



CLIENT CLASSIFICATION NOTICE

MITRADE GLOBAL PTY LTD
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LEVEL 11, 350 COLLINS STREET,
MELBOURNE, VIC 3000, AUSTRALIA

WWW.MITRADE.COM
CS.AU@MITRADE.COM

RISK WARNING: CFDS ARE A LEVERAGED PRODUCT AND CAN RESULT IN THE LOSS OF YOUR ENTIRE CAPITAL. TRADING CFDS MAY NOT BE SUITABLE FOR EVERYONE. BEFORE USING OUR SERVICES, PLEASE ENSURE THAT YOU UNDERSTAND THE RISKS INVOLVED. YOU DO NOT OWN OR HAVE ANY INTEREST IN THE UNDERLYING ASSETS.

ABN 90 149 011 361 | AFSL NO. 398528

What is a Wholesale Client?

Clients are categorized as either retail or wholesale under the Corporations Act 2001 (Cth) (“the Act”).

It is important that financial service providers such as Mitrade Global Pty Ltd (“Mitrade”, “we”, “us”, “our”) distinguish correctly between Retail and Wholesale Clients. Compliance obligations and processes differ significantly between the two types of clients.

A Retail Client is a client who is not a Wholesale Client and is afforded additional protections compared to a Wholesale Client.

Retail clients are entitled to the statutory protections afforded under the Corporations Act, including protections under the [ASIC Corporations \(Product Intervention Order – Contracts for Difference\) Instrument 2020/986](#) and the right to access dispute resolution through the Australian Financial Complaints Authority (“AFCA”). Retail Clients will also be provided with disclosure documents (such as the Product Disclosure Statement (“PDS”) and Financial Services Guide (“FSG”)) before a trading account can be opened with Mitrade.

Wholesale Clients benefit from features such as higher leverage which is not available to Retail Clients. However, Wholesale Clients do not necessarily have the same investor protection and disclosure requirements as products made available to retail clients. By default, Mitrade classify all clients as retail unless a client satisfies one of Wholesale Client tests set out in the Act.

How To Become A Wholesale Client?

The Act allows clients with sufficient wealth (1) or experience (2) to qualify as a Wholesale Client:

- (1) Clients that qualify as being treated as Wholesale Clients pursuant to section 761G(7) of the Act.
- (2) Clients that qualify as and agree to be treated as Wholesale Clients pursuant to section 761GA of the Act.

At Mitrade, to be classified as Wholesale Client, an applicant must meet either of the two test requirements:

Wealth Test (1)	Sophisticated Investor Test (2)
Clients have net assets of at least AUD 2.5 million, as certified by a Qualified Accountant.	Pass the Sophisticated Investor knowledge quiz
OR	AND
Clients have Gross Income for each of the last two financial years of at least AUD 250,000 per annum, as certified by a Qualified Accountant.	Demonstrate your trading experience by: Having traded Margin FX or CFD’s 20 times a quarter for at least 4 quarters over any of the previous 3 years with a total notional value of AUD 500,000 or more in each of those 4 quarters. Clients can demonstrate this experience from either their Mitrade account, another provider or a combination of both. OR You have at least 12 months experience in a professional capacity in the financial services sector, which requires direct knowledge of leveraged trading.

A. Wealth Test – to be classified as a Wholesale Client based on experience

Section 761G(7)(c) of the Act allows a client to be classified as a Wholesale Client if the client provides Mitrade with a copy of a certificate from a Qualified Accountant that states that the client:

- has net assets of at least AUD 2.5 million; or
- has gross income for each of the last 2 financial years of at least AUD 250,000 a year.

If you meet either one of the above criteria, you must have a certificate by a qualified accountant to confirm that you satisfy either one of the criteria above. The accountant's certificate must be:

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

You can download a certification for your accountant to complete at

https://www.mitrade.com/uploads/doc/Mitrade_CertificateByQualifiedAccountant-en-US.pdf.

For a list of qualified accountant, please refer to ASIC's webpage:

<https://asic.gov.au/regulatory-resources/financial-services/financial-product-disclosure/certificates-issued-by-a-qualified-accountant/>

Additionally, the client cannot use Mitrade's financial products or services in connection with a business for the purpose of the wealth test.

B. Sophisticated Investor Test – to be classified as a Wholesale Client based on experience

In 2007, a definition of 'Sophisticated Investor' was introduced to Chapter 7 of the Act (section 761GA) in recognition of the fact that there are investors who have the necessary experience to access wholesale products and services, but not the wealth as required by the Wealth Test set out above.

Section 761GA allows a client to be classified as a Wholesale Client if Mitrade is satisfied on reasonable grounds that the client has previous experience in using financial services and investing in financial products that allows the client to assess:

- (i) The merits of the product or service; and
- (ii) The value of the product or service; and
- (iii) The risks associated with holding the product; and
- (iv) The client's own information needs; and
- (v) The adequacy of the information given by Mitrade.

In order for Mitrade to make these determinations about the client, he or she must:

- (i) pass the Sophisticated Investor Quiz during the application process;
- (ii) demonstrate his or her trading experience by providing Mitrade the necessary documents to prove:

- he or she has traded at least 20 times per quarter (for any 4 quarters in the last 3 years); and traded at least AUD 500,000 notional value in each of the 4 quarters. Or
- he or she has at least 12 months experience in a professional capacity in the financial services sector and which requires direct knowledge of leveraged trading

The Sophisticated Investor Quiz comprises of 10 questions, which are generated randomly from a bank of some 20 questions. The Quiz tests client's knowledge and experience on the following topics:

- General knowledge
- Leverage;
- Margin;
- Position sizing; and
- Risk management.

An applicant must answer all 10 questions correctly to pass, achieving a score of 100%.

Mittrade must satisfy itself that the client is experienced in using financial services and investing in financial products by assessing the applicant's previous experience as well as their quiz completion.

In addition, Mittrade is required to provide the client with a written statement setting out the reasons Mittrade considers that the client satisfies the above criteria, which the client must then acknowledge in writing.

To be classified as a Wholesale Client under the Sophisticated Investor test, you cannot use our products in connection with a business.

What You Should Know If You Choose To Be Classified As A Wholesale Client?

Wholesale Clients will be giving up some of the protections that are afforded to Retail Clients. Such protections include

- protections under ASIC's ASIC Corporations (Product Intervention Order – Contracts for Difference) Instrument 2020/986 including leverage restrictions and negative balance protection (commencing on 29 March 2021);
- you may not be eligible to access the dispute resolution services offered by AFCA;
- you will not receive a PDS or FSG;
- If you are classified as a Wholesale Client, we will continue to fully segregate your money in accordance with the client money provision of the Act. If you are classified as a Wholesale Client under the Sophisticated Investor test, Wholesale Client your client money will also be dealt with in accordance with the ASIC Client Money Reporting Rules 2017.
- where we assess whether a product or service is appropriate for you, we can assume that you have the necessary level of knowledge and experience to understand the risks involved and protect your own interests. Note that you are responsible for informing Mittrade if you no longer meet the eligibility criteria to be considered a Wholesale Client. If you wish to be classified as a Retail Client, you can do so at any time by contacting us at compliance.au@mitrade.com.

Wholesale Client Money Treatment

For a Wholesale Client, we will fully segregate your money in accordance with the client money provisions of the Act.

If Mitrade classify a Client as a Wholesale Client under the Sophisticated Investor test in accordance with section 761GA of the Act, any money we receive from this type of client will also be dealt with in accordance with the ASIC Client Money Reporting Rules 2017.

What Will Happen To My Open Positions and Pending Orders?

Upon being notified of your classification as a Wholesale Client, within 24 hours, all open positions on your trading account will be a) firstly, closed at the market price, and b) secondly, we will reopen these positions at the same price, known as wholesale positions.

This way, the ultimate profit and loss of your position would not be affected. We will keep your pending orders as they are.



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