades/settlement obligations and to pay agreed fees etc.</p> <p>Client monies, which are held pending future Transactions and payments, are retained in our Client money trust. It is important to note that holding your money in one or more Client money trust accounts may not afford you absolute protection.</p> <p>ACY Capital enters into arrangements with Hedging Counterparties for the facilitation of Transactions and settlements, but it does not use money paid to us by Clients for this purpose.</p> <p>Client trades can only be placed when there are cleared funds in the Client's Account. Accordingly, no scenario is anticipated which would result in a shortfall in the Client money trust account.</p> <p>ACY Capital does not use Client money as its capital, including working capital, or to meet the obligations of any other Client, or to meet its own obligations.</p> |
| <p>6. Suspended or halted underlying assets</p> | <p>An underlying financial product may be placed in a trading halt on the relevant market in various circumstances. Additionally, it may be suspended in certain circumstances.</p> <p>Should our Hedging Counterparties stop providing pricing and clearing in a certain product or underlying asset due to</p> |

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| | <p>a suspension or trading halt, then ACY Capital will be unable to process Orders which have not yet been opened, and will suspend trading on Open Positions until such time as pricing becomes available again.</p> |
| <p>7. Margin Calls</p> | <p>ACY Capital maintains and applies a written policy detailing our Margining practices in section of 3 this KIS. This details how we monitor Client Accounts to ensure you receive as much notice as possible regarding Margin Calls, our rights regarding the levying of Margin Calls and Closing Out of positions when such calls are not met in a timely manner, and what factors we consider when exercising such Close-Out rights.</p> <p>All ACY Capital CFDs will be subject to Margin obligations. Accordingly, you are responsible for meeting all Margin payments required by ACY Capital. It is your sole responsibility to monitor and manage your Open Positions and exposures, and ensure Margin Calls are met as required.</p> <p>We reiterate that trading in ACY Capital CFDs carries a high level of risk and returns are volatile. The risk of loss in trading can be substantial, and you can incur losses in excess of the capital you have invested. Accordingly, you should only trade with risk capital i.e. money you can afford to lose, and which is excess to your financial needs/obligations.</p> |

17. Glossary

The defined terms used in this KIS are capitalised. If there is any conflict between the terms of this KIS and the Applicable Law, the Applicable Law will prevail.

| Term | Description |
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| Account | Means your Account with ACY Capital established under the Terms and Conditions, including all Accounts and all Transactions recorded in them, for using ACY Capital Trader Platform. |
| Account Value | Means the current value of your Account which ACY Capital calculates by combining: <ul style="list-style-type: none"> • the balance of the cash Account; • the sum of the values of the non-Margin positions; • the unrealised value (positive/negative) of the Open Positions in Margin products; • indicative costs to Close (Transaction Fees, Finance Charges); and • the values of Transactions not yet booked. |
| AML/CTF Laws | Means the Anti-Money Laundering and Counter-Terrorism Financing Act No.13 of 2014 and the Anti-Money Laundering and Counter-Terrorism Financing (Amendment) Act No.16 of 2017 |
| ACY Capital, we, us, or our | Means ACY Capital Australia Limited (VFSC 012868). |
| ACY Capital Client moneys trust account | Means the bank account maintained by ACY Capital as a trust account (It is not part of your Account). |
| ACY Capital Products | Includes ACY Capital CFDs. |
| Applicable Law | All laws, procedures, standards and codes of practice that apply in relation to ACY Capital and the ACY Capital Products, including Vanuatu law, and the applicable laws or regulations of any other country, including all relevant rules of Government Agencies, exchanges, trade and clearing associations and self-regulatory organisations. |
| Application Form | Means the application form available on our website. |
| Base Currency | Each CFD has a denominated base currency which is the same as the Margin Currency and can be found in the specifications on the platform |
| Client | A prospective or existing retail client of ACY Capital. |
| Client Money | Means the moneys Clients have deposited with us and held by us. |
| Close Out, Closed Out, Closing Out | In relation to a Transaction means discharging or satisfying the obligations of the Client and ACY Capital under the Transaction and this includes matching up the Transaction with a Transaction of the |

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| | same kind under which the Client has assumed an offsetting opposite position. |
| Closing Date | Means the date on which the Contract is agreed to be Closed Out, or earlier, if deemed to be Closed Out in accordance with the Terms and Conditions. |
| Closing Value | Means the value determined by ACY Capital by multiplying the number of your CFDs by the price (or, if an index, the level) of the Contract at the Closing Date. |
| Contract | Means an over the counter derivative between you and us, i.e. a ACY Capital Index CFD or a ACY Capital Commodity CFD. |
| Contract Value | Means the face value of the CFD Contract, and is calculated by ACY Capital by multiplying the applicable price (or, if an Index, the level) of the CFD Contract by the number of CFD Contracts. |
| Finance Charges | Means the Finance Charges as described in section 11 of this KIS. |
| Free Balance | The cash balance in your Account plus or minus any floating Profit/Loss less any Margin requirements. You can, subject to our Terms and Conditions, withdraw funds up to the amount, if any, of your 'Free Balance'. |
| Hedging Counterparty | Means a person with whom ACY Capital enters into a hedge contract to hedge ACY Capital's exposure to Client positions. |
| Hedging | A strategy employed to manage exposure to the risk of market fluctuations by taking a position to eliminate or reduce that risk. |
| If Then Order | An Order which is contingent upon a working Order being filled and which must be accepted before being attached to a working Order. |
| Initial Margin | Means the amount, which you are required to pay to ACY Capital as the initial Margin for any Transaction, which you propose to enter into. |
| Limit Order | Used to enter or exit the market at a predetermined price that is more favourable to you than the current market price. |
| KIS | Means this Key Information Statement. |
| Margin Call | Means a call on you, requiring you to top up the amount of money you have in your Account as Margin in order to maintain your required Margin where the market has moved against you, and where the additional payment is required in order to maintain your Open Positions. |

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| Margin Cover | Means the minimum amount of Margin required to be maintained in your Account before the Account Value reaches the Margin Closeout Level. |
| Margin Product | Means a Transaction, which has a required Margin. This could be a ACY Capital CFD covered by this KIS or another kind of Contract covered by another product disclosure statement issued by ACY Capital. |
| Margin Trading | Refers to any trading in any Margin product. |
| Margin Utilisation | Is expressed as a percentage and relates to the proportion of the Account Value which you are utilising for Margin requirements. The purpose of the Margin Utilisation is to calculate and show simply in percentages how you are meeting your obligation to maintain sufficient Margin. |
| Mark to Market Payments | Payments which are credited to or deducted from your Account each business day representing the Unrealised Profit/ Loss on your opened ACY Capital CFDs at the close of business on that date. |
| Open Position | Means, at any time, a Transaction that has not been Closed Out, or settled prior to the time agreed for settlement. |
| Order | Means any Order placed by you to enter into a Transaction. |
| OTC Contract | Means an over-the-counter Contract for a financial product, including ACY Capital CFDs in respect of indices and commodities. |
| Pips | A Pip means the smallest increment in foreign exchange trading or "percentage in point". |
| Stop-Loss Order | An instruction to Close Out or enter into the Contract at the best available price after a pre-determined price threshold is reached. |
| Swap Charge or Swap Credit | While holding a position overnight, your Account is debited or credited using the applicable overnight Tom- Next rate. |
| Terms and Conditions | The agreement between you and ACY Capital in respect of your trading in Account. Both you and ACY Capital are bound by these Terms and Conditions. |
| Transaction | A purchase or sale by a Client of an ACY Capital Contract. |
| Underlying Product and Underlying Security | The underlying asset, security, commodity, or index, the reference to which the value of a CFD is determined. |

