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ADMIRAL MARKETS PTY LTD
CLIENT MONEY POLICY AND PROCEDURES

Valid as of 27th of March, 2018

Admiral Markets Pty Ltd
ABN 63 151 613 839
AFSL 410681
Level 10, 17 Castlereagh Street
Sydney NSW 2000
Phone number 1300 88 98 66

PROCEDURES FOR HOLDING CLIENTS' ASSETS

1. General provisions

- 1.1 Pursuant to the license issued by Australian Securities and Investment Commission (ASIC), Admiral Markets Pty Ltd (Admiral) must hold your assets and securities in accordance with the conditions and procedures specified by law.
- 1.2 The procedure for holding clients' assets (hereinafter Procedure) shall be established by Admiral on the advice of the Management Board of Admiral Markets Group AS (hereinafter, 'AMG'), Admiral's parent company. It shall be implemented by Admiral with the assistance of the Management Board and employees of AMG.
- 1.3 Admiral shall keep assets entrusted by you to it, separate from its own assets.
- 1.4 Assets managed by Admiral, belong to the respective clients and shall not be included in the bankruptcy estate of Admiral. Any claims of the creditors of Admiral shall not be satisfied on account of such assets. To ensure this, Admiral shall maintain separate accounting records of clients' assets, keeping them separated from its own accounting records. The accounting records of Admiral shall ensure separate accounting of the assets of each client and shall ensure accuracy and truthfulness in relation to the actual assets held for clients.
- 1.5 Admiral shall regularly assess the correspondence of the accounting records, data and registers of third parties that hold client assets with the accounting records of Admiral. For that purpose, Admiral shall request, on a daily basis, excerpts of the accounting records of such third parties in the part that covers the assets of clients of Admiral.
- 1.6 Admiral shall preserve the accounting records of client assets, inspection reports concerning the accounting records of third parties that hold client assets and other related documents in a format, which can be reproduced in writing for a period of at least 7 years.
- 1.7 You may request all records held by Admiral concerning the client money received by Admiral in relation to your account. You must have been a retail client or a sophisticated investor at the time the funds were received by Admiral.

2. Holding clients' funds

- 2.1 It is Admiral policy to treat all clients as retail clients unless notified otherwise. For that reason, all client money received by Admiral is considered derivative retail client money for the purposes of the ASIC Client Money Reporting Rules 2017.
- 2.2 Upon receiving your money, Admiral shall promptly transfer it to one or more accounts with an Australian authorised deposit-taking institution (Australian ADI) at the latest, by the next business day. Money received from you as a client shall be deposited into a segregated client trust account (the 'Reportable Client Money Account').

- 2.3 To the extent permitted by law, Admiral may in its absolute discretion, reclassify a client as a wholesale client at any time. Admiral will have no obligation to notify the client of this fact however, may choose to do so as a courtesy. Should a reclassification occur, Admiral shall immediately withdraw all that client's client money and deposit it and all subsequent client money payments, into a separate segregated client trust account, opened to hold wholesale client (but not sophisticated investor) client money only ('Wholesale Trust Account'). The funds contained in this wholesale client trust account must be excluded from all reconciliations performed under the ASIC Client Money Reporting Rules 2017.
- 2.4 Admiral shall not hold its own funds on the same account as the funds of a client or clients. Admiral complies with Section 981B of the Corporations Act, which states, that a separate account must be established in order to separate Admiral's working capital and proprietary funds from client money. The legislation outlines that the money can only be used as permitted under the strict client money provisions. Retail client and sophisticated investor money must not be used in connection with the margining, guaranteeing, securing, transferring, adjusting or settling of dealings in derivatives by Admiral or on behalf of people other than the client.
- 2.5 If Admiral does not hold clients' funds at an Australian ADI, it shall exercise sufficient expertise, care and diligence in the selection of an account with an approved foreign bank or a cash management trust for investing clients' funds, as well as in selection and regular monitoring of the procedure used for holding such funds. Admiral shall take into account the expertise and reputation of said institutions or entities or their management companies in order to ensure the protection of the rights of clients and to prevent any legal claims or market practices related to the holding of clients' assets that could adversely affect the rights of clients.
- 2.6 The decision on selection of an approved foreign bank or a cash management trust for investing clients' funds shall be taken by the Board of Admiral.
- 2.7 Trust moneys are withdrawn to pay for Admiral Products. Moneys which are paid into the Admiral Trust Account are not kept there but may be withdrawn to pay Admiral for the Products or paid into a Security Trust bank account. If the moneys are withdrawn as payments to Admiral, they are not retained in the Admiral Trust Account and you will lose the benefits of holding those moneys in the Admiral Trust Account.
- 2.8 Admiral has adopted the Security Trust; please refer to the Product Disclosure Statement (PDS) on our website where this is described under Section 3.14 under "Payments and Client Money". In brief, the Security Trust is intended to reduce your credit risk on Admiral because Admiral is obliged by the terms of the Security Trust to hold certain assets on the terms of the Security Trust and only use those assets in accordance with the terms of the Security Trust. If the Security Trust did not exist or its terms are not enforced, then Admiral could use those assets in any way permitted by law. Please note that the interpretation and enforcement of trusts can involve the exercise of discretion by the courts in Australia (and potentially outside of Australia) despite the express written terms of a trust such as the Security Trust. If a court is ever asked to consider the terms of the Security Trust and it determines that those terms, for any reason, cannot be enforced, this would have the effect of leaving you in the same position as if there never had been a Security Trust.