



RISK DISCLOSURE STATEMENT

MITRADE GLOBAL PTY LTD

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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. PLEASE CONSIDER OUR PDS, FSG, RISK DISCLOSURE STATEMENT AND CLIENT AGREEMENT BEFORE USING OUR SERVICES AND 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

1. IMPORTANT INFORMATION

Leveraged trading in forex, derivatives, precious metals, CFDs or other off-exchange products (also known as “over-the-counter” or “OTC derivative products”) on margin carry a high level of risk to your capital. You do not own, or have any rights to the underlying assets. Trading is not suitable for everyone and may result in losses of all your deposits. You should only trade with money you can afford to lose.

This statement provides you with a non-exhaustive overview of the key risks that you should take into account when deciding whether to open an account and trade with Mitrade Global Pty Limited (‘Mitrade’). This statement does not explain all of the risks involved in trading or how the risks relate to your personal circumstances. It is important that you read the relevant legal documentation to fully understand the risks involved in light of your personal circumstances before deciding to open an account and trade with us. We recommend that you seek independent advice if you’re unsure.

2. NO PERSONAL ADVICE PROVIDED

Our products and services are provided on an execution-only basis – you are solely responsible for any decisions that you make in relation to our products and services. Mitrade is not a financial advisor nor do we provide any regulatory, tax or legal advice. Sometimes we will provide you with general factual information about the market and how our various products and services work. Any information and analysis provided by us is general in nature and does not take into account your or your client’s personal objectives, financial situation or needs. You should not regard any of the information that we provide to you as an investment recommendation or an offer to make a transaction. Tax benefits are subject to change and depend on your individual circumstances. We recommend that you seek specialist advice if you are uncertain about any of these matters.

3. KEY RISKS ASSOCIATED WITH TRADING MARGIN FX CONTRACTS AND CFDS

Macro-economic Risk

The general state of the Australian and international economies as well as changes in taxation policy, monetary policy, interest rates and statutory requirements are some of the factors which may influence currency markets.

Market Risk

This is the risk that the markets move against you. External market forces can cause markets and prices to change quickly. Such forces include changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events and the prevailing psychological characteristics of the marketplace. As the price of your Position is based on an Underlying Instrument, these factors may affect your Position and our ability to execute, settle or close out transactions on your behalf.

Holding both long (i.e. bought) and short (i.e. sold) Positions is not necessarily less risky than holding a simple long (i.e. bought) or short (i.e. sold) Position. You may incur further losses holding Positions of both directions than holding Positions of one direction.

You should be aware that if you acquire a product for trading or speculative purposes (that is where you do not have a risk you need to protect yourself from), you will be fully exposed to movements in the Underlying Instrument.

Market or Exchange Intervention

The rules of the relevant market (if any) or Exchange govern the trading in the Underlying Instrument and so will indirectly affect the dealing in the products offered by Mitrade. All of the rules of each relevant Exchange may be relevant to Mitrade contracts, so you should consider those rules. The details of those rules are outside the control of Mitrade and they may change at any time and without notice to you.

Conflict of Interests

Trading with Mitrade carries an automatic risk of an actual conflict of interest because Mitrade is acting as principal in its Positions with you and Mitrade sets the price of the contracts. Mitrade may also be transacting with other persons or other market participants. Mitrade does not guarantee that the price given to you is the best price. You can reduce the risks to you of unfavourable pricing or opaque pricing by monitoring Mitrade's contract pricing and by monitoring the underlying market. Mitrade also mitigates this risk by retaining external legal advisors, ongoing Board supervision and implementing compliance procedures. Further details can be found in section 16 of this PDS.

Loss by Spread

Since Mitrade charges a spread on some transactions, the price will have to move in your favour before you can break even. That is, even if the price does not move, you will be making a loss when entering the transaction.

Slippage

In fast moving or illiquid markets, slippage may occur. Slippage occurs when market prices do not follow a "smooth" or continuous trend and are typically caused by external factors such as world, political, economic and corporate related events. Should slippage occur in the Underlying Instrument on which your product is based, you may not be able to close out your Position or open a new Position at the price at which you have placed your order. Further, in instances of slippage, any conditional orders opened on your Account will be filled at the next best available price which may be substantially different from the price selected when entering your conditional order.

Margin Call

Should the price of the Margin FX Contract or CFD move against you, you may receive a Margin Call from us preventing your Account from opening any further exposures and enlivening our discretion to close out your open Positions without further notice. Should we make a Margin Call, you must increase your Equity to above 100% of Total Initial Margin required to remove the trading restrictions on your Account and prevent your Positions from being closed out. In the event your Equity touches or falls below Maintenance Margin levels, we may also reduce or close all your open Positions without further notice and you will be liable for any shortfall. Positions are marked-to-market with payments being settled daily to Account for market movements. You must be in a Position to fund such requirements at all times. Margin Calls must be addressed as soon as possible and are only considered paid once we receive cleared funds in our account. While Mitrade will already have an absolute discretion to close out open Positions once a Margin Call is issued, Mitrade may (in its absolute discretion), delay exercising that right to give you an opportunity to address the Margin Call. In rare circumstances, the markets could move against your Position giving Mitrade no time to make a Margin Call before your Account has breached the Maintenance Margin, allowing Mitrade to liquidate your Positions in order for Mitrade to protect the Positions of itself and other clients.

Leverage

As these products are highly leveraged, a small price movement in the price of the Underlying Instrument on which they are based can result in substantial profits or losses exceeding your Initial Margin. In addition, you could be required to pay further funds representing losses and other fees on your open and closed Positions. The prices of our products may be volatile and fluctuate rapidly over wide ranges. Price fluctuations may be as a result of uncontrollable events or changes in a variety of conditions as described above under Market Risk.

Liquidity

There may be periods where certain currency pairs or CFDs become illiquid. The lack of liquidity may prevent you from taking Positions in FX or CFDs or from liquidating from unfavourable Positions resulting in you incurring a loss.

Guaranteed Stop Orders unavailable

Certain products can be traded in conjunction with our limit and stop loss orders which are designed to either optimise your exposure to the market or limit your loss by instructing that trades be executed at pre-determined price levels. Stop losses are instructions placed by you with Mitrade to close out an open Position if a market trades through a specific level. Stop loss orders are often used to attempt to limit the amount which can be lost on a Position. You should be aware that stop losses are not guaranteed and the execution of such orders will depend on market volatility and liquidity. So, whilst stop losses generally allow you to control potential losses should the market move against you, please be aware that stop loss orders are not guaranteed and may not always limit your losses the way you anticipate.

Our Right to Close Out and Place Restrictions

- (1) Should you fail to pay any amounts due and payable, including Margin Calls, or keep your Equity above Maintenance Margin levels, Mitrade has an absolute right to close out Positions.
- (2) You acknowledge that the trading of Margin FX Contracts or CFDs over certain Underlying Instruments on the Mitrade Platform may become volatile in a very short time period and without any prior warnings. Due to the high degree of risk involved, you acknowledge and agree that we reserve the right to close all or any open Transactions with respect to any Underlying Instrument that we determine is volatile in our sole discretion (having regard to our legitimate interests), at the price quoted on the Mitrade Platform at such time without notice.
- (3) We reserve the right to require you to close out Transactions in a timely manner in the event that the product is removed from the Mitrade Platform. Where Transactions remain open for more than 7 days following our requirement for you to close them out, we reserve the right to close such Transactions on your behalf at the last available price.
- (4) If we receive a chargeback from your credit card issuer or with respect to any other payment method for any reason, you acknowledge that we reserve the right to:
 - (a) immediately close any or all of your open Transactions whether at a loss or a profit and liquidate your Account with or without any notice;
 - (b) cancel, re-price, adjust or void past transactions;
 - (c) immediately place restrictions on your Account with or without any notice, including: (i) the restriction on making deposits using any payment method to your Account; (ii) the restriction on requesting withdrawals from your Account; and (iii) the restriction on opening new Positions on the Mitrade Platform; the duration of the restrictions will be set at Mitrade's discretion; and/or
 - (d) terminate the Client Agreement.
- (5) Mitrade reserves the absolute discretion to terminate the Client Agreement with immediate effect or void or re-price or close out a Position at any time, for any value if in the sole opinion of Mitrade, you are suspected of Unauthorised Activities, market manipulation, false trading, market rigging, fictitious transactions, wash trading, insider trading, short selling, breaching the financial services laws or breaching the AML/CTF laws.
- (6) Under the Client Agreement you also indemnify Mitrade and its employees, agents and representatives against certain losses and liabilities. You should read the Client Agreement carefully to ensure you understand these powers and responsibilities.

Electronic Trading Platform Risk

You shall be responsible for providing and maintaining the means by which to access the electronic trading platform, which may include without limitation a personal computer, modem and telephone or other access line. While the internet and the World Wide Web are generally reliable, technical problems or other conditions may delay or prevent access thereto. If you are unable to access the internet and thus, the electronic trading platform, it will mean you may be unable to trade in a product offered by Mitrade when desired and you may suffer a loss as a result. Should the system be unavailable, clients may place their orders via telephone with a representative of Mitrade. Furthermore, Mitrade reserves the right to suspend the operation of the electronic trading platform or any part or sections of it. In such an event, Mitrade may, at its sole discretion (with or without notice), close out your open contracts at prices it considers fair and reasonable at such a time. Mitrade may impose volume limits on clients' Accounts, at its sole discretion.

Regulatory Risk

Changes in taxation and other laws, government, fiscal, monetary and regulatory policies may have a material adverse effect on your dealings in Margin FX Contracts or CFDs, as may any regulatory action taken against Mitrade.

Mitrade Risk

Investors must deal directly with Mitrade to open and close Positions. Given you are dealing with Mitrade as counterparty to every transaction, you will have an exposure to us in relation to each transaction. This is common to all OTC financial market products. To mitigate this risk, we have implemented procedures to monitor our compliance with our license conditions and our financial obligations under ASIC's Regulatory Guide 166.

Credit Risk

- (a) The obligations of Mitrade to make payments in respect of the contracts, are unsecured obligations of Mitrade, which means that you are subject to our credit risk. If we were to become insolvent, we may be unable to meet our obligations to you. You may become unsecured creditors in an administration or liquidation and will not have recourse to any Underlying Instruments in the event of Mitrade's insolvency.
- (b) Mitrade may also be unable to operate its business as a result of a regulatory impediment such as Mitrade ceasing to hold an Australian Financial Services Licence or because ASIC imposes a stop order on the PDS. However, Mitrade manages this risk by implementing effective policies and procedures and robust controls to comply with licence conditions and financial services laws.

Counterparty Risk - Credit risk

- (a) Mitrade enters into arrangements with third party execution and clearing providers for the facilitation of transactions and settlements. Generally, retail and wholesale client money is not used in connection with margining, guaranteeing, securing, transferring, adjusting or settling dealings in derivatives by Mitrade or on behalf of people other than the client. Mitrade uses house funds for the purposes of entering into hedge transactions to manage its exposure to you.
- (b) Clients may be indirectly exposed to the financial risks of our counterparties and organisations with whom Mitrade holds client funds. If the financial condition of Mitrade or assets of our counterparties or the parties with which we hold client assets deteriorate, then clients could suffer loss. Mitrade uses reputable counterparties such as established financial institutions with good credit standing along with adequate financial resources. In selecting the counterparties, Mitrade considers public information, credit agency reports and the most recent financial statements showing the paid up capital, assets and liabilities of those counterparties. In addition, Mitrade undertakes searches of the relevant regulators' databases to confirm that the proposed counterparty holds all the necessary licenses and/or authorities. We also use credit limits to manage our exposure to each counterparty.

Counterparty Risk - Hedging

- (a) We maintain strict management over our counterparty risk and use of hedging. Hedging is the practice of offsetting counterparty risk, in this case being the risk of exposure to Positions generated when you enter into a Transaction with us. We hedge risk by entering into hedge trades with Liquidity Provider(s) (or "counterparties"), where we hold margin with Liquidity Providers. This creates an element of risk to clients as we are exposed to these counterparties and their potential insolvency or otherwise whilst they hold our funds. We regularly assess the financial stability of our Liquidity Providers to reduce risk where possible. Each trade you place with Mitrade triggers Mitrade to place an identical, corresponding trade with its hedge counterparty on a back to back basis.

It is important to note that our hedging activities may not eliminate all risk to you.

- (b) Within our risk management framework, we have assessed the market risk and counterparty risk arising from entering into Contracts with you (and our other clients) and our hedging counterparty, and applied controls to mitigate those risks. Such controls include, but are not limited to:
 - (i) the enforcement of leverage limits based on the Account Equity of the client and the instruments being traded; and
 - (ii) the selection and maintenance of one or more hedge counterparty relationships.
- (c) We maintain and implement a Hedging Counterparty Policy, which identifies our Liquidity Providers and sets out in detail the factors we take into account when selecting Liquidity Providers or hedging counterparties. Our Hedging Counterparty Policy is available on our website (www.mitrade.com). It may be updated from time to time as counterparties change.

Counterparty Risk – Financial Resources

- (a) As an issuer of OTC derivatives, we comply with the specific financial requirements imposed on our AFSL as set out in ASIC Regulatory Guide 166 and other regulatory financial obligations. The goal of these requirements is to ensure that we meet the minimum level of financial resources required by law to conduct business and meet any liabilities as and when they may arise. We monitor our exposure on a daily basis using real-time software tools and prepare detailed financial reports on a monthly basis to ensure the applicable financial requirements are met.

- (b) We are required to have our accounts audited at least annually. The latest results of our financial audit process on record are available by contacting a Mitrade representative or via our support email cs@mitrade.com.

Foreign Exchange Risk

- (a) Your Account is maintained in the currency you have nominated, that is, the Base Currency. Where you deal in a product that is denominated in a currency other than the Base Currency, all Initial and Maintenance Margins, profits, losses, interest rate payments/receipts and financing credits and debits in relation to that product are calculated using the currency in which the product is denominated.
- (b) Accordingly, your profits or losses may be affected by fluctuations in the relevant foreign exchange rate between the time the order is placed and the time the Position is closed, liquidated, offset or exercised.
- (c) Upon closing a Position that is denominated in a currency other than the Base Currency of your Account, the foreign currency balance will be converted to the Base Currency of your Account. Any conversion will be at the exchange rate quoted by Mitrade. Until the foreign currency balance is converted to the Base Currency, fluctuations in the relevant foreign exchange rate may affect the unrealised profit or loss made on the Position.

Market Information Risk

- (a) Mitrade may make available to you through one or more of its services, a broad range of financial information that is generated internally or obtained from agents, vendors or third party providers. This includes, but is not limited to, financial market data, quotes, news, analyst opinions and research reports, graphs or data (Market Information). Market Information provided by us by email or through our website is not intended as advice. Mitrade does not endorse or approve the Market Information and we make it available to you only as a service for your own convenience. Mitrade and its third party providers do not guarantee the accuracy, timeliness, completeness or correct sequencing of the Market Information or warrant any results from your use or reliance on the Market Information.
- (b) Market Information may quickly become unreliable for various reasons including, for example, changes in market conditions or economic circumstances. Neither Mitrade nor the third party providers are obligated to update any information or opinions contained in any Market Information and we may discontinue offering Market Information at any time without notice.

Operational Risk

- (a) Operational Risk is inherent in every transaction, for example, disruption to Mitrade's operational processes such as communications, computers, networks or external events may lead to delays in the execution of or settlement of a transaction.
- (b) Mitrade relies on a number of technology solutions to provide you with efficient services. Prior to engaging these providers, Mitrade has performed due diligence and entered into service agreements with each provider.
- (c) A disruption to the Mitrade electronic trading platform may mean you are unable to trade in a product offered by Mitrade when desired and you may suffer a loss as a result. An example of disruption includes the "crash" of our computer-based trading system. Mitrade mitigates this risk by conducting regular backups and using appropriate IT protections.

Risk Capital

You could lose all of the Initial Margin that you deposit to establish or maintain a Position. All derivatives trading involves risk and there is no trading strategy that can eliminate it entirely. The placing of contingent orders (such as a stop-loss order) may not always limit your losses to the amounts that you may want. Market conditions may make it impossible to execute such orders. In cases where you are speculating, we suggest that you do not risk more capital than you can afford to lose. A good general rule is never to speculate with money which, if lost, would alter your standard of living.

Investment decisions

You are solely responsible for any orders you place with us, and as such, the performance of any investment in Margin FX or CFDs using your Account will depend mainly on your own investment decisions.

Cryptocurrency Risk (CFDs)

- (a) Mitrade does not buy or sell cryptocurrency nor does it operate as a digital currency exchange provider. Our contracts are, of course, only for differences in the changes of the prices of those units as they trade in their underlying markets without creating any direct equity interest in them, as with all CFDs.

- (b) Cryptocurrencies are digital currencies. Cryptocurrencies are also high risk and their value fluctuates significantly. Having a cryptocurrency as the Underlying Instrument is different to having other assets as the Underlying Instrument such as conventional foreign exchange pairs. It is important to note that while the instrument structure and specifications of such offerings are substantially similar to that of other CFDs or indeed Margin FX Contracts, the underlying markets are themselves very different. Broadly, although a variety of these different markets have become collectively known as “cryptocurrencies” or digital currencies, each cryptocurrency is different and subject to its own rules of creation, storage and transfer of ownership of their various units. It is beyond the scope of this PDS to describe the mechanics behind these underlying cryptocurrency markets. You should familiarise yourself with the operations of the cryptocurrency markets on which the CFDs you wish to trade are written, prior to trading. If you choose to invest in the high risk asset of cryptocurrencies through a high risk financial product such as CFDs you do so in the knowledge that you are exposed to the risk of loss.
- (c) We base the price of our cryptocurrency contracts on the underlying market, made available to us by the exchanges and market-makers with which we trade. These may be non-regulated, de-centralised digital exchanges. Accordingly, price formation and price movements of the cryptocurrencies depend solely on the internal rules of the particular digital exchange, which may be subject to change at any point in time and without notice. This often leads to a very high intra-day volatility in the prices of the cryptocurrencies which may be substantially higher compared to other instruments. Therefore, by trading CFDs in cryptocurrencies you accept a significantly higher risk of loss of your invested amounts which may occur within a very short time frame as a result of sudden adverse price movements of the cryptocurrencies. In particular, you should be aware that the pricing formation rules of the cryptocurrency exchanges are not subject to any regulatory supervision and may be changed at the relevant digital exchange’s discretion at any time. Similarly, such digital exchanges may introduce trading suspensions or take other actions that may result in suspension or cessation of trading on such exchanges or the price and market data feed becoming unavailable to us. The above factors could result in a material adverse effect on your open Positions, including the loss of all of your invested amounts. Where a temporary or permanent disruption to or cessation of trading occurs on any digital exchange from which we derive our price feeds for the relevant cryptocurrency, your Positions in such cryptocurrency will be priced at the last available price for the relevant cryptocurrency, and you may be unable to close or liquidate your Position or withdraw any funds related to such Position until the trading on the relevant digital exchange resumes (if at all). You accept that where trading resumes again at either the relevant original digital exchange or on any successor exchange thereof, there may be significant price differential (price gapping) which may impact the value of your CFD Positions in the relevant cryptocurrencies and result in significant gains or losses. In the event that the trading resumes on any other successor exchange than the relevant original digital exchange, Mitrade reserves the right to perform adjustments in order to neutralise the effect of the price difference of the two exchanges. Where trading does not resume, your entire investment will potentially be lost.
- (d) When you trade CFDs on cryptocurrencies, you need to be aware of the risk of a hard fork occurring. A hard fork is when a single cryptocurrency splits in two and occurs when a cryptocurrency’s existing code is changed, resulting in both an old and new version of the cryptocurrency. Mitrade reserves the right to determine which blockchain (ledger of cryptocurrency transactions) and cryptocurrency unit has the majority consensus behind them and use this as the basis for cryptocurrency contracts. If the hard fork results in a viable second cryptocurrency becoming tradeable on exchanges we have access to, then in our absolute discretion, we may create an equivalent Position or cash adjustment on client Accounts to reflect its value. When a hard fork occurs, there may be substantial price volatility around the event, and we may suspend trading throughout if we do not have reliable prices from the underlying market. We will endeavour to notify you of potential forks, however it is your responsibility to make yourself aware of the forks that could occur. We may enforce a limit on the total amount of cryptocurrency exposure that each client is allowed to maintain. This information is available on our website or from our Helpdesk upon request. Any client with a notional size above this limit is at risk of having their cryptocurrency Positions reduced in our sole and absolute discretion.
- (e) Should you open a Position on a cryptocurrency CFD that extends over a weekend, you will be subject to increased priced volatility due to the weekend gap, since cryptocurrency markets operates 7 days a week while we are only open 5 days a week. As such, the gapping risk is increased upon opening hours for the Cryptocurrency CFDs.



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