

# **PRODUCT DISCLOSURE STATEMENT**

## Binary Options

Issuer:

**Ozifin Tech Pty Ltd**

ACN 618 038 396

Operating as authorised representative of:

AGM Markets Pty Ltd.

ACN 158 706 766

Australian Financial Services Licence No. 422662

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## 1. IMPORTANT INFORMATION

In this Product Disclosure Statement (this “PDS”), unless otherwise defined herein, capitalized words and expressions shall have the meaning ascribed to them in the glossary of terms provided at Section 15 below.

### 1.1. About the Issuer

Ozifin Tech Pty Ltd. (ACN 618 038 396) is the authorised representative of AGM Markets Pty Ltd. (ACN 158 706 766) with Australian Financial Services License Number 422662, authorising it, amongst other things, to make a market in the following products: (i) Derivatives; and (ii) Foreign exchange contracts.

Ozifin Tech Pty Ltd. shall be referred to in this PDS as “**Company**”, “**us**” or “**we**”.

AGM Markets Pty Ltd. shall be referred to in this PDS as “**AGM**”.

Further information about us is available in our Financial Services Guide and on our website – [www.TraderQ.com.au](http://www.TraderQ.com.au) (the “**Website**”).

The Binary Options (as further explained below) are issued and traded by us, as further detailed below. We act as the counterparty to your trades, provide you with all additional services, and act as your immediate contact with connection to your trades.

### 1.2. Purpose of this PDS

This PDS is dated October 2017 and is prepared by us in relation to binary option issued by us to be traded by retail customers (the “**Binary Options**”). The PDS describes the key features of the Binary Options, their benefits and risks, the costs and fees of trading and other relevant information, meant to provide you with the information you need to know in order to make a decision about whether or not you wish to trade Binary Options.

**This PDS is issued by us, and is approved and authorised for distribution by AGM as the Australian Financial Services Licensee.**

**You should read all of this PDS, the Financial Services Guide (FSG) and the Account Terms available on the Website before deciding to trade in Binary Options.**

### 1.3. Risk Warning

Binary Options are derivatives, as defined in Section 761D of the Act. They are complex and risky financial products, and may not be suitable for you. You should not engage in derivative transactions or enter into derivative related contracts unless you properly understand the nature of derivative products and are comfortable with the attendant risks.

For the purposes of this PDS, the “Act” means the Corporations Act 2001 (Cth) and regulations made under it, as amended from time to time (including, for the avoidance of doubt, as amended by the Corporations Regulations 2001 and ASIC Legislative Instruments).

**Prior to trading in Binary Options you should: (i) carefully read the “Key Risks” detailed in Section 2.4 below; (ii) ensure that you fully understand the risks involved and that you can bear such risks; and (iii) consider whether such trading is suitable for you.**

#### **1.4. General Information; No Personal Advice**

This PDS contains general advice only, and does not constitute any recommendation, advice or opinion. Neither we nor this PDS take into account your objectives, financial situation or needs.

**We are not authorised to provide, and we will not provide you, any personal financial advice.**

You should consider whether to trade in Binary Options, having regard to your objectives, financial situation and needs. You should obtain financial, legal and tax advice, as well as consult any other relevant professional advisors, before trading in Binary Options.

It is important that you understand that when you trade in Binary Options you are **not** trading in the Reference Security, and do not acquire any rights or interests in the Reference Security, including any right to receive dividends or to participate in votes or meetings.

#### **1.5. Disclaimer**

The information in this PDS is up to date at the time it was prepared, but it is subject to change at any time. Any updates will be posted on the Website. A copy of this PDS can be downloaded from the Website or you can contact us (by the means detailed in Section 6 below) to request that a paper copy be provided to you free of charge.

Please note that examples provided in this PDS are for information purposes only and do not reflect the current or future market. References to other parties and/or instruments are for information purposes as well. Examples do not constitute any general or personal product advice.

The legal terms governing your dealing in trades in Binary Options with us are set out in the Terms of Service available on the Website. By opening a trading account with us, you agree to the Terms of Service.

**This PDS is provided to you for informational purposes alone, and does not constitute any form of agreement between you and us (or any other party).**

## **2. THE BINARY OPTIONS**

### **2.1. About Binary Options**

Binary Options are over-the-counter financial products that pay a pre-determined fixed amount depending on whether or not a financial event in relation to a Reference Security occurs by a certain time. They are derivatives, which value or price is derived from fluctuations in the price or level of the asset from which they are derived, which may be a security, index, commodity, foreign exchange currency, futures contract, bullion or other instrument. The instrument by reference to which the value of a specific Binary Option is determined is called the “**Reference Security**”.

The Reference Security may be any instrument that is “tradable”. We issue Binary Options based on various types of Reference Securities, as we may choose from time to time.

The Binary Option is a contract between you and us, which means both parties act as principals to the transaction and have a direct credit exposure to each other. You do not trade through an exchange and are not afforded the protections normally associated with exchange-traded derivatives, such as guarantee arrangements.

European style Binary Options are closed at the predetermined expiry time, and not before. American style Binary Options may be closed before and up to the predetermined expiry time.

The Price required to enter into a Binary Option, if not already received from you, will be payable by you to us immediately upon our acceptance of your offer to enter into the Binary Option.

Prior to Expiry, you may request a quote from us to close out your position, and we may, at our discretion, provide such a quote, and if we do, you may offer to close out your position based on such quote. We shall not be obliged to accept your offer. If we do accept your offer, we will issue to you a Confirmation shortly after. Failure to issue such Confirmation will not prejudice or affect the relevant transaction.

**Binary Options can have two possible outcomes – whether the financial event occurs by (or at) the expiry time, or it does not. See trading examples at Section 16 below to obtain a better understanding of what this means.**

## 2.2. How Do Binary Options Work?

A typical Binary Option reflects the following question:

**“Will the price of the Reference Security at a predetermined point in time (the “Expiry Time”) be higher or lower than the price quoted at present time (the “Strike Price”)?”**

Should you predict that the price at the Expiry Time be **higher** than the Strike Price (i.e. the Reference Security shall “go up”) – a **Call (buy) Binary Option** is for you;

Should you predict that the price at the Expiry Time be **lower** than the Strike Price (i.e. the Reference Security shall “go down”) – a **Put (sell) Binary Option** is for you;

The Strike Price is determined by us, and usually equals to the current price of the Reference Security (although it may differ from such price, in our sole discretion).

Should the price at the Expiry Time be in the same direction of the Strike Price as you predicted (“in the money”), i.e. above the Strike Price if you bought a Call Binary Option, or below the Strike Price if you bought a Put Binary Option, you shall win the “Payout”; The Payout equals the predetermined percentage which is indicated for the specific Binary Option (the “Payout Percentage”) of your investment.

However, should the price at the Expiry Time be in the opposite direction of the Strike Price as you predicted (“out of the money”), i.e. below the Strike Price if you bought a Call Binary Option, or above the Strike Price if you bought a Put Binary Option, you lose the Binary Option, and your investment amount.

If the price at the Expiry Time is identical to the Strike Price, you keep your investment amount and the Binary Option expires.

### 2.3. The Benefits of Binary Options

Binary Options are more transparent and easier to understand than traditional options and derivatives, since you are speculating on directional movement of either up or down. There are significant benefits associated with trading including, but not limited to:

**Limitation of Loss-** The maximum loss you may suffer from trading Binary Options is capped at the initial amount of money you invested (as well as any fees or charges payable). In Binary Options, there are no margin calls, therefore you will not need to worry about stop losses.

**Hedging-** You can use Binary Options to hedge exposure of a current holding in the Underlying Market.

**Speculation-** You may use Binary Options to speculate on the price of the Reference Securities, without the need to buy or sell them.

### 2.4. The Risks of Binary Options Trading

You should carefully consider whether dealing in Binary Options is appropriate for you in the light of your circumstances. In deciding whether or not you wish to become involved in these transactions, you should be aware that these products are derivative products that are speculative and carry significant risks.

We do not make or give any recommendation, advice or opinion in relation to Binary Options. We do not take into account your objectives, financial situation or needs. You should obtain your own independent financial, legal, taxation and other professional advice as to whether Binary Options are an appropriate investment for you.

Trading in Binary Options should not be undertaken unless you understand and are comfortable with the risks of geared investments.

This section DOES NOT detail ALL risks applicable to Binary Options trading, but rather seeks to highlight the key significant risks involved:

- **Performance Risk**

We do not guarantee the investment performance of Binary Option products or the investment performance of the underlying markets or instruments. Note that past performance is no indication or guarantee of future performance.

- **Loss of Money**

You may lose your investment. You may incur losses to the extent of your total exposure, and any additional fees and charges that which may apply (information about such fees and charges is available at Section 7 below).

Binary Options have two possible outcomes – either you win a predetermined amount, or you lose the whole invested sum, depending solely on the movement direction of the price or level of the Reference Security. Therefore, the loss and profit of high sums may be determined pursuant to even the smallest movements.

- **Volatility and Speculation**

Binary Options are subject to many influences which may result in rapid fluctuations and reflect unforeseen events or changes in conditions with the inevitable consequence being market volatility.

- **Value Risk**

Binary Options are valued and priced usually by reference to the Reference Security's value (or level) in the relevant Underlying Market. If the Reference Security ceases to be able to be traded on a relevant

market or is subject to a trading suspension or trading halt for a period of more than 2 Business Days, we may exercise our discretion to determine a value to Close Out the Transaction. In addition, we will only perform the contract agreed with you at the price or rate agreed for that contract, and not at any other price or rate available in the market.

- **Execution Risk**

A delay in execution may occur for various reasons, such as technical issues with your internet connection to the servers of the Platform. The Platform may not be maintaining a constant connection with the trading servers. In such circumstances, the price offered by us may change before we receive your order. If you place an order and the price changes before the order is received, the order will be accepted at the new price.

- **Regulatory Risk**

Clients may incur losses that are caused by matters outside the control of our control. These may include changes in taxation or in government fiscal, monetary and regulatory policies. A regulatory authority can, in extreme situations, suspend trading or alter the price at which a position is settled, which will affect the Reference Security and your dealings in Binary Options.

- **Platform Risk**

There are risks in trading through the Platform. These include but are not limited to:

- Software errors and bugs, delays in telecommunications systems, interrupted service, data supply errors, faults or inaccuracies and security breaches;
- Data of users of the Platform may be visible to others, institutions or brokers may be able to see your orders and other communications relating to trading and execution without your consent (or ours) and that third parties (including persons on private networks) will have the ability to attach to your network;
- System failures: If the Platform is suspended for any reason whatsoever, you may have difficulties in executing orders or using any other services provided through the Platform. In such cases other communication forms may be available for such services, but we can't guarantee such failures shall not occur, and shall not be liable if they do; and
- We may limit the total volume of trades you may have outstanding at a given time, which could prevent or delay execution of your orders, at your risk.

We, or anyone on our behalf, shall not be liable for any: (i) loss, expense, cost or liability suffered or incurred by you due to failure of the Platform, transmission failure or delays or similar technical errors whether or not the error might be due to factors under our control; and/ or (ii) loss of profits or losses you might suffer due to errors in quotes which are the result of your typing errors or feed errors committed or your erroneous perception of information entered into the system by you.

- **Use of Client Money**

Your funds may be co-mingled with other Clients money Accounts. Funds held in a Client Money Account may be withdrawn by us for different purposes (see Section 10 below) including meeting obligations incurred in connection with guaranteeing, securing, transferring, adjusting or settling dealings in derivatives by us, including dealings on behalf of people other than you.

- **Indemnity and Limitation of Liability**

The Account Terms extensively protect us. Under the Account Terms you also indemnify us in certain scenarios.

- **Counterparty Risk**

We are the counterparty to every Transaction. You will have an exposure to us in relation to each Transaction. You will be reliant on our ability to meet our counterparty obligations to you to settle the relevant contract. If we default on our obligations, you may become an unsecured creditor in an administration or liquidation and will not have recourse to any assets in the event of our insolvency.

- **Operational Risk**

There are operational risks in Binary Options. The operation of your Transactions is reliant on the continuing operation of, among other things, the Platform, the internet connection, and your personal computer. Disruptions, failures or delays in any of these may lead to delays in execution and settlement of Transactions. We are not liable to you for any loss, expense, cost or liability suffered or incurred by you due to failure of the Platform, transmission failure or delays or similar technical errors whether or not the error might be due to factors under our control.

- **Conflict of Interest**

Trading with us may give rise to a conflict of interest as we are acting as a principal and we may be transacting with other persons at different prices and/or rates.

For a better understanding of the way Binary Options work, please see the **transaction examples** available for your convenience at **Section 16** below.

### 3. THE FINANCIAL SERVICES

#### 3.1. Our Position

The Binary Options are issued by us, and we act as the counterparty to the transaction (i.e. the party with whom you enter the contract). **When doing so we act for ourselves and not as an agent for any person, and we do not act as your agent or broker for your transactions.**

In relation to all Transactions, we may pass on up to 100% of the risk of a trade by engaging in Straight Through Processing to enter into equivalent transactions (in the same direction as your trade). The counterparty with which we currently engage for Straight Through Processing is TradeSoft, operated by Trade Software Solutions Limited, a company registered in England with company number 09838297.

#### 3.2. AFS License

We act as the authorised representative of AGM in accordance with Section 916A of the Act, under AGM's Australian Financial Services License Number 422662, which allows us to provide the following financial services to retail clients:

3.2.1. provide **general** financial product advice for the following classes of financial products:

- (i) deposit and payment products limited to basic deposit products;
- (ii) derivatives; and
- (iii) foreign exchange contracts;

3.2.2. deal in financial products by issuing, applying for, acquiring, varying or disposing of a financial product on its own behalf, in respect of the following classes of financial products;

- (i) derivatives; and
- (ii) foreign exchange contracts;

3.2.3. deal in financial products by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of the following classes of products:

- (i) deposit and payment products limited to: (1) basic deposit products; or (2) non-cash payment products;



- (ii) derivatives; and
  - (iii) foreign exchange contracts; and
- 3.2.4. Make a market for the following financial products:

- (i) foreign exchange contracts; and
- (ii) derivatives.

## **4. YOUR ACCOUNT**

### **4.1. Application and Registration**

Prior to the commencement of trading you must register your Account. You establish an Account by completing the Application Form on the Website or by contacting us directly. By signing or submitting (electronically or otherwise) the Application Form when you apply to become a Client or by using or accessing the Website, you agree to the terms and conditions, and make the representations and warranties, set out in this Product Disclosure Statement, the FSG and the Terms of Service, all as may be amended from time to time, including but not limited to by any supplement or replacement to such documents. If the required fields on the Application Form are not completed to our satisfaction, we may not allow you to trade, or if a trade is made to profit or have money reimbursed to you unless it is directly refunded to the account from which it was deposited. All fees and charges will be paid by you.

We may, in our absolute discretion, accept or decline to establish any Account or to provide any one or more financial products that you have selected in your Application Form.

### **4.2. Deposits and Withdrawals**

You may deposit funds into your Account in accordance with the Deposit Policy which can be found on the Website. Please contact us to find out more information on payment methods. Payment methods may change from time to time.

We do not encourage the use of borrowed funds for investment purposes.

All deposits and payments must be cleared funds before they will be available to you for trading.

You may withdraw funds from your Account in accordance with the Withdrawal Policy which can be found on the Website.

## **5. HOW TO TRADE**

### **5.1. Quotes**

Every Binary Option offered on the Platform has its specific Strike Price, Payout Percentage and Expiry Time. Some Binary Options offer a range of Expiry Times for you to choose from, which may affect the Payout Percentage.

We, in our sole and absolute discretion, determine the Strike Price and the Payout Percentage for each Binary Option.

Every Binary Option also has its minimum investment amount (and some may have a limited maximum investment amount), for you to choose from.

## 5.2. Opening a Position

A position is opened by either buying (“going long”) or selling (“going short”). You go “long” when you enter into a Binary Option in the expectation that the price of the Reference Security will increase. You go “short” when you enter into a Binary Option in the expectation that the price of the Reference Security will decrease.

Once you choose your investment amount and the specific Put/Call Binary Option you wish to enter into, and confirm your selection via the Platform, you have made an offer to open a position. The corresponding position shall be opened once your offer is accepted by us, via the Platform.

After the Binary Option position has been opened, a confirmation of the Transaction will be delivered to you, via the Platform or by other electronic form (see further below).

You will **not** be able to enter into any new Binary Option where the Reference Security is subject to a trading halt or suspension by the relevant market, or otherwise not being able to be traded.

The terms of each Binary Option are as prescribed in the Terms of Service. You may only enter into a Binary Option when you have sufficient funds in your Account to cover the quoted price.

## 5.3. Transaction Confirmation

We will provide you with confirmations of the Transactions you have executed. Such confirmations will be sent to you automatically via the Platform and/or by email. You can access your Account at any time to view your Transactions and account balances (subject to availability of communications systems).

You must review any confirmation or statement immediately following you entering into a Transaction, to ensure its accuracy and you must report any discrepancies to us as soon as reasonably practical. Confirmations are deemed to be conclusive and binding on you if not objected to in writing within 48 hours of the Confirmation being available to you.

## 5.4. Closing a Binary Option

Binary Options have a predetermined expiry time. Your profit or loss will be determined according to the results of the Reference Security by such expiry time. At the expiry time, a Binary Option is either terminated (if you lose) or executed (if you win).

Should you wish to Close Out a Binary option prior to its expiration, you may request a quote from us to Close Out your position, and we may, in our discretion, provide you with such a quote. If such a quote is provided by us, you may offer to Close Out your position based on such quote. We shall not be obliged to accept your offer. If we do accept your offer, you will be issued with a Closing Out Confirmation shortly after. Failure to issue a confirmation will not prejudice or affect the relevant transaction.

For a better understanding of the possibility to Close Out a position prior to the Expiry Date, see the Trading Examples in Section 16 below.

**We May Close Out a Binary Option without requiring your consent, under the circumstances detailed in Section 8.2 below.**

## 6. CONTACT DETAILS

## 6.1. Ozifin Tech Pty Ltd.

Ozifin Tech Pty Ltd. can be contacted at:

Address: Suite 502, 1 Queens Rd, Melbourne, VIC 3004, Australia

Tel: +61-2-83171448

Email: [support@traderq.com.au](mailto:support@traderq.com.au)

## 6.2. AGM Markets Pty Ltd.

AGM can be contacted at:

Address: Level 1, 189 Balaclava Road,  
Caulfield North, VIC, 3161, Australia

Tel: +61 3 9013 0190

Fax: +61 3 9525 9772

Email: support@alphabinary.com

Please also feel free to use the CONTACT US button located on the Website.

## 7. COSTS, FEES, EXPENSES & CHARGES

All costs, fees, expenses and charges shall be paid by you to us, or as we may otherwise instruct you.

The fees which may apply to you when trading in Binary Options are:

- **Dormant Account Fee**
- In the event that no Transaction has been undertaken through your account for 30 consecutive days, the CAR may charge a dormant account fee of 99 AUD; and following such period, in the event that no Transaction has been undertaken through your account for 30 consecutive days, the CAR may charge a fee of 99 AUD for each such 30 days period (the "**Dormant Account Fee**"). Once a Transaction is undertaken through your account, the aforementioned cycle shall start from the beginning (i.e. a fee of 99 AUD). Such fees shall not exceed the total balance in such Account. The Dormant Account Fee shall be deducted automatically from your Account
- **Withdrawal Fee**  
A withdrawal fee of up to AUD 50 (or the same numerical amount in the currency in which you have deposited into your account) for each withdrawal made;
- **Finance Charges**  
When you are a Long Party to a Binary Option, we charge you for interest payments which accrue on a daily basis and are payable daily by you;
- **Event of Default charges**  
We may charge you, debit your Account or otherwise be reimbursed by you for any costs and expenses which may apply to us pursuant to your Event of Default (as such term is defined under the Terms of

Service). Such an event includes, for example: your breach of the Terms of Service, any incorrect or misleading representation by you, you becoming insolvent or bankrupt, etc.

- Any transaction charges, commissions, fees, Prices, premiums, settlement and clearing fees which may be imposed for any Transaction by any Exchange;
- Any fees, Taxes, stamp duty or other charges as may from time to time be levied on or in connection with any Transactions entered into with you or on your behalf; and
- Interest in respect of any unpaid amounts payable by you under these Terms of Service. Interest shall accrue on all unpaid sums from you to us at 4% per annum, to accrue daily from the date on which any payment is due until the date of its payment in full.

**If any change to the applicable fees may occur, we will notify you accordingly.**

## **8. ADJUSTMENTS AND CLOSING OUT**

Should any event which gives us the discretion to adjust to the terms of the Binary Option under the Terms of Service (each, an “Adjustment Event”) occur, whether prior to or after you entered into a position relating thereto, we may, at our sole discretion:

- (i) Adjust any of the terms (including the price) of a Binary Option in accordance with Section 8.1 below; or
- (ii) If we determine (in our sole discretion) that it is not reasonably practicable to make such an adjustment, we may Close Out the Binary Option in accordance with Section 8.2 below.

An Adjustment Event may be, for example, each of the following:

- (i) Any event which has a dilutive or concentrative effect on the market value of the Reference Security;
- (ii) If the Reference Security is a derivative which is able to be traded on a market – any event in respect of which the operator of the market makes an adjustment to the terms of the Derivative.
- (iii) If the Reference Security is a share, debenture, unit or other security (or depositary receipt of any kind in respect of such) – upon any consolidation, reclassification or sub-division, buy back, in specie distribution, takeover, scheme of arrangement or similar event or other corporate action event in respect of the security, whether or not the event triggers an adjustment to any exchange traded derivative of it;
- (iv) A distribution to existing holders of additional shares or other securities or other financial products granting them the right to receive dividends or other proceeds equally and proportionately with payments made to holders of the underlying securities; or securities, rights or warrants granting the right to a distribution of shares or to purchase, subscribe, or receive shares, in any case for payment (in money cash or money’s worth) at less than the prevailing market price per share as determined by us; or
- (v) If the Reference Security is an index, a substantial adjustment to the composition of the index outside its own terms allowing for adjustments or weightings; a failure to publish the index or a suspension or cancellation of the index.

### **8.1. Adjustment of Binary Options**

8.1.1. Following our determination that an Adjustment Event has occurred, we will determine the adjustment, if any, which should be made in the Binary Option in order to place the parties in substantially the same economic position they would have been in had the event not occurred.

8.1.2. We will notify you as soon as practicable of the adjustment, which will be deemed to be conclusive and binding on you.

## 8.2. Closing Out Binary Options

8.2.1. If at any time after the occurrence of an Adjustment Event we determine (in our sole discretion) that it is not reasonably practicable to make an adjustment in accordance this Section 8.1 above, we may at any time after the Adjustment Event Close Out the Transaction.

8.2.2. If the Reference Security is subject to a take-over offer or similar event, we may at any time prior to the closing date of such offer, Close Out the Binary Option at our sole discretion. References to “offer”, “take-over” and “closing date” herein shall have the same meaning given to them in the Act.

8.2.3. If the issuer whose security represents the Reference Security becomes externally administered, in accordance with the meaning in the Act (or equivalent legislation), the Binary Option will be taken to have been Closed Out at that time. The closing price of the Binary Option will be determined by us in good faith, considering a number of factors we deems appropriate including, for example, the last traded price of the Reference Security.

8.2.4. If the Reference Security becomes subject to a trade halt or suspension under the rules of the relevant market, or ceases to be listed for quotation on a market for 2 consecutive Business Days, we may, in our absolute discretion, Close Out all relevant Binary Options.

8.3. Prior to the adjustment or Closing Out of a Binary Option under this Section 8, we will give you notice of our intention to do so, including the terms of such adjustment or Closing Out. Provided, however, that should we determine, at our sole discretion, that it is not reasonably practicable to give you such notice prior to the adjustment or Closing Out of a Binary Option, we may do so as soon as reasonably practicable thereafter, which shall not affect the terms and the time on which the adjustment or Closing Out of the Binary Option has taken place. Any such notice shall be provided to you via the Platform and by email.

## 9. BONUSES

Bonuses and/or other trading benefits may be offered to you from time to time (“**Bonuses**”). The Bonuses, where granted, may be restricted in time and be subject to terms and conditions which shall be published on the Website, promotional material or in the Terms of Service. Such terms and conditions shall be subject to change at our discretion. Only after such terms and conditions are met to our satisfaction, the Bonus may be withdrawn as an available cash balance in your account.

By way of example only, the Bonuses may be granted in a restricted state and may only be withdrawn from your Account after a certain period of time and/or following your performance of a certain number of trades or volume of trades. Only after such withdrawal conditions shall be met to our satisfaction, the Bonus may be withdrawn as it was an available cash balance in your account.

## 10. CLIENT MONEY

- 10.1. Funds deposited by Clients in connection with their accounts with us (the “**Client Money**”) shall be deposited into an aggregated account (the “**Client Money Account**”). We may invest any of the funds held in the Clients Money Account in different kinds of investments at our discretion.
- 10.2. Client Money shall be held in the Client Money Account, aggregating the funds of all clients and segregated from our own funds. This means Clients Money shall not be available for general creditors in the event of our receivership or liquidation.
- 10.3. Client Money may be used by us for purposes unrelated to your Account, and as a result your money is not protected from risk of loss.
- 10.4. We are entitled to all interest earned on Client Money and all benefits derived from investments made with Client Money by us.
- 10.5. Client Money may be used by us to meet the Event of Default of any Client.
- 10.6. We may withdraw, deduct, pay, apply and use any or all Client Money to meet any liability, obligation or loss which you owe us and/or incurred by us in connection with margining, guaranteeing, securing, transferring, adjusting or settling trades (including on behalf of people other than you), including without limitation for the payment of amounts to our counterparties for Straight Through Processing.
- 10.7. All currency exchange risks regarding any payment instruction or any order or transaction entered into or arranged for you by us is your responsibility. Any conversion from one currency to another required to be made for performing or executing any payment instruction, order or transaction may be effected by us in the manner and at the time and at the exchange rates that we decide.

## 11. COMPLAINTS AND DISPUTE RESOLUTION SYSTEM

Should you have any complaints regarding our services provided to you, these are the complaints handling systems available to you:

### 11.1. Internal System

We have an internal complaints handling policy, which is available on the Website. It is aimed to resolve any complaints or concerns which you may have with us. Any complaints or concerns should be directed to us by any of the communication means detailed in Section 6 above.

A copy of the policy may be obtained by contacting us and requesting a copy.

We will investigate any complaint which is communicated to us promptly, and within 45 days will answer you in writing. We will attempt to resolve your complaint quickly and fairly.

AGM, as our authorising Licensee may also be approached, directly or through us, with any complaint or dispute, and has its own internal complaints handling policy.

### 11.2. External System

If you are dissatisfied with the outcome of any investigation, you may complain to **Financial Ombudsman Service Ltd.**, an ASIC approved external dispute resolution scheme. Any such complaint should refer to AGM’s membership, number 31321;

Contact Details

**Financial Ombudsman Service Ltd.**

GPO Box 3  
Melbourne VIC 3001  
Toll free: 1300 78 08 08  
Facsimile: +613 9613 6399  
Website: [www.fos.org.au](http://www.fos.org.au)

You may also make a complaint to ASIC, by calling the Free call Info line on 1300 300 630.

## 12. COMPENSATION; REMUNERATION AND CONNECTIONS TO THIRD PARTIES

### 12.1. Professional Indemnity Insurance

Both we and AGM have professional indemnity insurance policies in place, which are compliant with the compensation arrangements requirements of section 912B of the Corporations Act. Our compensation arrangements take into account the nature and volume of our business, the number of clients and kind of clients we have, our representatives and the maximum potential extent of liability.

Subject to its terms and conditions and exclusions, said professional indemnity insurances cover claims in relation to the conduct of our representatives and employees, including such persons employed by us at the time of the relevant conduct and who are no longer employed by us.

### 12.2. Employee Remuneration

Our employees and representatives are paid by way of salary and discretionary bonus linked to pre-determined objectives, and may also qualify for non-monetary benefits (e.g. sports tickets, seminars and conferences) if they meet certain predetermined performance targets. The type of benefits may vary depending on the employee's position and the particular service provided. All payments or benefits given comply with the Act, and particularly, **no such payment or benefit shall be dependent on the employee's offering or selling a particular financial product or class of financial products.**

The bonuses to be granted to employees may be determined by, among other considerations, the total funds deposited by clients into their accounts, to the extent permitted by law.

### 12.3. Third Parties

We and/or AGM may engage with unrelated third parties for different types of collaborations, including for marketing and reference of potential clients to receive services from us and/or AGM; such business arrangements may include commissions or other fees to be paid to such third parties, which may be determined by the number of persons referred by them and/or the trading volumes of such persons.

## 13. ADDITIONAL INFORMATION

### 13.1. Your Personal Information

A copy of the Privacy Policy is available on the Website and can be obtained by contacting us and requesting a copy. We and/or AGM collect and keep your personal information to provide you with products and services you request as well as other information, products and services offered by or through us or AGM.

## 13.2. Our Financial Information

14. Our total liabilities are 99,875.49 AUD and total assets are 69,849.83 AUD. Our paid up capital is 100 AUD.

### 14.1. Cooling Off

There is no cooling off arrangement for Binary Options.

### 14.2. Tax

You should consult your tax advisor before trading in these financial products as they may have taxation implications for you. **The following information should be regarded as general information only.**

- **Goods and Services Tax**

To our understanding, no Goods and Services Tax should be payable in relation to your trading of Binary Options, as they are considered to be 'financial supplies' under A New Tax System (Goods and Services Tax) Act 1999. Consequently, they are input taxed and no Goods and Services Tax is payable on their supply.

- **Capital Gains Tax**

Binary Option positions may constitute a capital gains tax asset held by you for the purposes of applying the capital gains tax provisions to any capital gain or capital loss realised by you.

- **Income Tax**

Australian taxpayers generally calculate their taxable income by including assessable income and allowing for losses incurred in gaining or producing assessable income. Binary Options may be considered as income or losses.

### 14.3. Ethical Considerations

Labour standards or environmental, social or ethical considerations **are not taken into account** when issuing, providing and/or trading in Binary Options.

### 14.4. Jurisdictions

This PDS is not intended to and does not constitute any offer or invitation, directly or indirectly, in any jurisdiction where the offer or invitation would breach the applicable laws or require the PDS or any other document to be lodged or registered. The distribution of this PDS in jurisdictions outside the Commonwealth of Australia may be subject to legal restrictions and therefore persons into whose possession this PDS comes should seek advice on and observe those restrictions. Failure to do so may constitute a violation of financial services and other laws. Without limitation, the offer or invitation to which this PDS relates is not available to US investors.



## 15. BENCHMARKS

Regulatory Guide 227 (RG227) issued by the Australian Securities and Investments Commission (ASIC) sets out 7 disclosure benchmarks for over-the-counter contracts for difference. More information about the disclosure benchmarks contained in this PDS can be found in RG227, available on the ASIC website. Although these benchmarks may not be required to be addressed for Binary Options, we have provided you with this helpful information to assist with your decision-making process in relation to this product:

<b><u>BENCHMARK</u></b>	<b><u>IS THIS MET?</u></b>	<b><u>FURTHER INFORMATION</u></b>
<p><b>Client Qualification:</b></p> <p>maintain and apply a written client qualification policy that:</p> <p>(a) sets out the minimum qualification criteria that prospective investors will need to demonstrate they meet before the issuer will agree to open a new account on their behalf;</p> <p>(b) outlines the processes the issuer has in place to ensure that prospective investors who do not meet the qualification criteria are not able to open an account and trade in Binary Options; and</p> <p>(c) requires the issuer to keep written records of client assessments.</p>	<p>No.</p> <p>We do not prevent a potential Client from trading based on its knowledge and experience;</p> <p>We may, however, assess such knowledge and experience during the application process, for our own purposes.</p> <p>As we do not provide any personal advice, we are not responsible to determine the appropriateness of any client.</p>	<p>N/A</p>
<p><b><u>Opening Collateral:</u></b></p> <p>An issuer should generally only accept cash or cash equivalents from investors as opening collateral when establishing an account to trade in Binary Options. If credit cards are used to open accounts, an issuer should accept no more than \$1000 via credit card to fund the account.</p>	<p>Partly.</p> <p>We only accept cash equivalents (e.g. Wire transfer and credit card) from investors as opening collateral, and do not accept any other assets as collateral.</p> <p>We do accept credit card payments for more than \$1,000 as initial funding, in order to provide flexible payment options to our Clients.</p>	<p>Please see Section 4.2.</p>

<p><b><u>Counterparty Risk/Hedging:</u></b></p> <p>An issuer should maintain and apply a written policy to manage its exposure to market risk from client positions.</p>	<p>Yes.</p> <p>We maintain and apply a written policy to manage our exposure to market risks due to Client positions.</p> <p>The Risk Management Policy is available on the Website.</p>	<p>Please see Section 3.1 and our Risk Management Policy.</p>
<p><b><u>Counterparty Risk/Financial Resources</u></b></p> <p>An issuer should maintain and apply a written policy to maintain adequate financial resources, which details how the issuer:</p> <p>(a) monitors its compliance with its Australian financial services (AFS) licence financial requirements; and</p> <p>(b) conducts stress testing to ensure it holds sufficient liquid funds to withstand significant adverse market movements.</p>	<p>Partly.</p> <p>The Compliance Policy is available on the Website. Such Policy aims to ensure that we have access to sufficient liquid assets to meet all of our liabilities as and when they are due.</p> <p>However, we do not conduct stress-testing.</p>	<p>Please see our Compliance Policy.</p>
<p><b><u>Client Money:</u></b></p> <p>An issuer should maintain and apply a clear policy on its use of client money, including whether it uses money deposited by one investor to meet the margin or settlement requirements of another.</p>	<p>Yes.</p> <p>We maintain a clear policy with regards to the use of client money. We keep Client money in a segregated trust account with a reputable Australian bank.</p>	<p>Please see Section 10.</p>
<p><b><u>Suspended/Halted Reference Securities:</u></b></p> <p>An issuer should not allow new Binary Option positions to be opened when there is a trading halt over the underlying asset, or trading in the underlying asset has otherwise been suspended, in accordance with the rules of the relevant market.</p>	<p>Yes.</p> <p>We do not accept an order when there is a trading halt or suspension in a Reference Security.</p>	<p>N/A</p>
<p><b><u>Margin Calls:</u></b></p> <p>An issuer should maintain and apply a written policy about its margining practices.</p>	<p>Not relevant for Binary Options.</p>	<p>N/A</p>

## 16. GLOSSARY OF TERMS

In this PDS, unless otherwise defined herein, capitalized words and expressions shall have the following meanings:

<b>Account</b>	Means your account with us, established under the Terms of Service.
<b>AUD</b>	Means the lawful currency of the Commonwealth of Australia.
<b>ASIC</b>	Means the Australian Securities and Investments Commission.
<b>Business Day</b>	Means a weekday which is not a public holiday in Sydney.
<b>Client</b>	Means the person who has an Account with us.
<b>Close Out</b>	Means discharging or satisfying the obligations of the parties to the Transaction, including by: (a) paying amounts calculated in respect of an Reference Security in accordance with the terms of the Transaction; (b) matching up of the Transaction with a Transaction of the same kind under which you have assumed an offsetting opposite position; and (c) making adjustments for fees and charges.
<b>Expiry</b>	Means the time and date at which a Binary Option expires. Expiry time is predetermined and can vary.
<b>Platform</b>	Means the online trading platform offered by us to enable the Client to trade in Transactions.
<b>Price</b>	Means, in relation to a Transaction, the price or rate quoted by us.
<b>Reference Security</b>	Means the security, index, commodity, foreign exchange, futures contract, bullion or other instrument or asset or factor the reference to which the value of a Binary Option is determined.
<b>Straight Through Processing</b>	Means, in relation to a trade between a Client and us, the process whereby we enter into an equivalent volume of trade (in the same direction as the Client's trade) with our counterparty. That is, we post or pass the equivalent volume of trade (in the same direction as the Client's trade) through to our counterparty.  Execution of a Client's trade and (where relevant for the particular trade) Straight Through Processing between us and our counterparty, occurs on a single processing system.
<b>Terms of Service</b>	Means the terms of your account with us by which you deal in Transactions.
<b>Transaction</b>	Means any contract for difference entered into between you and us as the principals: (i) to pay an amount calculated in respect of an Underlying Asset; and

	(ii) in respect of which you have, or are taken to have, agreed (whether orally, electronically or in writing) to: (a) the Underlying Assets involved; (b) the amount; (c) the Price; and (d) the settlement date or time
<b>Website</b>	Means our website located at <a href="http://www.TraderQ.com.au">www.TraderQ.com.au</a>

## 17. TRADING EXAMPLES

Below are some examples to illustrate the variables for a typical Transactions and how they affect the calculations. The variables of your actual Transactions will of course differ, as these examples are for illustrative purposes only. These examples do not reflect any actual Transaction or market conditions and are not forecasts or projections of any particular Transaction.

### 17.1. Examples of Call Binary Options

#### (i) Example of entering into a 'Call' Binary Option

You buy a \$100 **Call** EUR/USD Binary Option with a Strike Price of \$1.2500, a payout of 85% and an Expiry Time in a month.

If at the Expiry Time in a month the EUR/USD price is above 1.2500, then your Binary Option would be worth \$185 (i.e. \$100 investment plus 85% profit). On the other hand, if at the Expiry Time in a month the EUR/USD price is below 1.2500, your Binary Option will be worthless and you will have a 100% loss of your initial investment amount of \$100.

If a week after entering the Binary Option (prior to the Expiry Time), you see that that the EUR/USD market is rising and you would like to exercise any gains if possible, you may request a quote from us to Close Out your position. We may, in our discretion, provide a quote to you. If we provide a quote to you at a payout of 35%, pursuant to which you offer, and we agree to Close Out on that basis, then you will receive \$135 (i.e. \$100 investment plus 35% profit).

On the other hand, if a week after entering the Binary Option (prior to the Expiry Time), you see that that the EUR/USD market is falling and you would like to minimise your losses if possible, you may request a quote from us to Close Out your position. We may, in our discretion, provide a quote to you. If we provide a quote to you to Close Out your position at a loss of \$20 (rather than the entire \$100), and you offer and we accepts to Close Out on that basis, then you will lose \$20 (of your initial \$100 investment).

#### (ii) Example of entering into a 'Put' Binary Option

You buy a \$100 **Put** EUR/USD Binary Option with a Strike Price of \$1.2500, a payout of 85% and an Expiry Time in a month.

If at the Expiry Time in a month the EUR/USD price is below 1.2500, then your Binary Option would be worth \$185 (i.e. \$100 investment plus 85% profit). On the other hand, if at the Expiry Time in a month the EUR/USD price is above 1.2500, your Binary Option will be worthless and you will have a 100% loss of your initial investment amount of \$100.

If a week after entering the Binary Option (prior to the Expiry Time), you see that that the EUR/USD market is falling and you would like to exercise any gains if possible, you may request a quote from us to Close Out your position. We may, in our discretion, provide a quote to you. If we provide a quote to you at a

payout of 35%, pursuant to which you offer, and we agree to Close Out on that basis, then you will receive \$135 (i.e. \$100 investment plus 35% profit).

On the other hand, if a week after entering the Binary Option (prior to the Expiry Time), you see that that the EUR/USD market is rising and you would like to minimise your losses if possible, you may request a quote from us to Close Out your position. We may, in our discretion, provide a quote to you. If we provide a quote to you to Close Out your position at a loss of \$20 (rather than the entire \$100), and you offer and we accepts to Close Out on that basis, then you will lose \$20 (of your initial \$100 investment).