FX OPTIONS

Information Statement

Wholesale Clients

Prepared 16 August 2022

Compass Global Holdings Pty Ltd

Trading as **EbonFX**

ACN: 159 256 014

AFS Licence No. 426810

Tel: +61 2 7255 9988

Address: Suite 8, Level 41, 225 George Street, Sydney NSW 2000

Email: info@ebonfx.com

Online: www.ebonfx.com

TABLE OF CONTENTS

INFORMATION STATEMENT

1. INTRODUCTION

This Wholesale Client Information Statement (referred to herein as the "IS") has been prepared to provide you, as a Wholesale Client, with a non-exhaustive overview of the key features, benefits, risks and other important information about Foreign Exchange (FX) Structured Options (Structured Option) that you should consider before deciding to enter into a Structured Option transaction with us.

This IS has been prepared and issued by **Compass Global Holdings Pty Ltd** ACN 159 256 014 AFSL 426810 T/A **EbonFX** (referred to herein as "EbonFX", "we", "our" or "us").

The information in this IS is current as at 16 August 2022 and may be updated from time to time. When we do so, we will publish it on our website - please visit our website for the most current version of this IS.

This IS contains general information only and does not take into account your individual objectives, financial situation, needs or circumstances. This IS is an important document and should be read in its entirety. This document does not form part of the Client Agreement; nor should it be read instead of that Agreement. You can download a copy of this IS from our website at www.ebonfx.com. Alternatively, you can ask us for a paper copy of this IS free of charge by calling or emailing us.

1.1 Our Contact Details

You can contact our office by any of the means listed below:

By mail: Suite 8, Level 41, 225 George Street, Sydney NSW 2000
By phone: +61 2 7255 9988
By email: info@ebonfx.com
Online: www.ebonfx.com

2. YOUR STATUS AS A WHOLESALE CLIENT

You should be aware that as a Wholesale Client you will not receive the same protections that are afforded to Retail Clients in Australia. We recommend that you seek independent advice if you are unsure of the risks of Structured Options or if you need more information about what it means to be classified as a Wholesale Client in Australia.

As a Wholesale Client or Sophisticated Investor, you acknowledge that you have the necessary level of

experience and knowledge to transact with us in relation to the Structured Option. We will not undertake any monitoring for you as to whether the sums of money you provide to us or your profits or losses demonstrate that this is the case. It is your responsibility to make your own assessment as to the adequacy of your financial resources to support any financial activities through us.

As a Wholesale Client you will not necessarily have the same investor protection and disclosure requirements as the products and services available to Retail Clients, such as Product Disclosure Statement and/or Financial Services Guide. Our external dispute resolution scheme, specifically, the Australian Financial Complaints Authority also has the discretion to exclude complaints lodged by Wholesale Clients and Sophisticated Investors.

We may voluntarily provide some of the Retail Client protections to you from time to time, at our absolute discretion. If we provide these protections to you at any particular time, this doesn't create any entitlement for you to continually receive the protections and does not affect our right to treat you as a Wholesale Client and we may withdraw your status as a Wholesale Client, and treat you as a Retail Client, at any time at our absolute discretion.

It is your responsibility to tell us if you no longer meet the criteria to be categorised as a Wholesale Client or Sophisticated Investor.

3. JURISDICTION

The distribution of this IS may be restricted in certain jurisdictions outside Australia. Persons into whose possession this IS comes are required to be informed of, and to observe, such restrictions.

4. USE OF EXAMPLES

The use of examples in this IS is provided for illustrative purposes only and does not necessarily reflect current or future market prices that we will apply to trade; nor does it affect how such trades may impact your personal circumstances.

5. MONEY LAUNDERING and FINANCIAL CRIMES MONITORING

We may contact you from time to time to comply with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) ("AML/CTF Act"). By opening an account and transacting with us, you undertake to provide us with all additional information and assistance that we may reasonably require to comply with our obligations under the AML/CTF Act. In conducting a transaction with us, you warrant to us that:

- you are not aware and have no reason to suspect that the moneys used to fund your transactions have been or will be derived from or related to any money laundering, terrorism financing or other illegal activities, whether prohibited under Australian law, international law or convention or by agreement; and
- the proceeds of your investment will not be used to fund any of the above-mentioned activities; and you are not a politically exposed person or organisation as defined in the AML/CTF Rules cognate to the AML/CTF Act.

6. VANILLA OPTION – CLIENT BUYS

A Vanilla Option is an agreement between two parties (in this case, with you as the "buyer" of the Vanilla Option and EbonFX as the "seller" that gives you the right but not the obligation to exchange a Notional Amount of one currency for an amount of another currency at an agreed Strike Rate on the Expiry Date. A Vanilla Option may be a Put Option (a right to sell currency) or a Call Option (a right to buy currency).

When you buy a Vanilla Option from EbonFX, it enables you to hedge your currency exposure by providing protection against unfavourable currency movements between the time that you buy a Vanilla Option and the Expiry Date. At the same time, you are also able to participate in any favourable currency movements that exist up to the Expiry Date. Because you have bought the right but not the obligation to Exercise the Vanilla Option, you will not have to effect Settlement of the Vanilla Option if you elect not to Exercise.

6.1 Cost of a Vanilla Option – Client Buys

When you buy a Vanilla Option, you will be required to pay a non-refundable Premium on the Premium Payment Date. The Premium Payment Date is within (2) Business Days of the Trade Date unless you have purchased a Vanilla Option with deferred Premium, in which case the Premium is deferred to the Expiry Date. EbonFX will accept Premium payments in either Australian Dollars or one of the currencies in the Vanilla Option Currency Pair.

<table>
<tr><th colspan="2">VANILLA OPTION EXAMPLE</th></tr>
<tr><td>● Currency Pair: AUD/USD
● Vanilla Option Type: AUD Put Option / USD Call Option
● Strike Rate: 0.6800
● Notional Amount (Amount): USD 100,000
● Expiry Date: 3 Months
● Premium: AUD 4,000</td><td>Possible outcome at expiry:
● If the Spot Rate is more favourable than 0.6800, say 0.7100, you will let the AUD Put Option lapse and may buy USD at the Spot Rate (although there is no obligation to do so); or
● if the Spot Rate is less favourable than 0.6800, (say 0.6400), you will buy USD 100,000 at 0.6800.</td></tr>
<tr><th>Benefits – Client Buys</th><th>Risks – Client Buys</th></tr>
<tr><td>● A Vanilla Option bought from EbonFX provides protection against unfavourable movements in the Spot Rate during the term of the Vanilla Option;
● Vanilla Options are flexible, where the Strike Rate, Expiry Date, Premium Payment Date and Notional Amount can be tailored to your needs; and
● unless you Exercise your Vanilla Option, you are not committed to exchange currencies on the Expiry Date.</td><td>● You have to pay a non-refundable premium; and
● You are exposed to "Risk of FX Options" outlined in section 11 of this IS.</td></tr>
</table>

Consequently, you are able to participate in favourable Exchange Rate movements.	

7. STRUCTURED OPTION

7.1 What is a Structured Option?

A Structured FX Option describes a group of foreign exchange products that have been developed as foreign exchange risk management alternatives to Forward Exchange Contracts and Vanilla Options. A Structured Option is an agreement to exchange a specified amount of one currency for another currency at an Exchange Rate that is determined by reference to agreed mechanisms within each particular Structured Options product. Structured Options are created through the concurrent sale and purchase of two or more Foreign Exchange options. In any structure, you may both be the buyer and seller of an option.

Depending on the Structured Option that is created, there may be certain conditions attached to one or more of the Put Options or Call Options within the structure that are triggered if an agreed Exchange Rate trades in the spot foreign exchange market during the term of the Structured Option. We refer to these as Trigger Rates. A Trigger Rate may be either a Knock-In Rate or a Knock-Out Rate. A Knock-In Rate is an Exchange Rate that must be traded (at or beyond) in the spot foreign exchange market for the buyer's right pursuant to a Call Option or a Put Option to become effective (i.e., the Call Option or Put Option is contingent on the Knock-In Rate being triggered). A Knock-Out Rate is an Exchange Rate that if traded (at or beyond) in the spot foreign exchange market will result in the buyer's right pursuant to a Call Option or Put Option terminating (i.e., the Call Option or Put Option terminates if the Knock-Out Rate is triggered).

Set out below is a description of the Structured Options we currently provide. The examples are for an informational purpose only and use Exchange Rates and figures that we have selected to demonstrate how each product works from the perspective of Australian-based importers buying USD and selling AUD. We can provide Australian based exporter examples of the requested Option upon request.

The examples below assume the following:

- an importer is buying goods from the United States and is scheduled to make a payment of USD100,000 in 3 months' time;
- the current Spot Rate of AUD/USD is 0.6900; and
- the 3-month Forward Exchange Rate is 0.6830.

7.2 Participating Forward

A participating forward is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated worst-case Exchange Rate (the Protection Rate). It also gives you the ability to participate in favourable movements in the Spot Rate by allowing you to potentially transact a portion of your Notional Amount at a favourable Spot Rate at Expiry.

PARTICIPATING FORWARD EXAMPLE	
● Protection Rate: 0.6750 ● Expiry Date: 3 months ● Obligation Percentage: 50% ● Notional Amount: USD 100,000	Possible outcome at expiry: ● if the Spot Rate is below the Protection Rate, say 0.6500, the importer will buy USD100,000 at 0.6750; or ● if the Spot Rate is above the Protection Rate, say 0.70000, the importer will be obligated to buy USD50,000 (USD1000,000 x 50%) at 0.6750 and can buy the remaining USD50,000 at 0.7000 (although there is no obligation to do so).
Benefits	**Risks**
● There is protection at all times with a known worst case Exchange Rate (Protection Rate); and	● The Protection Rate will be less favourable than the rate applicable to a comparable FEC; and ● if the Spot Rate at Expiry is more favourable than the Protection Rate, you will be obligated to trade a

• an ability to partially participate in favourable Exchange Rate movements.	proportion of your Notional Amount at the less favourable Protection Rate.

7.3 Collar

A Collar is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated worst-case Exchange Rate (the Protection Rate). It also gives you the ability to participate in favourable movements in the Spot Rate between the Protection Rate and the Participation Rate at Expiry.

COLLAR EXAMPLE	
• Protection Rate: 0.67500 • Participation Rate: 0.7100 • Expiry Date: 3 months • Notional Amount (Amount): USD100,000	Possible outcomes at Expiry: • if the Spot Rate is less favourable than the Protection Rate (0.6750), say 0.6500, the importer will be able to buy USD100,000 at 0.6750; • if the Spot Rate is more favourable than the Participation Rate (0.7100), say 0.7300, the importer will be obligated to buy USD100,000 at 0.7100; or • if the Spot Rate is between the Protection Rate (0.6750) and the Participation Rate (0.7100), say 0.7000, the importer will be able buy USD100,000 at 0.7000 (although there is no obligation to do so).
Benefits	**Risks**
• There is protection at all times with a known worst-case Exchange Rate (Protection Rate); and • an ability to participate in favourable Exchange Rate movements to the level of Participation Rate.	• The Protection Rate will be less favourable than the rate applicable to a comparable FEC; and • if the Spot Rate at Expiry is more favourable than the Participation Rate, you will be obligated to trade a proportion of your Notional Amount at the less favourable Participation Rate.

7.4 Knock-In

A Knock-In is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than your nominated Exchange Rate (the Protection Rate) while giving you the potential to take advantage of favourable currency movements to the level of the Knock-In Rate. If the Knock-In Rate is triggered at any time before Expiry Time (or during a Window) you will be obligated to trade at the Protection Rate on Expiry Time.

KNOCK-IN EXAMPLE	
• Protection Rate: 0.6750 • Knock-In/Trigger Rate: 0.7200 • Expiry Date: 3 months • Notional Amount: USD 100,000	Possible outcomes at Expiry: If the Knock-In Rate (0.7200) has not been triggered: • If the Spot Rate is less favourable than the Protection Rate (0.6750), say 0.6500, the importer will buy USD 100,000 at 0.6750; or • if the Spot Rate is more favourable than the Protection Rate (0.6750), say 0.7000, the importer will buy USD100,000 at 0.7000, (although there is no obligation to do so).

	If the Knock-In Rate (0.7200) has been triggered: ● **If the Spot Rate is less favourable than the Protection Rate (0.6750), say 0.6500, the importer will buy USD 100,000 at 0.6750; or** ● **if the Spot Rate is more favourable than the Protection Rate (0.6750), say 0.7300, the importer will buy USD 100,000 at 0.6750.**
Benefits	**Risks**
● An ability to participate in favourable Exchange Rate movements to the level of the Knock-In Rate; and ● protection at all times with a known worst case Exchange Rate (Protection Rate).	● Participation in favourable Exchange Rate movements is capped at the Knock-In Rate; ● the Protection Rate will be less favourable than the comparable Forward Exchange Rate; and ● if the Spot Rate triggers the Knock-In Rate you will be obligated to trade at the Protection Rate, which may be less favourable than the Spot Rate.

7.5 Leveraged Knock-In

A Leveraged Knock-In has the same basic features as a Knock-In, with the exception that the Protection Rate and/or the Knock-In Rate are enhanced relative to the Knock-In. The reason for this is that if the Spot Rate triggers the Knock-In Rate, you will be obligated to trade an amount in excess of the standard Knock-In. The amount that you will be required to trade will depend on the Leverage Ratio that you have agreed to. Also, depending on the Leverage Ratio, the amount you will be hedging will be less than you would be hedging in the case of a basic Knock-In.

LEVERAGED KNOCK-IN EXAMPLE	
● Protection Rate: 0.6850 ● Knock-In/Trigger Rate: 0.7300 ● Expiry Date: 3 months ● Notional Amount: USD50,000 ● Leverage Ratio: 1:2 ● Leveraged Notional Amount: USD100,000	Possible outcomes at Expiry: If the Knock-In Rate (0.7300) has not been triggered: ● If the Spot Rate is less favourable than the Protection Rate (0.6850), say 0.6500, the importer will buy USD 50,000 at 0.6850; or ● if the Spot Rate is more favourable than the Protection Rate (0.6850), say 0.7000, the importer will buy USD 100,000 at 0.7000, (although there is no obligation to do so). **If the Knock-In Rate (0.7300) has been triggered:** ● **If the Spot Rate is less favourable than the Protection Rate (0.6850), say 0.6500, the importer will buy USD 50,000 at 0.6850; or** ● **if the Spot Rate is more favourable than the Protection Rate (0.6850), say 0.7300, the importer will buy USD 100,000 at 0.6850.**
Benefits	**Risks**
● An ability to achieve an enhanced Protection Rate comparative to a standard Knock-In structure; ● an ability to participate in favourable Exchange Rate movements to the level of the Knock-In Rate; and ● protection at all times with a known worst case Exchange Rate (Protection Rate), although for a lower Notional Amount depending on the Leverage Ratio.	● Participation in favourable currency movements is capped at the level of the Knock-In Rate. If the Spot Rate at Expiry Time is less favourable than the Protection Rate you will be protected for only the Notional Amount (which is a smaller amount than the amount you would have protection for in a basic Knock-In, depending on the Leverage Ratio). ● If the Knock-In Rate is triggered during the term and the Spot Rate is more favourable than the Protection Rate at Expiry Time, you will be obligated to trade a multiple of the Notional Amount at the less favourable Protection Rate.

7.6 Knock-In Reset

A Knock-In Reset is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated Exchange Rate (the Protection Rate). It also gives you the ability to participate in favourable movements in the Spot Rate provided that a Knock-In Rate is not triggered. If the Knock-In Rate is triggered, then you must deal at an agreed rate (the Reset Rate), which would be similar to the Exchange Rate of a comparable FEC. The Reset Rate will be more favourable than the Protection Rate and less favourable than the Knock-In Rate.

KNOCK-IN RESET EXAMPLE	
• Protection Rate/Strike Rate: 0.6800 • Reset Rate/Strike Rate: 0.7000 • Knock-In Rate/Trigger Rate: 0.7150 • Expiry Date: 3 months • Notional Amount: USD 100,000	Possible outcomes at Expiry: If the Knock-In Rate (0.7150) has not been triggered: • If the Spot Rate is less favourable than the Protection Rate (0.6800), say 0.6500, you will buy USD 100,000 at 0.6800. • If the Spot Rate is more favourable than the Protection Rate (0.6800), say 0.7050, the importer can buy USD at 0.7050 (although there is no obligation to do so). **If the Knock-In Rate (0.7150) has been triggered:** • **If the Spot Rate is less favourable than the Reset Rate (0.7000), say 0.6800, the importer will buy USD 100,000 at 0.7000.** • **If the Spot Rate is more favourable than the Reset Rate (0.7000), say 0.7300, the importer is obligated to buy USD 100,000 at 0.7000.**
Benefits	**Risks**
• Protection at all times with a known worst-case Exchange Rate (Protection Rate). • An ability to participate in favourable Exchange Rate movements, provided the Knock-In Rate is not triggered. • If the Knock-In Rate is triggered, you will transact at the Reset Rate, which is more favourable to you than the Protection Rate.	• There is no ability to participate in favourable Exchange Rate movements if the Knock-In Rate is triggered. You will transact at the Reset Rate, which could be less favourable to you than the Spot Rate at Expiry. • The Protection Rate will be less favourable than the comparable FEC.

7.7 Knock-Out Reset

A Knock-Out Reset is a Structured Option that gives you the benefit of achieving an enhanced Exchange Rate (the Enhanced Rate) compared to the equivalent Forward Exchange Rate provided that the Spot Rate remains within a specified range before Expiry (or during a Window) of the structure. If the Exchange Rate trades outside the specified range before Expiry (or during a Window), the Enhanced Rate will no longer be achievable, and you will be obligated to trade at the Reset Rate. A Knock-Out Reset will always provide you with a guaranteed worst-case Exchange Rate allowing you to protect against the risk that the Spot Rate is less favourable at Expiry of the contract.

<table>
<tr><th colspan="2">KNOCK-OUT RESET EXAMPLE</th></tr>
<tr><td>

- Enhanced Rate/Strike Rate: 0.7200
- Reset Rate/Strike Rate: 0.6800
- Knock-In Rate and Knock-Out Rate/Trigger Rates: 0.7300 and 0.6500
- Expiry Date: 3 months
- Notional Amount: USD 100,000

</td><td>

Possible outcomes at Expiry:

If the higher Knock-In/Out Rate (0.7300) or the lower Knock-In/Out Rate (0.6500) has not been triggered:

- You will buy USD 100,000 at 0.7200.

If the higher Knock-In/Out Rate (0.7300) or the Lower Knock-In/Out Rate (0.6500) has been triggered:

- You buy USD 100,000 at 0.6800.

</td></tr>
<tr><th>Benefits</th><th>Risks</th></tr>
<tr><td>

- Protection at all times with a known worst-case Exchange Rate (Reset Rate).
- Ability to achieve an Enhanced Rate over the comparative Forward Exchange Rate if the Knock-In or Knock-Out Rate has not been triggered.

</td><td>

- If either Knock-In or Knock-Out Rate is triggered, you will be transacting at the Reset Rate that is less favourable than the comparative Forward Exchange Rate and could be less favourable than the Spot Rate at Expiry.

</td></tr>
</table>

7.8 Ratio Forward

A Ratio Forward is a Structured Option that will always provide you with partial protection at a guaranteed worst-case Exchange Rate (the Enhanced Rate) allowing you to protect against the risk that the Spot Rate is less favourable on the Expiry Date of the contract. As there is a Leverage Ratio component associated with a Ratio Forward you may be required to trade a multiple of the Notional Amount at the Enhanced Rate, which will be less favourable than the prevailing Spot Rate at Expiry. The amount that you will be required to trade will depend on the Leverage Ratio that you have agreed to.

<table>
<tr><th colspan="2">RATIO FORWARD EXAMPLE</th></tr>
<tr><td>

- Enhanced Rate/Strike Rate: 0.7200
- Expiry Date: 3 months
- Notional Amount (Amount): USD50,000
- Leverage Ratio: 1:2
- Leveraged Notional Amount (Amount): USD100,000

</td><td>

Possible outcomes at Expiry:

- If the Spot Rate is less favourable than the Enhanced Rate (0.7200), say 0.6800, the importer will buy USD50,000 at 0.7200.
- If the Spot Rate is more favourable than the Enhanced Rate (0.7200), say 0.7500, the importer will be obligated to buy USD100,000 at 0.7200.

</td></tr>
<tr><th>Benefits</th><th>Risks</th></tr>
<tr><td>

- Protection at all times with a known worst-case Exchange Rate (Enhanced Rate); and
- the Enhanced Rate will be more favourable than the comparable FEC.

</td><td>

- You will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the Enhanced Rate if the Spot Rate is more favourable than the Enhanced Rate at Expiry;
- you are unable to participate in favourable currency movements beyond the Enhanced Rate.

</td></tr>
</table>

7.9 Knock-Out and Leveraged Knock-Out

A Knock-Out is a Structured Option that gives you limited protection at an Exchange Rate (the Enhanced Rate) that is more favourable than the Exchange Rate that would apply to a comparable FEC provided that a Knock-Out Rate is not triggered before Expiry (or during a Window). If this occurs, the contract ceases to exist.

<table>
<tr><th colspan="2">KNOCK-OUT EXAMPLE</th></tr>
<tr><td>

Enhanced Rate/Strike Rate: 0.7200
Knock-Out Rate/Trigger Rate: 0.6500
Expiry Date: 3 months
Notional Amount (Amount): USD100,000

</td><td>
Possible outcomes at Expiry:
If the Knock-Out Rate (0.6500) has not been triggered:

If the Spot Rate is less favourable than the Enhanced Rate (0.7200), say 0.7000, the importer will buy USD100,000 at 0.7200.
If the Spot Rate is more favourable than the Enhanced Rate (0.7200), say 0.7500, the importer is obligated to buy USD100,000 at 0.7200.

If the Knock-Out Rate (0.6500) has been triggered, the structure is terminated and there is no obligation on either party.
</td></tr>
<tr><th>Benefits</th><th>Risks</th></tr>
<tr><td>

A Knock-Out provides an enhanced Exchange Rate (Enhanced Rate) relative to a comparative FEC; and
the Knock-Out Rate can be adjusted to different levels (or different Window periods).

</td><td>

If the Knock-Out Rate is triggered the contract ceases to exist and you may potentially have to transact at a less favourable Exchange Rate; and
if the Knock-Out Rate has not been triggered and the Spot Rate is more favourable than the Enhanced Rate at Expiry, you will be obligated to trade at the less favourable Enhanced Rate.

</td></tr>
</table>

<table>
<tr><th colspan="2">LEVERAGED KNOCK-OUT EXAMPLE</th></tr>
<tr><td>

Enhanced Rate/Strike Rate: 0.7300
Knock-Out Rate/Trigger Rate: 0.6300
Expiry Date: 3 months
Notional Amount (Amount): USD50,000
Leverage Ratio: 1:2
Leveraged Notional Amount (Amount): USD100,000

</td><td>
Possible outcomes at Expiry:
If the Knock-Out Rate (0.6300) has not been triggered:

If the Spot Rate is less favourable than the Enhanced Rate (0.7300), say 0.7000, the importer will buy USD50,000 at 0.7300.
If the Spot Rate is more favourable than the Enhanced Rate (0.7300), say 0.7600, the importer is obligated to buy USD100,000 at 0.7300.

If the Knock-Out Rate (0.6300) has been triggered, the structure is terminated and there is no obligation on either party.
</td></tr>
<tr><th>Additional Benefits</th><th>Additional Risks</th></tr>
<tr><td>

An ability to achieve a more favourable Enhanced Rate or Knock-Out Rate comparative to a Knock-Out structure without a Leverage Ratio.

</td><td>

If the Knock-Out Rate is not triggered and the Spot Rate is more favourable than the Enhanced Rate at Expiry, you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio at the less favourable Enhanced Rate; and
due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

</td></tr>
</table>

8. CREDIT REQUIREMENTS FOR A STRUCTURED OPTION

When you enter into a Structured Option with us, you immediately create a liability to us (at the Trade Date not the Expiry Date), which can increase with unfavourable market movements. Over the life of a Structured Option, as the Spot Rate moves, the Mark to Market value of the contract may be In-The-Money (ITM), Out-Of-The-Money (OTM) or At-The-Money (ATM). That is, if the contract had to be cancelled at any time, it would result in a gain (if ITM), a loss (if OTM) or breakeven (if ATM). To manage this Market Risk, we may initially secure the Structured Option contract by requiring you to pay a Deposit. During the Tenor of the Structured Option contract, we may also require you to pay a margin call to further secure your Structured Options contracts and other Forward Exchange contracts you hold with us. Alternatively, we may apply a Credit Limit against the Market Risk or a combination of a Credit Limit, Deposits and/or margin calls. All payments made in respect of your Structured Option as described in this Section 7 will be applied to satisfy your payment obligation on the Expiry Date, if applicable.

8.1 Deposit

Deposit is an amount of money that is payable to us, calculated as a percentage of the Notional Amount of your Structured Option. If you are required to pay a Deposit, we will notify you at the time you enter into the Structured Option. A Deposit is taken to secure our potential risk exposure resulting from adverse currency movements that negatively impact the value of the funds you may be required to purchase from us. A deposit is a prepayment by you of your potential payment obligations on the Expiry Date and will be applied to the Settlement of your Structured Option if applicable. We do not pay interest on a Deposit. We may determine the Deposit percentage at our discretion. Factors that influence this include:

- your credit standing, as assessed by us;
- Currency Pair and amount you are transacting (more exotic currencies or those currencies that are not commonly exchanged may require a larger Deposit);
- the Expiry Date of your Structured Option (the longer the Expiry Date from the Trade Date, the higher the Deposit);
- foreign exchange market Volatility (Currency Pairs that are exhibiting high Volatility or lack of Liquidity may require a higher Deposit);
- external economic conditions (in times of economic downturn we may require a higher Deposit); and
- the frequency with which you transact with us (where your credit history with us will dictate the Deposit required).

8.2 Margin Call

We will monitor the Mark to Market value of all of your foreign exchange exposures with us on an ongoing basis. Should your Structured Options(s) (and any Forward Exchange Contracts you may hold with us) move OTM in excess of the Deposit or your Credit Limit, or a combination of both, we may secure the resulting increased risk through a margin call. A margin call is an amount of money that you are required to pay to us to reduce its risk exposure to a level acceptable to us. If a margin call is required, we will advise you immediately. In the absence of default by you of your payment obligations to us, all margin call amounts will be applied to the Settlement of your Structured Options contracts if applicable. We do not pay interest on margin calls.

Payment of a margin call must be made within two (2) Business Days of our request. If you fail to pay a margin call, we may at our discretion, choose to close some or all of your Structured Options (or any Forward Exchange Contracts if applicable) by applying the prevailing market Foreign Exchange Rate. In such circumstances, you will be liable to us for all costs associated with terminating the relevant contracts.

8.3 Credit Limits

We may choose to waive the requirement of a Deposit (or subsequent margin calls), by allocating a Credit Limit. A Credit Limit is dependent upon your credit history/ rating, strength of financial statements, as well as other factors determined at our discretion. We may review and amend your Credit Limit at any time. We may apply a Credit Limit against each individual Structured Option contract that you enter into or against your entire portfolio of Structured Options contracts or Forward Exchange Contracts (where applicable).

9. COST OF A STRUCTURED OPTION

The costs of a Structured Option payable to or by you are outlined in the table below.

COST OF A STRUCTURED OPTION	
Interest	We typically do not pay interest to you for amounts that we hold as Deposits or Margin Calls. There will be an interest cost to you if you are required to pay a Deposit or Margin Call. That cost will be equivalent to the interest that you would have otherwise earned if you had held those amounts in your own bank account.
Premium	We, in consultation with you, sets the variables associated with any Structured Option at particular levels in order to create a "No Premium" cost structure. When setting those variables, we take into account a variety of factors, similar to those used in calculating Premiums: ● the Notional Amount, the term, and any other rates applicable to a particular structure (Participation Rate, Knock-In/Out Rates etc); ● current market foreign Exchange Rates and the interest rates of the countries whose currencies are being contracted; and ● market Volatility. Where a "No Premium" structure is created, there is no up-front Premium payable for a Structured Option. If, however, you wish to nominate an improved Protection Rate or any other Exchange Rate or variable associated with a particular Structured Option, an up-front non-refundable Premium may be payable. We will calculate the amount of the Premium and advise you of the amount before you enter into the transaction.
Exchange Rate	The exchange rate quoted has a variable buy/sell spread which includes our remuneration to the Interbank Exchange Rate that we receive from our Liquidity Providers. We determine this spread by taking account of a number of factors, including but not limited to: ● the size of the transaction measured by Notional Amount, where the smaller the Notional Amount the larger the spread may be; ● the Currency Pair where the less Liquidity in the pair the greater the spread may be; ● Market Volatility where high Volatility may result in an increased spread; the time zone you choose to trade in where if trading on public holidays or weekends may see increased spread; and the frequency with which you trade with us, where the more frequently you transact the spread may be reduced.

10. BENEFITS OF STRUCTURED OPTIONS

- Structured Options help you manage some of the risks inherent in currency markets by predetermining the Exchange Rate and Value Date on which you will purchase or sell a given amount of foreign currency against another currency. This can provide you with protection against unfavourable foreign Exchange Rate movements between the Trade Date and the Value Date. This may also assist you in managing your cash flow by negating the uncertainty associated with Exchange Rate fluctuations for the certainty of a specified cash flow.
- Structured Options are flexible. Value Dates and Notional Amounts can be tailored to meet your requirements. You may have additional flexibility to participate in certain favourable Exchange Rate movements and may be able to achieve an enhanced Exchange Rate comparable to the equivalent Forward Exchange Rate depending on the Structured Option that you enter.

11. RISKS OF FX OPTIONS

Foreign exchange instruments such as Structured Options comprise an important risk management tool for those who manage foreign currency exposures.

Whilst there are numerous hedging and certainty benefits for those with foreign exposures to manage in the course of their business activities, foreign exchange instruments and transactions entail a number of significant risks and are not suitable for all.

You should seek prior independent advice and consider carefully whether trading in foreign exchange instruments is appropriate in terms of your personal circumstances.

Some of the risks involved in trading foreign exchange instruments, such as Structured Options, are outlined below.

11.1 Market Risk

In certain market conditions, it can become difficult or impossible to liquidate a position (this can, for example, happen when there is a significant change in prices over a short period of time).

Consistent with market conditions, the prices of our products may be volatile and fluctuate rapidly over wide ranges. Price fluctuations may occur as a result of uncontrollable events or changes in a variety of conditions such as, but not limited to, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events and the prevailing sentiment and volatility in the marketplace.

11.2 Settlement Risk and Counterparty Risk

When you enter into a transaction with any business, you are reliant on the ability of the business to meet its contractual obligations to you. In this regard your relationship with EbonFX is no different. Similarly, in certain circumstances, a business may be reliant upon the customer's ability to meet his or her contractual obligations to it. In the financial industry this type risk is sometimes referred to as 'settlement risk'.

In order to reduce your exposure to us, in each transaction we enter into a hedging transaction with one of our liquidity providers and/or counterparties as soon as you enter into a transaction (this is known as back-to-back hedging). Therefore, the risk to you in relation to an exchange rate movement is mitigated save for the unlikely event of a default on the part of the aforementioned counterparty. The counterparties we transact with are presently large banks or widely used foreign exchange liquidity providers. As commercial and/or operational circumstances dictate we may, without notice or disclosure to you, change some or all of our liquidity providers and/or banks. Such change(s) may pertain to some or all classes of the financial products offered by us from time to time.

11.3 Issuer Risk

When you enter into a Structured Option you are relying on our financial ability as Issuer to be able to perform its obligation to you. As a result, you are exposed to the risk that we become insolvent and are unable to meet our obligations to you under a Structured Option. To assess our financial ability to meet our obligations to you, you can obtain a copy of our financial statements, free of charge by emailing: info@ebonfx.com.

11.4 Amendments/Cancellations

Pre-deliveries or the close-out/cancellation of an Option may result in a financial loss to you. We will provide a quote for such services based on market conditions prevailing at the time of your request.

11.5 Trigger Rate Risk

For Options that have a Trigger Rate, there is the risk that the Option or part of the strategy may not exist at Expiry because a Trigger Rate has been triggered (in the case of a Knock-Out Rate) or not triggered (in the case of a Knock-In Rate). There is the additional risk that you could lose your level of protection if your Option or part of the strategy ceases to exist due to a Knock-Out Rate being triggered.

11.6 Regulatory Risk

Changes in taxation and other laws, government, fiscal, monetary and regulatory policies in Australia or overseas may have a material adverse effect on your dealings in our products. EbonFX is regulated by ASIC and AUSTRAC.

11.7 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or external events. Disruptions in our processing may lead to delays in the execution and Settlement of your transaction.

In accordance with ASIC Regulatory Guide RG126 and section 912B of the Corporations Act, EbonFX has Professional Indemnity Insurance in place which covers the work performed by its representatives and employees.

11.8 Default Risk

If you fail to pay a Deposit or a margin call in accordance with the Terms and Conditions or fail to provide Settlement on the Value Date, we may terminate your Structured Option. In the event that we terminate your Structured Option, you will be liable for all costs that we incur including the payment of any OTM position that exists with respect to your Structured Option.

12. SEGREGATED ACCOUNT

We will hold any money that we hold on your behalf in an Australian Authorised Deposit-taking Institution (ADI), segregated from our own money. Your money is not kept separate from other client's money in the ADI account. As such, in the unlikely event of the bank's insolvency, you will not have a claim against the ADI segregated account.

EbonFX is entitled to retain any interest earned on such segregated money held or invested by EbonFX.

13. CLIENT AGREEMENT

In order to open an account, you are required to sign the Application, under which you agree to be bound by the Client Agreement which is an important legal document containing the terms and conditions which govern our relationship with you.

We recommend that you consider seeking independent legal advice before entering into the Client Agreement, as the terms and conditions detailed therein are important and affect your dealings with us.

We note the following key terms in the Client Agreement, many of which have been summarized throughout this IS:

- client acknowledgements regarding knowledge and suitability to trade foreign exchange products;
- client representations and warranties;
- deposit and instalment requirements for forward foreign exchange contracts and our rights in respect of them;
- client obligations regarding confirmations (including discrepancies);
- our rights following a default event;
- client indemnity in favour of us;
- fees, commissions and charges;
- restrictions on assignment of agreement;
- telephone recordings;
- governing law (New South Wales); and
- termination and close out.

14. DISCRETIONARY POWERS

We have a number of discretionary powers which may affect your trading activities, including the right to close out your transaction/s without prior notice to you. We refer you to the Client Agreement which sets out these powers and suggest that you should read and fully understand them before entering into a transaction. You should understand that we may refuse to enter into a transaction, or close out any open transactions, without notice, in circumstances such as the following:

- if you fail to make any payment when it is due, including the payment of any Deposit or Instalment that has been requested by us;
- if you fail to provide any material information that we have requested or any information you have given us is or becomes, in our opinion, materially inaccurate or misleading;
- in the event of your death or loss of mental capacity;
- if bankruptcy or winding up proceedings are commenced against you;
- if the performance of our obligations under the Client Agreement becomes illegal;
- if a serious dispute has arisen between us; or
- if you breach an important term of this Client Agreement or of any transaction.

You should be aware that we may be obliged to freeze or block your account if information comes to our attention that leads us to believe that it is being used in connection with money laundering or terrorist financing activities or if we are directed to do so by a regulatory authority. If this occurs, we will not be liable to you for any consequential losses whatsoever and you agree to continuously indemnify us if we suffer loss as a result of action taken by a third-party beneficiary arising from any such action we have taken in relation to your account.

15. MAKING A COMPLAINT

We have an internal dispute resolution process in place to resolve any complaints or concerns you may have, quickly and fairly. Any complaints or concerns should be directed in writing to the Privacy and Complaints Officer at the address and telephone number provided in this IS.

We will investigate your complaint and provide you with our decision and the reasons on which it is based, in writing. We will seek to resolve your complaint within 14 to 30 days.

If you are dissatisfied with the outcome, you have the right to lodge a complaint with the **Australian Financial Complaints Authority (AFCA),** an approved external dispute resolution scheme, of which we are a member (membership No. 30591), using the contact details below. Please note that AFCA has the discretion to exclude any Wholesale Client complaint, determined on a case-by-case basis. **You may also make a complaint via the ASIC Free call info line on 1300 300 630.**

You can contact AFCA by any of the means listed below: In writing to:

AFCA
GPO Box 3
Melbourne VIC 3001
Telephone: 1800 931 678 Facsimile: +613 9613 6399

Email: info@afcaorg.au
Website: www.afca.org.au

16. OUR PRIVACY POLICY

We are committed to protecting your privacy. The information you provide to us and any other information provided by you in connection with your transactions will primarily be used for the processing of your application, our systems and processes and for complying with certain laws and regulations. We have systems and processes in place which safeguard against the unauthorised use or disclosure of your personal information. We may use this information to send you details of other services or provide you with information that we believe may be of interest to you. Please contact us if you have any concerns of if you would like to see a copy of our privacy statement it is available via the www.ebonfx.com website.

17. NO COOLING OFF PERIOD

There is no cooling off period regime that applies to the Structured Options. You are, therefore, bound by the terms of a Foreign Exchange Contract when you enter into it, despite the fact that settlement may occur at a later date.