



Wholesale Client Information Statement

Company: Pepperstone Group Limited
ACN: 147 055 703
AFSL: 414530
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1. Introduction

- 1.1. This 'Wholesale Client Information Statement' provides you with a non-exhaustive overview of the key risks and other important information that you should consider when deciding whether to open an account and trade with Pepperstone Group Limited ("Pepperstone", the "firm", "us", "we" and "our"). This statement does not explain all 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 and consider whether you understand how CFDs work and whether you can afford the high risk of losing your money before deciding to trade with us.
- 1.2. 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 carries 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 that are greater than your deposits. You should only trade with money you can afford to lose. You should also be aware that as a Wholesale Client you are also not afforded some of the protections that are offered to retail clients in Australia. We recommend that you seek independent advice if you're unsure of the risks of trading our products or if you need more information about what it means to be classified as a Wholesale Client in Australia.
- 1.3. Our products aren't intended for distribution in jurisdictions outside of Australia where to do so would be unlawful. If you don't live in Australia, it's your responsibility to make sure that there aren't any laws or regulations in your jurisdiction that restrict you from trading with us.

2. Wholesale Categorisation

- 2.1. The financial products and services which we will provide to you as a Wholesale Client do not necessarily have the same investor protection and disclosure requirements as products made available to Retail Clients.



- 2.2. As a Wholesale Client you will not receive certain disclosures from us or benefit from certain protections which you may have been given in the past. In particular, we are not required to provide you with a 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. We may not have any other obligations to you under Chapter 7 of the Corporations Act 2001 that we would have if the product or service were provided to you as a Retail Client.
- 2.4. We may, from time to time, voluntarily provide some of the Retail Client protections to you, at our absolute discretion, and the provision of such protections at any particular time does not create any entitlement for you to their continued provision and does not affect our right to treat you as a Wholesale Client.
- 2.5. We may withdraw your status as a Wholesale Client, and treat you as a Retail Client, at any time at our absolute discretion.

3. Appropriateness

- 3.1. As a Wholesale Client you acknowledge that you have the necessary levels of experience and knowledge to transact with Pepperstone on a CFD account.
- 3.2. We do not monitor on your behalf whether the amount of money you have sent to us or your profits or losses are consistent with that information.
- 3.3. It is up to you to assess whether your financial resources are adequate for your financial activity with us and your risk appetite in the products and services you use.
- 3.4. Additionally, you are responsible for informing Pepperstone if you no longer meet the criteria to be considered a Wholesale Client.

4. Nature of CFDs

- 4.1. CFDs are over-the-counter (“OTC”), otherwise known as “off-exchange”, derivative products. While some OTC markets are highly liquid, transactions in OTC or “non-transferable” derivatives may involve greater risk than investing in on-exchange derivatives because there’s no exchange market on which to close out an open position. It may not be possible to liquidate an existing position, to assess the value of the position arising from an OTC derivative transaction or to assess the exposure to risk. Bid and offer prices don’t need to be quoted, and, even if they are, they’ll be established by dealers in these instruments. Consequently, it may be difficult to establish what a fair price is.
- 4.2. A CFD derives its value from the value of an underlying asset – for example, the value of one particular currency against another, the price of a share, a market index or a particular commodity.
- 4.3. We offer a number of different types of CFDs, including margin foreign exchange (“FX”) contracts and CFDs based on indices, shares, precious metals, energy and soft commodities. For full details of the CFDs that we offer, please visit our website.
- 4.4. CFDs can be traded in many currencies, so you should check the CFD description within the platform before you trade.
- 4.5. When you trade CFDs, you’re taking a position on the change in value of the relevant underlying asset over time. In other words, you’re speculating on whether the value of the underlying asset is going to rise or fall in the future, compared to when you opened (or executed) your contract. You don’t own or have any rights in the underlying asset associated with a particular CFD.
- 4.6. The amount of profit or loss that you experience when you trade a CFD will be the difference between the price when you open the contract and the price when it’s closed-out (adjusted to reflect holding costs, where these apply). If the value of the CFD has moved in your favour, we’ll pay money into your trading account. If it moves against you, we’ll deduct money from your trading account.

- 4.7. While you have open contracts, you may also attract financing costs or swap charges after each rollover (5pm New York (EST)). The costs you'll incur depends on the underlying asset that you're trading and are subject to change. We explain our fees and other costs in more detail on our website.

5. Prices and Costs

- 5.1. Our dealing costs are set out in writing on our website.
- 5.2. Certain types of accounts are charged a Commission. You'll be charged as a percentage, or basis points, of the total position size trade - your costs aren't relative to the deposit or margin you've used. We'll charge you where indicated on a per transaction basis.
- 5.3. Minimum charges can be relevant for smaller trade sizes and there are also charges associated with overnight financing of positions. Costs may be included in the transaction price of margin FX products. In this situation, we'll stipulate the size of the bid/offer spread quoted depending on the product(s) that you want to trade.
- 5.4. The costs associated with your transactions will show up separately on your contract notes and statements.
- 5.5. Pepperstone 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 include a fixed mark-up from those raw spreads but we do not make any other alterations to the pricing.
- 5.6. If you have any queries about costs or our pricing, please contact us by email at pro@pepperstone.com.

6. Negative Balance

- 6.1. As a wholesale client you may be eligible for a single negative balance protection of up to AUD\$100,000 of your total balance, which is the combined balance of all trading accounts after all open trades have been closed. Pepperstone reserves the right to not grant negative balance protection in cases where there is reasonable evidence, in our sole determination, of misconduct or trading abuse causing the negative balance to occur. Where this is the case, Pepperstone will provide reasons to you as to why negative balance protection has not been applied.

7. Leverage and Required Margin

- 7.1. Trading CFDs enables you to use leverage to open a trade by depositing a fraction of the total trade value; this means that a relatively small market movement may lead to a proportionately much larger movement in the value of your trade. You can trade Margin FX Contracts and other CFDs with a high degree of leverage because of the small margin requirements. Trading with leverage means that even a slight change in the market could lead to a proportionately much larger movement in the value of your investment. Please also be aware that Commission, if applicable, is paid on a pro rata basis, based on the size of your notional position.
- 7.2. As a Wholesale Client, if the market moves against you, your use of leverage means that you could incur losses that may be far greater than the money you've deposited in your trading account.
- 7.3. It's your responsibility to monitor the required margin of your open positions and you may have to fund your account in order to avoid a stop-out. You are able to monitor your positions (and margin requirements) on your Trading Platform.
- 7.4. You should also note that any changes made to your leverage level, on an already traded account, can immediately affect your open positions and may require you to provide additional funding to support those positions.

8. Volatility

- 8.1. Derivative markets generally can be highly volatile (i.e. they move up and down in value quite quickly) so the risk that you'll incur losses when you trade in derivatives Contracts can be substantial.
- 8.2. High volatility means the markets can be very difficult to predict. This means that you shouldn't consider any contract offered by us or any other financial services provider to be a "safe" trade.
- 8.3. In times of extreme volatility, pricing of contracts can be impacted as the source of that pricing (liquidity) dries up. This can mean, for example:
 - (a) the market "gaps" and jumps past the price that you want or expect;
 - (b) the underlying bid/ask spread widens (i.e. the gap between the buy and sell price is wider); and
 - (c) 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, without any bias towards the direction the pricing has moved in.
- 8.5. Highly volatile market conditions can make it difficult for us to execute orders at the given price, due to an extremely high volume of orders and/or available liquidity. By the time we're able to execute orders, the bid/offer price may be reset. This may mean that certain orders at this time are rejected.
- 8.6. "Hanging Orders" can also occur during periods of high volume. A Hanging Order is when an order sits in the "orders" window of the platform after it's been executed. Generally, the order has been executed, but it's simply taking a few moments for it to be confirmed. During periods of particularly heavy volume, it's possible for a queue of orders to form, and the increase in incoming orders can sometimes create a delay in confirming certain orders.
- 8.7. There are times when orders may be subject to what's known as "slippage", because of an increase in volatility or volume. This happens most often during fundamental news

events or “gapping” in the markets, which create conditions where orders are difficult to execute because of extreme price movements.

- 8.8. The execution of your order always depends on the liquidity that’s available at all price levels. Although you may be looking to execute at a certain price, even if that price appears on the Trading Platform, the market may have moved significantly or liquidity may be exhausted, in which case your order would be filled at the next best price or the fair market value.

- 8.9. When you’re considering an order, please be mindful that all contracts that you have open at 4:59pm New York (EST) will be subject to rollover. Your contracts will be rolled over by debiting or crediting your account with a rollover charge or rollover benefit. During the rollover period, trading may be disabled for 2 to 5 minutes and there may be widened spreads as liquidity reduces, which could cause you to experience losses or gains. We’re not liable for any losses that you incur during the rollover period.

9. Stop losses not guaranteed

- 9.1. You’re responsible for monitoring your account and taking steps to limit your losses. We encourage you to employ “stop-loss orders” to minimise your risk, but it’s important for you to note that stop-losses aren’t guaranteed. If there are instances of illiquidity, slippage or the market gaps up or down, your exit price will be the next available price, which could deviate significantly from your intended stop-loss price.

10. Foreign Exchange Risks

- 10.1. If you’re trading in a product that is denominated in a currency other than the currency of your trading account, you’ll be impacted by foreign exchange movements. Please refer to our Terms and Conditions of service for more information on how we treat different currencies.

11. System Risks

- 11.1. We run the platform in an online environment (the internet). This means there may be issues with you placing orders or with your contracts being executed due to internet, system or network issues on your end. Because we can't promise that the internet will work error-free, we can't accept liability for the risks associated with the operation of our platform. For this reason, you need to be mindful that platform risks are inherent in every contract that you trade with us.
- 11.2. For example, a technical issue with your internet connection to our servers, may result in a Hanging Order and a delay in executing your contract. A disturbance in the connection path can sometimes interrupt the signal and disable the platform, causing delays in transmission of data between the platform and our servers.
- 11.3. Disruptions to our operational processes such as communications, computers, computer networks, software or external events could also lead to delays in the execution and settlement of your Contract, meaning that you might be unable to trade in a particular contract that we offer and you could suffer a financial loss or opportunity loss as a result.
- 11.4. If you experience a disruption to our trading platform, you can contact our Support team directly to open\close your positions.

12. Need to Monitor Positions

- 12.1. It is important that you monitor all of your positions closely. It is your responsibility to monitor your positions and during the period that you have any open contracts or transactions.

13. Client Money

- 13.1. Any money that we hold on your behalf will be kept in one or more segregated accounts with an Australian ADI separated from our own money and held in accordance with the client money provisions of the Corporations Act.
- 13.2. Your client money won't be kept separate from other client's money in this account, therefore you won't have a claim against a specific sum in a specific account, in the unlikely event of our or the bank's insolvency. Instead, your claim may be against the client money held in our segregated account.
- 13.3. You shouldn't fund your trading account using money obtained from any credit facility (including bank loan or otherwise). It's important for you to note that your overall risks will be significantly increased if you do this. For instance, if you incur a loss on your trades, you'll still have to repay the amount you borrowed plus any interest or other costs.

14. No Advice

- 14.1 We provide you with our products and services on an execution-only basis – which means that you're solely responsible for any decisions that you make in relation to our products and services.
- 14.2 We're not a financial advisor nor do we provide any regulatory, tax or legal advice. Sometimes we'll provide you with general factual information about the market and how our various products and services work. Any information and analysis that we provide you is general in nature and doesn't take into account your or your client's personal objectives, financial situation or needs. You shouldn't regard any of the information that we provide to you as an investment recommendation or an offer to make a transaction.
- 14.3 Tax benefits are subject to change and depend on your individual circumstances. We recommend that you seek specialist advice if you're unsure about any of these matters.

15. Regulatory and Legal Risks

- 15.1. Changes in taxation and other laws, government, fiscal, monetary and regulatory policies may have a material adverse effect on your dealings in OTC derivative products. We'll do our best 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 constitute 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).



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