

ECN TRADE PTY LTD

# INFORMATION DISCLOSURE

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Wholesale Sophisticated Investor

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Enclosed is a document you must read and understand as it forms part of the Agreement between you and ECN Trade Pty Ltd. You should obtain your own independent financial advice as to whether Margin Contracts are appropriate for you.

## 1. Introduction

- 1.1. In this 'Wholesale Client Information Disclosure' you shall find a synopsis of the main risks and various important information that you should take into consideration when deciding to open an account and trade with ECN Trade Pty Ltd. ("ECN", "ECN Trade", the "firm", "us", "we" and "our"). However, please be aware that this disclosure does not convey all the risks involved in trading nor does it take into consideration your personal needs and circumstances. As such, and before you begin trading with us, you are required to read this disclosure and review other relevant legal documents to completely comprehend the risks brought on by trading, in addition to assessing whether you understand Contracts for Difference (CFD) trading and whether you are able to endure the high risk of losing your money.
- 1.2. Leveraged trading on Margin Forex and CFDs (also known as "over-the-counter (OTC) derivative products") carries a substantial risk to your capital. You do not own, or have any rights to, the underlying assets.
- 1.3. Please recognize that trading does not benefit everyone and may cause losses exceeding deposits. Therefore, you should only trade with money you can bear to lose. As a Wholesale Client, we do not provide you with some of the protections that we deliver to Retail Clients in Australia. As such, if you feel uncertain about the risks carried by trading our products, or if you require additional information about being a Wholesale Client in Australia, then we suggest seeking advice from an independent professional entity.
- 1.4. Distributing our products in jurisdictions outside of Australia may be unlawful. If you live outside of Australia, it is your sole responsibility to ensure that there are no laws or regulations in your jurisdiction restricting you from trading with **ECN Trade**.

## 2. Wholesale Categorisation

- 2.1. The investor protection and disclosure requirements within the financial products and services extended by us to Wholesale Clients may differ than those made available for Retail Clients.
- 2.2. We do not provide certain disclosures or protections for Wholesale Clients, even if they have been previously provided. We are not obligated to present Wholesale Clients with Product Disclosure Statement or Financial Services Guide and our external dispute resolution scheme; the Australian Financial Complaints Authority, will have the discretion to exclude complaints from you.
- 2.3. As per Chapter 7 of the Corporations Act 2001, we may not have any other obligations to you as we would have if you were a Retail Client.
- 2.4. We may, willingly and at our absolute discretion, occasionally provide you with a few of the Retail Client protections. When this happens, it does not mean that you are entitled to continually receive them from us and that does not affect our right to treat you as a Wholesale Client.
- 2.5. At any given time, we have the right to treat you as a Retail Client and withdraw your status as a Wholesale Client at our absolute discretion.

## 3. Appropriateness

- 3.1. As a Wholesale Client, you hereby confirm that you possess the required experience level and knowledge qualifying you to trade with ECN Trade **on a CFD account**. Consequently, we do not assess on your behalf whether the money you sent to us, your profits, or losses are consistent with your levels of experience and knowledge.

- 3.2. It is entirely your choice to evaluate whether your financial resources are compatible with your financial activity at ECN Trade. Moreover, it is up to you to evaluate your risk appetite in the products and services you use.
- 3.3. If, at any time, you lose your eligibility of being a Wholesale Client, you will be deemed responsible for informing us.

#### **4. Nature of CFDs**

- 4.1. CFDs are OTC/off-exchange derivative products. Despite OTC markets having high liquidity, transactions in OTC or “non-transferable” derivatives may carry higher risk than that brought on by investing in on-exchange derivatives. This is due to the fact that there is no exchange market on which to close out an open position.
- 4.2. It may not be possible to liquidate an existing position, to evaluate the value of the position arising from an off-exchange derivative transaction, or to assess the exposure to risk. Bid and offer prices do not have to be quoted, and even if they are, they will be set by these instrument dealers. Therefore, deciding on what a fair price is, may be challenging.
- 4.3. A CFD value comes from the value of an underlying asset. A few examples to this is the value of one currency against another, a share price, a market index, or a particular commodity.
- 4.4. At ECN Trade, we provide different types of CFDs, such as margin foreign exchange (“FX”) contracts and CFDs based on indices, shares, metals, energies, and soft commodities. Visit our website to read more about the CFDs we offer.
- 4.5. You may use several currencies to trade CFDs. As such, and before you begin trading, you are advised to review the CFD description on the platform.
- 4.6. When trading CFDs, you are taking a position on the change in value of the relevant underlying asset over time. Meaning, you are speculating on whether the value of a certain underlying asset will increase or decrease in the future, in comparison with to when you opened or executed your contract. You do not own or have any rights in the underlying asset associated with a particular CFD.
- 4.7. The profits and losses you bear when trading a CFD will be the difference between the price when you open the contract and the price when it is closed out (adjusted to reflect holding costs, where these apply). In case the value of the CFD has moved to your advantage, money will be credited to your trading account by us. However, if it moves to your disadvantage, money will be deducted from your trading account by us.
- 4.8. While having open contracts, you may also incur financing costs or swap charges after each rollover (end of trading session – server time). The costs you will endure depend on the underlying asset that you are trading, and they are subject to change. To learn more about our fees and other costs, please visit our official website.

#### **5. Prices and Costs**

- 5.1. Certain account types are subject to Commissions. You will be charged as a percentage or basis points of the total position size trade - your costs are not relative to the deposit or margin you have used. ECN Trade will charge you were indicated on a per transaction basis. Our fees are explained and written on our website.

- 5.2. Minimum charges can be applicable on smaller trade sizes. Some charges are also related to overnight position financing. Costs may be included in the transaction price of Margin FX products. In this case, and according to the product(s) you would like to trade, we will specify the size of the bid/offer spread quoted.
- 5.3. You can find the costs related to your transaction in a separate section on your statements.
- 5.4. ECN Trade uses pricing that has been sourced from multiple external third-party liquidity/price provider(s) and are derived from the prices of the relevant underlying instruments. The prices of CFDs that you trade with us may comprise a markup from those raw spreads, but we do not further amend the pricing.
- 5.5. To learn more about our costs and pricing, please email us at [info@ecntrade.com.au](mailto:info@ecntrade.com.au).

## **6. Negative Balance**

- 6.1. As a wholesale client, you are not eligible for negative balance protection, which is granted to retail clients.

## **7. Leverage and Required Margin**

- 7.1. Trading CFDs enables you to use leverage, which means that a small market movement can lead to proportionally larger movement in the value of your trade. Due to wholesale clients being permitted a higher degree of leverage, you can trade Margin FX Contracts and other CFDs with smaller margin requirements.  
The size of your notional position will be the pro rata basis upon which commissions are paid.
- 7.2. As a Wholesale Client, if the market moves against your favour, your use of leverage means that you could endure losses that may be far greater than the money you have deposited in your trading account.
- 7.3. It is your responsibility to track the required margin of your open account positions, and you may have to fund your account to avoid a stop-out. Using ECN Trade Trading Platform, you can monitor your positions and margin requirements.
- 7.4. Please note that any changes made to your leverage level, on an already traded account, can instantaneously affect your open positions and may require you to deposit additional funding to support those positions.

## **8. Volatility**

- 8.1. Derivative markets can be highly volatile (i.e. the value may move up and down very quickly). Therefore, the risk that you will incur losses, when you trade in derivatives Contracts can be considerable.
- 8.2. High volatility means that the markets can be very difficult to predict. As such, you should not consider any contract offered by us to be a SAFE trade.
- 8.3. In times of extreme volatility, the source of that pricing/liquidity dwindles, so contract prices can and will be affected. For example:
  - the market "gaps" and jumps past the price that you want or expect;
  - the underlying bid/ask spread widens; and
  - you could even find it difficult to obtain a price for particular contracts.
- 8.4. We pass on any pricing re-quotes from our liquidity providers directly to you, regardless of the direction the pricing has moved in.

- 8.5. Highly volatile market conditions can make it challenging for us to execute orders at the specified price due to an extremely high volume of orders and/or available liquidity. By the time we are able to execute orders, the bid/offer price may be reset. This may mean declining certain orders at this time.
- 8.6. “Hanging Orders” – which are orders sitting in the platform’s “orders” window after execution due to taking a few moments for confirmation – can also take place during periods of high volume. During such periods, a queue of orders could form, and the increase in incoming orders could sometimes create a delay in confirmation.
- 8.7. There are times when orders may be subject to “slippage” as a result of an upsurge in volatility and/or volume. This usually happens during critical news events or “gapping” in the markets, which creates conditions that make executing orders difficult because of extreme price fluctuations.
- 8.8. Executing your orders always depend on the liquidity available at all price levels. Although you may want to execute at a certain price, the market may have moved significantly, or liquidity may be exhausted – even if that price was apparent on the ECN Trade Trading Platform, in this case, your order would be filled at the next best price or fair market value.
- 8.9. When you consider making an order, please note that all open positions at market close time (server time) will be subject to rollover, which is done by debiting or crediting your account with a rollover charge or benefit. During the rollover period, trading may be disabled for 2 - 5 minutes and there may be widened spreads as liquidity reduces, which may lead to experiencing losses or gains. ECN Trade is not liable for any losses that you incur during the rollover period.

## **9. Stop Losses**

- 9.1. Monitoring your account and taking steps to limit losses is your responsibility. As such, we urge you to deploy “stop-loss orders” to mitigate risk. However, it is extremely important for you to note that stop-losses are NOT GUARANTEED. If there are instances of illiquidity, slippage, or up or down market gaps, your exit price will be the next available price, which could substantially differ from your intended stop-loss price.

## **10. Foreign Exchange Risks**

- 10.1. When you are trading a product denominated in a currency that differs from that of your trading account, you will be affected by foreign exchange movements. To learn more about how we handle different currencies, please refer to our Terms and Conditions of Services.

## **11. System Risks**

- 11.1. You need to be aware that platform risks are embedded in every contract you trade with us because of internet, system and network related issues. For example, a technical issue with your internet connection may result in a Hanging Order, consequently a delay in executing your contract.
- 11.2. Disruptions to our operational processes such as those involving communications, computers, computer networks, software, or external events could potentially cause delays in Contract execution and settlement, which means that you might be unable to trade in a particular contract offered by us and you could incur a financial or opportunity loss as a result.
- 11.3. Please contact our Support Team to open or close your positions in case you are facing any connection or technical issues with our trading platform.

## **12. Monitoring Positions**

- 12.1. Monitoring all of your positions closely is extremely important and it is your sole responsibility to observe your positions when you have any open contracts or transactions.

## **13. Client Money**

- 13.1. Any money that we hold on your behalf will be preserved in one or more segregated accounts with top tier banks, separated from our own money – in accordance with the Client Money provisions of the Corporations Act.
- 13.2. In this account, your client money will not be held separately from other clients' money. Therefore, in the unlikely event of our or the bank's insolvency, you will not have a claim against a specific sum in a specific account. Instead, your claim may be against the client money held in the segregated account.
- 13.3. Money borrowed from credit facilities would have to be repaid. You should not fund your trading account using borrowed money. If your trades lose, you will still have to repay your loan along with any interest or other costs. This is an additional risk that adds up to your overall risk when trading leveraged products and/or CFDs.

## **14. No Advice**

- 14.1. Any decision you make in relation to our products and services are completely your responsibility. We are executors of your decisions.
- 14.2. Please be aware that ECN Trade is not a financial advisor and we do not extend any regulatory, tax, or legal advice. We occasionally provide general factual information relating to markets and our products and services. The information we provide does not consider your personal objectives, financial situation, or requirements and needs. Therefore, any analysis or information provided by us must not be taken as an investment recommendation or suggestion to conduct a trade.
- 14.3. Tax benefits are subject to change and depend on your individual circumstances. We recommend that you seek specialist advice if you are unsure about any of these matters.

## **15. Regulatory and Legal Risks**

- 15.1. Changes in taxation and other laws, as well as government, fiscal, monetary, and regulatory policies may have an adverse tangible effect on your dealings in OTC derivative products. We will do everything in our power to let you know whenever a change in legislation will impact the way that you deal with us.

## **16. Past Performance**

- 16.1. Past performance, simulation, or prediction of CFDs does not represent an indication of future results. You should note that the value of your investment can decrease (as well as increase) as the market price of the underlying asset may fluctuate downwards (or upwards).