



# Product Disclosure Statement

**AETOS Capital Group Pty. Ltd.**

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# Product Disclosure Statement

## 1. Key information

AETOS Capital Group Pty Ltd (**AETOS, it, its**) ACN 125 113 117 is the issuer of the products described in this Product Disclosure Statement (**PDS**). Should you have any queries about this document, please do not hesitate to contact us.

### AETOS Contact Details

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### Purpose:

This PDS explains what you need to know about the products AETOS can offer you. It is designed to:

- provide you with the information you need to determine whether the products AETOS offers are appropriate for your needs;
- explain the terms and conditions, rights and obligations associated with AETOS products; and
- help you to compare products.

**Warning: Trading in margin contracts (including CFDs) involves the potential for profit as well as the risk of loss of which may vastly exceed the amount of your initial investment and is not suitable for all investors. Movements in the price of the margin contract's underlying asset (e.g. foreign exchange rates or commodity prices) are influenced by a variety of unpredictable factors of global origin. Violent movements in the price of the underlying asset may occur in the market as a result of which you may be unable to settle adverse trades. AETOS is unable to guarantee a maximum loss that you may suffer from your trading.**

Throughout this PDS, AETOS will refer to ASIC benchmarks, like this:

### ASIC Benchmark...

ASIC is the government regulator that issued AETOS licence and that monitors financial markets in Australia. It has set minimum benchmark standards that it expects businesses like us to comply with. AETOS has set out its compliance throughout this PDS. Here is a summary:

Benchmark	Description	Page Number
1. Client Qualification	Benchmark 1 addresses AETOS' policy on investors' qualification for CFD trading	4
2. Opening Collateral	Benchmark 2 addresses AETOS' policy on the types of assets accepted from you as opening collateral.	4
3. Counterparty Risk	Benchmark 3 addresses AETOS' practices in hedging	19

Hedging	its risk from client positions and the quality of this hedging.	
4. Counterparty Risk Financial Resources	Benchmark 4 addresses whether AETOS holds sufficient liquid funds to withstand significant adverse market movements.	19
5. Client Money	Benchmark 5 addresses AETOS' policy on the use of client money.	23
6. Suspended or halted underlying assets	Benchmark 6 addresses AETOS' practices in relation to investor trading when trading in the underlying asset is suspended or halted.	21
7. Margin Calls	Benchmark 7 addresses AETOS' practices in the event of client accounts entering margin call.	15

When you open a trading account with AETOS, you will be provided with a separate document titled “**Terms & Conditions**”. It contains terms and conditions that govern AETOS’ relationship with you. You can obtain a free copy of the document by contacting AETOS or visiting the AETOS website [www.AETOScg.com.au](http://www.AETOScg.com.au) by using the details at the start of this PDS.

## 2. What is AETOS authorised to do?

AETOS is authorised to:

- provide you general financial product advice in relation to derivatives and foreign exchange contracts. AETOS is also authorised to deal in relation to those same products. This means that AETOS can advise you, without taking into account your personal circumstances, about FX and commodities related trading and the general state of the relevant markets. AETOS can also help you open a trading account with it and use its trading platform services.
- “make a market” for foreign exchange and derivatives contracts. This allows AETOS to quote market prices to you, including buy and sell prices.

AETOS will provide you with advice which is general in nature. Whenever AETOS gives general advice (e.g. through AETOS website, or in this PDS), AETOS does not take into account your financial situation, personal objectives or needs. Before using the products referred to in this PDS you should read it carefully, and then consider your objectives, financial situation and needs and take all reasonable steps to fully understand the possible outcomes of trades and strategies that can be employed using AETOS’ trading platforms. AETOS recommends you seek independent financial advice to ensure that a particular product is suited to your financial situation and requirements.

There are two broad types of product that you can trade with AETOS:

- Margin Foreign Exchange Contract (**Margin FX Contract**);
- CFDs over Underlying Instruments (including Metals, Indices and Energy).

## 3. Margin FX Contracts

Margin FX trading contracts are agreements between you and AETOS which allow you to make a gain or loss, depending on the movement of underlying currencies. The contract derives its value from underlying currencies (usually referred to as a Currency Pair) which is never delivered to you, and you do not have a legal right to, or ownership of it. Rather, your rights are attached to the contract itself. The money you will receive will depend on



whether the currency you choose moves in your favour. If it does, then you will make a gain and your trading account will be credited. If it does not, then you will make a loss and your trading account will be debited. The contracts only require a deposit which is much smaller than the contract size (this is why the contract is “margined” or “leveraged”).

This is how AETOS Margin FX trading service works:

**Step 1:** First, you must set up a trading account with AETOS.

#### **ASIC Benchmark 1 – Client Qualification**

Trading in CFDs is not suitable for all investors because of the significant risks involved. Because of this, AETOS includes minimum qualification criteria in its account opening form, which prospective clients like you must satisfy before AETOS will open a trading account for you. AETOS looks at factors including your understanding of the products listed in this PDS, income and your previous experience before agreeing to open a trading account for you. If you do not satisfy the qualification criteria then AETOS is not able to open a trading account for you.

**Step 2:** You then need to deposit an Initial Margin of an Account Base Currency into your newly established AETOS trading account before you start trading. You may deposit an Initial Margin in 2 ways (see Example below). AETOS will tell you what amount you need to deposit before you make the deposit. AETOS accepts a variety of currencies. You may need to convert your currencies into the required Account Base Currency through your bank and deposit the money into your AETOS trading account. Your bank may charge you for this service.

#### **Example**

1. You can deposit a percentage (typically 1%) of a notional contract amount of USD 100,000 for a USD contract. In this example, USD 1,000 (1% x USD 100,000) is your initial margin.
2. You can deposit an amount (e.g. USD 1,000 per contract of 100,000 units of the trading currency). In this example, USD 1,000 is your Initial Margin.

#### **ASIC Benchmark 2 – Opening Collateral**

You can deposit via Wire Transfer from your account into your trading accounts, or via debit card, cheque or credit card.

- You can only deposit up to AUD 1,000 or equivalent on initial credit card funding. The reason for this limit is that by using your credit card, you may be exposed to “double leverage”. Should you experience trading losses, there is a higher risk of not being able to hold sufficient funds to maintain margins on an ongoing basis or the risk of entering into financial difficulty.
- AETOS does not accept any cash deposits and third party payment. Please keep in mind that restrictions on third party payments are set by banks and Australian authorities, which have developed extensive laws, regulations and policies to stop money laundering activities.

Opening collateral is referred to in this PDS as Initial Margin.

**Step 3:** You are now ready to trade. When you log in to the AETOS’ online trading platform, you will see prices which reflect different currencies pairs. You can buy a Contract, which is a financial product that derives its value from an underlying currency, currency pair, or currency index. AETOS will provide you with a



quote setting out the price of the contract. You can enter into a Contract online (via AETOS’s online trading platforms) or over the phone with AETOS at a Spot rate of exchange that is quoted by a dealer from AETOS.

**Example**

An example of a Currency Pair is EURUSD. EURUSD 1.11992 means that one euro is exchanged for 1.11992 US dollars. The currency on the left of a pair is the Base Currency.

You can buy or sell a Margin FX contract. If you buy or sell as your first transaction, you are opening your position. When you buy, you buy at the “ask” price, and when you sell, you sell at the “bid” price.

**Example**

If the EURUSD Currency Pair is quoted at 1.11992/ 1.12012, then this is showing the bid/ask price. To buy (ask), you would pay 1.12012 x contract size. To sell (bid), you would receive 1.11992 x contract size. The difference between the two prices is 0.00020 which, in this example, is the Spread.

Each contract’s size can be any amount equals to 1,000 or in multiples of 1,000 of a particular trading currency. Remember: what you are actually buying or selling is a contract – not the currency itself.

**Step 4:** You then choose when to sell or buy in order to close your position. To close your position you need to do what you did under Step 3 above, with the intention of closing the trade.

**Step 5:** The profit or loss resulting from the trade will be credited or debited to your trading account. AETOS has trading rules (including “Forced Liquidation” which is explained at page 13, and an “Initial Margin” requirement which is explained above) to help you limit any losses. The trading rules also help reduce (but not avoid) the risk that you will lose more than your initial investment (see the section titled “Significant Risks” at page 19). AETOS usually offers settlement of trades on a T+2 basis. This is a global standard which refers to the trade date, plus two Business Days. What constitutes a Business Day depends on what Currency Pair you are trading. See “Business Day” in the glossary for more information. This means that your trading account will be credited or debited within 2 Business Days after you close your position.

**Example (Applicable to Professional and Institutional Accounts)**

You think that the EUR will appreciate against the USD in the near future. You see that the price quoted by AETOS on the EURUSD Currency Pair is 1.11992 (bid) / 1.12012 (ask). On the very next day the price quoted on EURUSD Currency Pair by AETOS has increased by 10 pips to 1.12092 (bid) / 1.12112 (ask). The “ask” price is the buy price, so you buy a 1 lot contract of EURUSD. You want to sell it later at a higher price.

<u>Opening the position</u>	
Buy 1 lot EURUSD at ask price: Contract Value = lot x contract size x market price	1 x 100,000 x 1.12012= USD 112,012.00 (Contract Value)

<p>The leverage level set on your Professional Account is 200:1. That means that AETOS requires an Initial Margin to be deposited into AETOS' trading account, which is 0.5% of the contract value.</p>	$USD\ 112,012 \times 0.5\% = USD\ 560.06$ (Initial Margin)
<p>AETOS earns a Spread on the bid and ask prices it quotes to you. In this example, the difference is 0.00020 (also known as two "pips"), which amounts to USD 20.00 in contract value. It is built in to the price when you clicked "buy" and again when you click "sell".</p>	$1 \times 100,000 \times (1.12012 - 1.11992) = USD\ 20.00$
<p><u>Rollover Interest</u></p>	
<p>When a position is held open overnight (when it passes 21:00GMT during Daylight Saving Time), you are paid or charged an interest. Rollover Interest (Swaps) is calculated based on the end of day price of the product. However for the simplicity in our example, we will use the open price as end of day price. The Rollover Interest Rate (Swap Rate) can be found on the <a href="#">Cost and Product List</a> page of our website.</p> <p>Example:</p> <p>If Rollover Interest Rate (Swap Rate) of buying EURUSD is -1.22%, you buy 1 lot of EURUSD,</p> <p>Rollover Interest (Swaps) = (Contract Value x Buy Swap Rate / 360</p>	$(1 \times 100,000 \times (-1.22\%) \times 1.12012) / 360 = -USD\ 3.80$
<p><u>Closing the position</u></p>	
<p>The next day the price of EURUSD has increased by 10 pips to 1.12092 (bid) / 1.12112 (ask). The trade has moved in your favour and you decide to take your profit and close the position by selling at the bid price.</p>	$1 \times 100,000 \times 1.12092 = USD\ 112,092.00$
<p>Your gross profit is the difference between the opening position and the closing position.</p>	$USD\ 112,092 - USD\ 112,012 = USD\ 80.00$
<p>Your net profit is the gross profit less the costs which may include the rollover interest (if it applies). The Spread was built in to the price, which included USD 20.00 in this example.</p>	$USD\ 80.00 - USD\ 3.80 = USD\ 76.20$

**Summary:** In the above example, you have to deposit USD 560.06 to cover your Initial Margin requirement, and you have made a total gain of USD 76.20. In that example, if the price had decreased by 10 pips instead of increasing, you would have made a loss of USD 123.80.



**Note:** More detailed explanations are set out under the heading “**The Costs in Using AETOS Products**” below. Also note that all margin and swap rates vary depending on the type of trading account used. Please refer to the [Cost and Product List](#) document on AETOS website for more details.

**Example (Applicable to Standard and Mini Accounts)**

You think that the EUR will appreciate against the USD in the near future. You see that the price quoted by AETOS on the EURUSD Currency Pair is 1.11992 (bid) / 1.12010 (ask). Next day the price quoted on EURUSD Currency Pair by AETOS has increased by 10 pips to 1.12092 (bid) / 1.12110 (ask). The “ask” price is the buy price, so you buy a 1 lot contract of EURUSD. You want to sell it later at a higher price.

<u>Opening the position</u>	
Buy 1 lot EURUSD at ask price: Contract Value = lot x contract size x market price	$1 \times 100,000 \times 1.12010 = \text{USD } 112,010.00$ (Contract Value)
The leverage level set on your Standard account is 200:1. That means that AETOS requires an Initial Margin to be deposited into AETOS’ trading account, which is fixed at USD 500.00 per 1 lot.	$\text{USD } 500.00 \times 1 = \text{USD } 500.00$ (Initial Margin)
AETOS earns a Spread on the bid and ask prices it quotes to you. In this example, the difference is 0.00018 (known as 1.8 “pips”), which amounts to USD 18.00 in contract value. It is built in to the price when you clicked “buy” and again when you click “sell”.	$1 \times 100,000 \times (1.12010 - 1.11992) = \text{USD } 18.00$
<u>Rollover Interest</u>	
When a position is held open overnight (when it passes 21:00GMT during Daylight Saving Time), you are paid or charged an interest. Rollover Interest (Swaps) is calculated based on the end of day price of the product. However for the simplicity in our example, we will use the open price as end of day price. The Rollover Interest Rate (Swap Rate) can be found on the <a href="#">Cost and Product List</a> page of AETOS website.  Example:  If Rollover Interest Rate (Swap Rate) of buying EURUSD is -1.22%, you buy 1 lot of EURUSD,  Rollover Interest (Swaps) = (Contract Value x Buy Swap Rate) / 360	$(1 \times 100,000 \times (-1.22\%) \times 1.12012) / 360 = - \text{USD } 3.80$
<u>Closing the position</u>	
The next day the price of EURUSD has increased by 10 pips to 1.12092 (bid) / 1.12110 (ask). The trade has	$1 \times 100,000 \times 1.12092 = \text{USD } 112,092.00$

moved in your favour and you decide to take your profit and close the position by selling at the bid price.	
Your gross profit is the difference between the opening position and the closing position.	USD 112,092 – USD 112,010 = USD 82.00
Your net profit is the gross profit less the costs which may include the rollover interest (if it applies). The Spread was built in to the price, and included USD 18.00 in this example.	USD 82.00 – USD 3.80 = USD 78.20

**Summary:** In the above example, you have to deposit USD 500.00 to cover your Initial Margin requirement, and you have made a total gain of USD 78.20. In that example, if the price had decreased by 10 pips instead of increasing, you would have made a loss of USD 121.80.

**Note:** More detailed explanations are set out under the heading “**The Costs in Using AETOS Products**” below. Also note that all margin and swap rates vary depending on the type of trading account used. Please refer to the [Cost and Product List](#) document on AETOS website for more details.

#### 4. CFDs

When trading CFDs, you and AETOS agree to exchange the difference in value of the CFD between when the CFD is opened and when it is closed. You will either be entitled to be paid an amount of money (if the value of the CFD has moved in your favour) or will be required to pay an amount of money (if the value of the CFD has moved in AETOS’ favour).

You can keep a CFD trade open for as long as you are able to meet your margin requirements prior to the CFD expiry date as set in the [AETOS Expiring Futures CFD Contracts Schedule](#). CFD transactions are closed by making a closing trade. AETOS may, upon your request and subject to a fee, agree to implement a stop loss order or limit order in respect of a CFD trade. Compliance with any such order is subject to prevailing market conditions. See section 6 of this PDS for a description of these features.

AETOS offers CFD contracts over the following Underlying Instruments:

- Metals
- Indices
- Energy

The Underlying Instruments are discussed in more detail below.

In the same way as described in section 3, above, AETOS does not deliver the physical underlying assets (i.e. gold or silver) to you, and you have no legal right to it. Rather, settlement is made by cash based on the difference between the buy and sell rates of the contracts.

##### Metals CFD

Metal trading operates in the same manner as foreign exchange trading, except the underlying asset is Loco London Gold (**Spot Gold**), Loco London Silver (**Spot Silver**) and High Grade Copper, all of which have prices quoted in U.S. currency.



When using AETOS' services, you can trade on the quoted rate for Spot Gold and Spot Silver, and quoted rate based on an underlying futures contract over commodities such as High Grade Copper. The examples below show a winning and a losing Spot Gold CFD trade as well as a winning High Grade Copper Futures CFD trade and a losing Futures CFD trade. Although there are no examples showing Spot Silver CFD trades, the mechanisms are the same, except the quoted rate are the prices of Spot Silver, not the Spot Gold or the High Grade Copper.

**Example (Applicable to Professional and Institutional accounts)**

You believe that the price of Spot Gold is undervalued and you decide to enter into a CFD in Spot Gold in the expectation that the gold price will rise. AETOS's online trading platform is showing the price of Spot Gold as being USD 1,355.85 (bid) / 1,356.35 (ask). On the very next day, the price of Spot Gold has increased by USD 10.00 to 1,365.85 (bid) / 1,366.35 (ask). AETOS's standard lot size is 100 ounces and you buy 1 lot.

<u>Opening the position</u>	
Buy 1 lot Spot Gold CFD at ask price: Contract Value = lot x contract size x market price	$1 \times 100 \times 1,356.35 = \text{USD } 135,635.00$ (Contract Value)
The position for professional accounts requires Initial Margin at 1% of the contract value.	$\text{USD } 135,635 \times 1\% = \text{USD } 1,356.35$ (Initial Margin)
AETOS earns a Spread on the difference between the bid and ask prices it quotes to you. In this example, the Spread is USD 0.50, which amounts to USD 50.00 in contract value. It is built in to the price when you clicked "buy" and again when you click "sell".	$1 \times 100 \times (1,355.85 - 1,356.35) = \text{USD } 50.00$
<u>Rollover Interest</u>	
When a position is held open overnight (when it passes 21:00GMT during Daylight Saving Time), you are paid or charged an interest. Rollover Interest (Swaps) is calculated based on the end of day price of the product. However, for the simplicity in our example, we will use the open price as end of day price. The Rollover Interest Rate (Swap Rate) can be found on the <a href="#">Cost and Product List</a> page of AETOS website.  Example:  If Rollover Interest Rate (Swap Rate) of buying Spot Gold is -2.10%, you buy 1 lot of Spot Gold CFD.  $\text{Rollover Interest (Swaps)} = (\text{Contract Value} \times \text{Buy Swap Rate}) / 360$	$(1 \times 100 \times (-2.10\%) \times 1,356.35) / 360 = - \text{USD } 7.91$
<u>Closing the position</u>	
The next day the price of Spot Gold has increased by USD 10.00 to 1,365.85 (bid) / 1,366.35 (ask). The trade has	$1 \times 100 \times 1,365.85 = \text{USD } 136,585.00$

moved in your favour and you decide to close your position.	
Your total gross gain is the sell price less the buy price.	USD 136,585 – USD 135,635 = USD 950.00
Your total net gain is the gross gain less the costs and swaps (if applies). The Spread was built in to the price, and included USD 50.00 in this example.	USD 950.00 – USD 7.91 = USD 942.09

**Summary:** In the above example, you deposited USD 1,356.35 as your Initial Margin on this trade and made a profit of USD 942.09.

**Note:** More detailed explanations are set out under the heading "The Costs in Using AETOS Products" below.

**Example (Applicable to Standard and Mini accounts)**

You believe that the price of Gold is overvalued and you decide to enter into a CFD in Spot Gold in the expectation that the gold price will drop. AETOS's online platform is showing the price of Spot Gold as being USD 1,355.85 (bid) / 1,356.30 (ask). On the very next day, the price of Gold has increased by USD 10.00 to 1,365.85 (bid) / 1,366.30 (ask). AETOS's standard lot size is 100 ounces and you sell 1 lot.

<u>Opening the position</u>	
Sell 1 lot Spot Gold CFD at bid price: Contract Value = lot x contract size x market price	$1 \times 100 \times 1,355.85 = \text{USD } 135,585.00$ (Contract Value)
The position for Standard account requires an Initial Margin of USD 1000.00 for Spot Gold CFD.	USD 1,000.00 (Initial Margin)
AETOS earns a Spread on the difference between the bid and ask prices it quotes to you. In this example, the Spread is 0.45, which amounts to USD 45.00 in Contact Value. It is built in to the price when you clicked "sell" and again when you click "buy".	$1 \times 100 \times (1,356.30 - 1,355.85) = \text{USD } 45.00$
<u>Rollover Interest</u>	
When a position is held open overnight (when it passes 21:00GMT during Daylight Saving Time), you are paid or charged an interest. Rollover Interest (Swaps) is calculated based on the end of day price of the product. However for the simplicity in our example, we will use the open price as end of day price. The Rollover Interest Rate (Swap Rate) can be found on the <a href="#">Cost and Product List</a> page of AETOS website.  Example:  If Rollover Interest Rate (Swap Rate) of selling Spot Gold is -0.15%, you sell 1 lot of Spot Gold CFD	$(1 \times 100 \times (-0.15\%) \times 1,356.85) / 360 = - \text{USD } 0.57$

Rollover Interest (Swaps) = (Contract Value x Sell Swap Rate) / 360	
<u>Closing the position</u>	
The next day the price of Spot Gold CFD has increased by USD 10.00 to 1,365.85 (bid) / 1,366.30 (ask). The trade has moved against your favour and you decide to close your position.	$1 \times 100 \times 1,366.30 = \text{USD } 136,630.00$
Your total gross loss is the sell price less the buy price.	$\text{USD } 135,585 - \text{USD } 136,630 = - \text{USD } 1045.00$
Your total net loss is the gross loss less the costs and swaps (if applies). The Spread was built in to the price, and included USD 45.00 in this example.	$- \text{USD } 1045.00 - \text{USD } 0.57 = - \text{USD } 1045.57$

**Summary:** In the above example, you deposited USD 1000.00 as your Initial Margin on this trade and made a loss of USD 1,045.57.

**Note:** More detailed explanations are set out under the heading "The Costs in Using AETOS Products" below.

**Example (Applicable to Standard and Professional Accounts)**

You believe that the price of High Grade Copper is undervalued and you decide to enter into a CFD in High Grade Copper in the expectation that the High Grade Copper price will rise. AETOS's online platform is showing the price of High Grade Copper Futures CFD as being USd (U.S Cents) 217.10 (bid) / 217.40 (ask). On the very next day, the price of High Grade Copper Futures CFD has increased by 10 USd (U.S Cents) to 227.10 (bid) / 227.40 (ask). AETOS's standard lot size is 50,000 pounds and you buy 1 lot.

<u>Opening the position</u>	
Buy 1 lot High Grade Copper Futures CFD at ask price: Contract Value = lot x contract size x market price	$1 \times 50,000 \times 217.40 / 100 = \text{USD } 108,700.00$ (Contract Value)
The position for High Grade Copper Futures CFD requires an Initial Margin of USD 3,000.00.	USD 3,000.00 (Initial Margin)
AETOS earns a Spread on the difference between the bid and ask prices it quotes to you. In this example, the Spread is 0.30, which amounts to USD 150.00 in Contract Value. It is built in to the price when you clicked "buy" and again when you click "sell".	$1 \times 50,000 \times (217.40 - 217.10) / 100 = \text{USD } 150.00$
<u>Closing the position</u>	
The next day the price of High Grade Copper Futures CFD has increased by USd (U.S Cents) 10.00 to 227.10 (bid) / 227.40 (ask). The trade has moved in your favour and you decide to close your position.	$1 \times 50,000 \times 227.10 / 100 = \text{USD } 113,550.00$
Your total gross gain is the sell price less the buy price.	$\text{USD } 113,550 - \text{USD } 108,700 = \text{USD } 4,850.00$
Your total net gain is the gross gain less the costs and swaps (if applies). The Spread was built in to the price,	USD 4,850.00

and included USD 150.00 in this example.

**Summary:** In the above example, you deposited USD 3,000.00 as your Initial Margin on this trade and made a gain of USD 4,850.00.

## 5. Forced Liquidation and Margin Calls

If the Margin Level in your trading account drops below a predetermined level set by us (e.g. 50% or 80%\* of an Initial Margin, or 0.5% or 0.8% of the notional contract amount) or if AETOS exercises its discretion, then it is entitled to close out your position at the prevailing market rate without notice to you. AETOS could do this in order to minimise trading risk and deduct the resulting realised loss from your remaining funds held by us. You will remain liable for any negative balance which cannot be covered by the closing out of your positions.

*\* Minimum margin level is 50% for Standard and Mini Account, 80% for Professional Account and Institutional Account*

### Example (Applicable to Professional and Institutional Accounts)

You think that the EUR will depreciate against the USD in the near future. You see that the price quoted by AETOS on the EURUSD Currency Pair is 1.11992 (bid) / 1.12012 (ask). On the next day the price of EURUSD has increased by 10 points to 1.12092 (bid) / 1.12112(ask). The “bid” price is the sell price, so you sell a contract of EURUSD, at AETOS’s standard contract size, which is 100,000 (1 lot). You want to buy it later at a lower price, in order to close your position.

<u>Opening the position</u>	
Sell 1 lot EURUSD at bid price: Contract Value = lot x contract size x market price	$1 \times 100,000 \times 1.11992 = \text{USD } 111,992.00$ (Contract Value)
The contract leverage level set on your Professional Account is 200:1. That means that AETOS requires an Initial Margin from you to be deposited into AETOS’ trading account, which is 0.5% of the contract value.	$\text{USD } 111,992 \times 0.5\% = \text{USD } 559.96$ (Initial Margin)
AETOS earns a Spread on the difference between the bid and ask price it quotes to you. In this example, the Spread is 0.0002 (known as two “pips”), which amounts to USD 20.00. It is built in to the price when you clicked “sell” and again when you click “buy”.	$1 \times 100,000 \times (1.12012 - 1.11992) = \text{USD } 20.00$
<u>Rollover Interest</u>	
When a position is held open overnight (when it passes 21:00GMT during Daylight Saving Time), you are paid or charged an interest. Rollover Interest (Swaps) is calculated based on the end of day price of the product. However for the simplicity in our example, we will use the open price as end of day price. The Rollover Interest Rate (Swap Rate) can be found on the <a href="#">Cost and Product List</a> page of our	$(1 \times 100,000 \times (-0.28\%) \times 1.11992) / 360 = - \text{USD } 0.87$ .

website.	
Example:  If Rollover Interest Rate (Swap Rate) of selling EURUSD is -0.28%, you sell 1 lot of EURUSD,  Rollover Interest (Swaps) = (Contract Value x Sell Swap Rate) / 360	
<u>Closing the position</u>	
The next day the price of EURUSD has increased by 10 points to 1.12092 (bid) / 1.12112 (ask). The trade has moved against you, your Margin Level has dropped below 80% and reached Forced Liquidation level. AETOS forced to close of your position to limit your trading risk.	$1 \times 100,000 \times 1.12112 = \text{USD } 112,112.00$
Your total loss is the gross loss less the costs and swaps (if applies). The Spread was built in to the price, and included USD 20.00 in this example.	$(\text{USD } 111,992 - \text{USD } 112,112) - \text{USD } 0.87 = - \text{USD } 120.87$

**Summary:** In the above example, you deposited USD 559.96 to cover your Initial Margin requirement, and when you had a floating loss of USD 120.87 the Margin Level dropped to below 80% and reached the Forced Liquidation level.

**Note:** More detailed explanations are set out under the heading “**The Costs in using AETOS products**” below. Forced Liquidation will operate in the same way if the Underlying Instrument was commodities, indices etc.

**Example (Applicable to Standard and Mini Accounts)**

You think that the EUR will depreciate against the USD in the near future. You see that the price quoted by AETOS on the EURUSD Currency Pair is 1.11992 (bid) / 1.12010 (ask). On the next day the price of EURUSD has increased by 24 pips to 1.12232 (bid) / 1.12250 (ask). The “bid” price is the sell price, so you sell a contract of EURUSD, at AETOS’s minimum contract size, which is 100,000 (1 lot). You want to buy it later at a lower price, in order to close your position.

<u>Opening the position</u>	
Sell 1 lot EURUSD at bid price: Contract Value = lot x contract size x market price	$1 \times 100,000 \times 1.11992 = \text{USD } 111,992.00$ (Contract Value)
The contract leverage level set on your Standard Account is 200:1. This means that AETOS requires an Initial Margin from you to be deposited into AETOS’ trading account, which is USD 500.00 per lot.	$\text{USD } 500.00 \times 1 = \text{USD } 500.00$ (Initial Margin)
AETOS earns a Spread on the difference between the bid and ask prices it quotes to you. In this example,	$1 \times 100,000 \times (1.12010 - 1.11992) = \text{USD } 18.00$

the Spread is 0.00018 (known as 1.8 “pips”), which amounts to USD 18.00. It is built in to the price when you clicked “sell” and again when you click “buy”.	
<b>Rollover Interest</b>	
When a position is held open overnight (when it passes 21:00GMT during Daylight Saving Time), you are paid or charged an interest. Rollover Interest (Swaps) are calculated based on the end of day price of the product. However, for the simplicity in our example, we will use the open price as end of day price. The Rollover Interest Rate (Swap Rate) can be found on the <a href="#">Cost and Product List</a> page of our website.  Example:  If Rollover Interest Rate (Swap Rate) of selling EURUSD is -0.28%, you sell 1 lot of EURUSD,  Rollover Interest (Swaps) = (Contract Value x Sell Swap Rate) / 360	$(1 \times 100\,000 \times (-0.28\%) \times 1.11992) / 360 = -\text{USD } 0.87.$
<b>Closing the position</b>	
The next day the price of EURUSD has increased by 24 pips to 1.12232 (bid) / 1.12250 (ask). The trade has moved against you, your Margin Level has dropped below 50% and reached Forced Liquidation level. AETOS forced to close of your position to limit your trading risk.	$1 \times 100,000 \times 1.12250 = \text{USD } 112,250.00$
Your total loss is the gross loss less the costs and swap (if applies). The Spread was built in to the price, and included USD 20.00 in this example.	$(\text{USD } 111,992 - \text{USD } 112,250) - \text{USD } 0.87 = -\text{USD } 258.87$

**Summary:** In the above example, you deposited USD 500.00 to cover your Initial Margin requirement, and when you had a floating loss of USD 258.87 the Margin Level dropped to below 50% and reached the Forced Liquidation level.

**Note:** More detailed explanations are set out under the heading “**The Costs in using AETOS products**” below. Forced Liquidation will operate in the same way if the Underlying Instrument was commodities, indices etc.

In addition to Forced Liquidation, AETOS may margin call your position while a trade is open. However, AETOS does not guarantee that it will call you for this. See the section below titled “**Margin Calls**” for more detail.

### Margin Calls

### ASIC Benchmark 7– Margin Calls

This section sets out AETOS' policy on margin calls.

Accounts with Margin Level close to the Margin Call Level are displayed in the corresponding window of your trading software and are monitored by AETOS at all times.

If the Margin Level in your trading account drops below a predetermined level set by us (e.g. below 100%) or if AETOS exercises its absolute discretion, then it is entitled to request a further deposit from you immediately, or it will close out your position at the prevailing market rate without further notice to you. AETOS could do this in order to minimise trading risk and deduct the resulting realised loss from your remaining funds held by us. You will remain liable for any negative positions which cannot be covered by the closing out of your positions.

Where AETOS effects or arranges a transaction involving a CFD or Margin FX contract, you should note that, depending upon the nature of the transaction, you may be liable to make further payments when the transaction fails to be completed or upon the earlier settlement or closing out of your transaction. You will be required to make further variable payments by way of margin against the purchase price of the financial instrument, instead of paying (or receiving) the whole purchase (or sale) price immediately. The movement in the market price of your investment will affect the amount of margin payment you will be required to make.

You will have access to the trading platform where you can monitor Margin Call Levels. You agree to pay AETOS on demand such sums by way of margin as are required from time to time as AETOS may, at its sole discretion, reasonably require for the purpose of protecting itself against loss or risk of loss on present, future or contemplated transactions under the Terms & Conditions. You must note that if at any time equity (current balance including open positions) is equal to or less than a level of the margin (collateral) occupied by open positions as set out on the AETOS's website, AETOS is entitled at its sole discretion to close one or all open positions in order to meet the margin requirements. Levels at which positions start to close are set out in AETOS Terms & Conditions on AETOS website at [www.AETOScg.com](http://www.AETOScg.com).

#### Example:

<u>Opening the position</u>	
Sell 1 lot EURUSD at bid price:	
A Standard Account with 200:1 leverage level. When opening 1 lot of EURUSD position, the required margin is USD 500.00.	Required margin: USD 500.00
<u>Margin call</u>	
If your total equity falls below 100% of the required margin, AETOS will execute a Margin Call.	Margin Call Level: USD 500.00x 100%= USD 500.00.
Let's say your total equity in your trading account is USD 1,200.00. Then your equity will need to drop to USD 500.00 before a Margin Call is triggered.	USD 1200.00– USD 700.00 = USD 500.00



Once you have reach the Margin Level, AETOS will inform you. (this is not guaranteed)	
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As noted on page 2 of this PDS, trading in Margin FX contracts and CFDs involves the risk of losing substantially more than your initial investment.

## 6. Managing Risks

AETOS offers features on AETOS' trading platforms that help you control trading losses.

### **Stop Loss**

Stop loss is an order placed to close an open position when it reaches a certain unfavourable price. A stop-loss order is designed to limit your loss on a position.

**Example:** You have a long position of EURUSD with the open price of 1.11921. You set a stop loss for this position, the stop loss price of which is 1.11821. If the price of EURUSD drops to 1.11821 or below, the stop-loss order will be triggered and the position will be closed automatically at the market price.

### **Buy Limit**

Buy limit is a trade request to buy at the Ask price that is equal to or lower than the buy limit price. The current price level is higher than the value in the order. Usually this order is placed in anticipation of a price drop followed by a rebound.

**Example:** The market price of EURUSD (Ask price) is 1.11921 and you place a 20-pips buy limit level at 1.11721. If the EURUSD falls to 1.11721 or below, the order will be executed and you will take a long position of EURUSD at market price, after which you would make a gain if the market price rebounds and make a loss if the market price continues to go down.

### **Sell Limit**

Sell limit is a trade request to sell at the Bid price that is equal to or higher than the sell limit price. The current price level is lower than the value in the order. Usually this order is placed in anticipation of a price rise followed by a fall back.

**Example** The market price of EURUSD (Bid price) is 1.11921 and you place a 20-pips sell limit level at 1.12121. If the EURUSD goes up to 1.12121 or above, the order will be executed and you will take a short position of EURUSD at market price, after which you would make a gain if the market price fall back and make a loss if the market price continues to go up.

### **Buy Stop**

Buy stop is a trade request to buy at the Ask price that is equal to or higher than the market price. The current price level is lower than the value in the order. Usually this order is placed in anticipation of a continuous price rise.

**Example:** The market price of EURUSD (Ask price) is at 1.11921 and you place a 20-pips buy stop level at 1.12121. If the EURUSD goes up to 1.12121 or above, the order will be executed and you will take a long

position of EURUSD at market price, after which you would make a gain if the market price continue to rise and make a loss if the market price falls back.

### **Sell Stop**

Sell stop is a trade request to sell at the Bid price that is equal to or lower than the market price. The current price level is higher than the value in the order. Usually this order is placed in anticipation of a continuous price fall.

**Example:** The market price of EURUSD (Ask price) is at 1.12121 and you place a 20-pips buy stop level at 1.11921. If the EURUSD goes up to 1.11921 or below, the order will be executed and you will take a short position of EURUSD at market price, after which you would make a gain if the market price continue to fall and make a loss if the market price rebounds.

### **Trailing Stop**

Trailing Stop is a method to move a Stop Loss level automatically.

**Example:** You are having a long position of EURUSD at the price of 1.11921, you set a 30-pips trailing stop order. The stop price is 1.11621. The EURUSD then rises by 35 pips to 1.12271, your stop price will automatically move up to 1.11971, locking in your profits. The stop will continue to rise if the EURUSD rises. If the EURUSD falls, the stop will remain at 1.11971. If the EURUSD falls to 1.11971, your stop will be activated and your position will be closed at the best available price.

Usually this order is placed to lock in the trading profits.

## **7. Conversion of Currency**

Your trading account with AETOS is normally denominated in an Account Base Currency that you select at the time of opening your trading account. In order to trade, you may need to convert existing funds into the Account Base Currency. For example, you can buy or sell a Spot Gold or Spot Silver CFD with AETOS using USD. If you deposit Australian dollars into your trading account, you will have to select AUD as your Account Base Currency.

You can use your own bank to convert your existing funds into the Account Base Currency. The bank may charge you for this service.

AETOS will convert the realised trading profit or loss in your trading account into the Account Base Currency at the closing price of the relevant currency immediately preceding the trade day.

## **8. Significant Benefits**

The significant benefits of using AETOS's services are:

- **Hedging**

You can use AETOS's trading facilities to hedge your exposures to the Underlying Instruments. Any profit (or loss) you make using AETOS' trading facilities would be offset against the higher (or lower) price you physically have to pay for the currency, index, commodity or other asset at the future date.



- **Speculation**

In addition to using AETOS' trading facilities as a hedging tool, you can benefit by using the quoted underlying currency or CFD prices offered by AETOS to speculate on changing price movements. Speculators seek to make a profit by attempting to predict market moves and buying a contract that derives its value from the movement of an underlying currency or commodity for which they have no practical use. The examples of margin FX contract dealing and Spot Gold CFDs above illustrate trades where a client is entering into a speculative trade, based upon a belief that the market will move in a particular direction.

- **Access to the foreign exchange markets at any time**

When using AETOS's online trading platforms you gain access to and trade on, systems which are constantly updated in real time. If for some reason AETOS's systems are unavailable, you can contact us by telephone using AETOS's contact details at the top of this PDS, and make telephone orders.

- **Real time streaming quotes**

AETOS's online trading platforms provide real time quotes. You may check your trading accounts and positions in real time and you may enter into currency and CFD trades based on real-time information.

- **Control over your trading account and positions**

When using AETOS's trading facilities AETOS allows you to place stop loss limits on your trades. This means that if the market moves against you AETOS will close out your position in accordance with your stop loss order. However, please refer to the risk factors set out below, which highlight the risk to you that in a volatile market AETOS may not be able to close out your position until after the stop loss limit is exceeded. If this occurs you may lose more than you deposited.

## 9. Significant Risks

There are a number of risks in trading Margin FX contracts and CFDs. These risks may lead to unfavourable financial outcomes for you. Monitoring of any risks associated with AETOS' trading facilities is **your responsibility**. You should seek independent legal, financial and taxation advice prior to commencing trading activities and you should not use AETOS's services unless you fully understand the products, and the benefits and risks associated with them. Some of the risks associated with using AETOS Margin FX contract and CFD trading facilities include:

- **Unforeseen Circumstances**

If AETOS is unable to perform AETOS' obligations to you due to reasons beyond its control then it may suspend its obligations to you. For example, during periods of significant market disturbance it may be impractical or impossible to trade in relevant financial markets. AETOS will inform you if any of these events occur.

- **Market Volatility**

Foreign exchange and commodity markets are subject to many influences which may result in rapid fluctuations. Because of this market volatility, there is no Margin FX contract or CFD transaction or stop loss order which is available via AETOS' online trading platform that can be considered "risk free".

Given the potential levels of volatility in foreign exchange markets, it is recommended that you closely



monitor your transactions at all times. You can manage some of the downside risk by the use of stop loss orders. If you use a stop loss order AETOS will close your position if the Underlying Instrument reaches a level specified by you in advance. However, in a volatile market, there may be a substantial time lag between order placement and execution. This can mean that the entry or exit price may be significantly lower or higher than the price at which the sell (or buy) order (including a stop loss order) was placed. This is known as “gapping”, and AETOS does not guarantee that the stop loss order will be successful in limiting your downside risk, which may be greater than you initially anticipated.

- **Leverage Risk**

Trading Margin FX contracts and CFDs involves a high degree of leverage. You can outlay a relatively small Initial Margin which secures a significantly larger exposure to an Underlying Instrument. The use of products like this magnifies the size of your trade, so your potential gain and loss are equally magnified. You should closely monitor all of your open positions. If the market moves against you and your Initial Margin deposit is diminished, AETOS may automatically close out your position once pre-set limits are triggered (refer to the example of Forced Liquidation). Any remaining balance will be returned to you.

Using credit cards to invest in CFDs trading will pose double leverage risk to you. This means that you use the funds, which you borrowed from a bank, to invest in a leveraged financial product (e.g. CFD products). You may lose your capability of paying your credit cards if you lose in your investment.

- **Counterparty Risk**

Because you are dealing with us as counterparty to every transaction, you will have an exposure to us in relation to each transaction. In all cases, you are reliant on AETOS’s ability to meet AETOS’s obligations to you under the terms of each transaction. This risk is sometimes described as counterparty risk.

The products in this PDS are not protected by a licensed exchange, also known as a central counterparty. Instead, the products are called “over-the-counter” derivatives. This means that you contact directly with AETOS, and you are subject to AETOS’s credit risk. If AETOS’ business becomes insolvent AETOS may be unable to meet AETOS’s obligations to you. You can assess AETOS’s financial ability to meet these counterparty obligations to you by reviewing financial information about AETOS. You can obtain a free copy of AETOS’s financial statements by contacting AETOS staff by using the details at the start of this PDS.

AETOS may choose to limit its exposure to its clients by entering into opposite transactions with hedging counterparties as principal in the wholesale market. However, there is also a risk that a hedging counterparty (which may include one of AETOS’s related entities) that AETOS deals with may become insolvent. Where this occurs, AETOS may become an unsecured creditor of the hedging counterparty.

#### **ASIC Benchmark 3 & 4 – Counterparty Risk**

AETOS has a policy which includes carefully selecting hedging counterparties. One factor in selecting them is whether the hedging counterparty is of sufficient financial standing. One of AETOS’ primary hedging counterparties is AETOS’ holding company, AETOS Capital Group Holdings Limited which is registered in the Cayman Islands. It, in turn has third party liquidity providers including:



- GCM Prime Limited, registered in UK, FCA registration number 571881;
- Sucden Financial Limited, registered in UK, FCA registration number 114239;
- Interactive Brokers LLC, registered in Australia, AFSL number 245574.
- Swissquote Bank Ltd, regulated by the Swiss Financial Market Supervisory Authority (FINMA).

AETOS can provide a written hedging policy to clients and prospective clients upon request. You can request a copy of these statements at no charge via email or obtain it through AETOS website at [www.AETOScg.com](http://www.AETOScg.com). This policy is updated regularly.

AETOS has a written policy to maintain adequate financial resources, which sets out how it monitors compliance with AETOS' financial requirements, as well as how it conducts stress testing to ensure it holds sufficient liquid funds to withstand significant adverse market movements.

You can obtain a summary of AETOS' latest financial statements by contacting us on the details at the start of this PDS.

- **Systems Risks**

AETOS relies on technology to provide AETOS's trading facilities to you. A disruption to the facility may mean you are unable to trade when you want to. Alternatively, an existing transaction may be aborted as a result of a technology failure. An example of disruption includes the "crash" of the computer systems used to operate the online facility. AETOS manages this risk by having advanced IT systems and backup measures.

- **Cyber Security Risks**

Cyber security risks are a major threat to businesses around the world. AETOS cannot guarantee against third party interference to AETOS website and trading facility, or to the technology provided by third parties upon which AETOS relies on. This means that you may be exposed to issues arising from any third party interference which may occur. Examples include: unauthorised access to AETOS's or your IT systems or devices, data breaches, business interruption, errors in pricing feeds or inability to access your trading account or close positions. In the worst case scenario, financial loss may occur. AETOS takes this risk seriously and manage it by ongoing monitoring of AETOS IT systems, protection and backup measures (including virus protection software). You can limit your risk by ensuring that you have up-to-date software for the devices that you use to access AETOS' trading facilities and ensuring that you use strong passwords which are kept confidential and secure.

- **Fees and Charges**

It is possible that you enter into a trade with us and the price of the Underlying Instrument moves in your intended direction, but you still end up with less than you started after closing your position. This can happen because of the combined effect of the Spread between bid and ask prices, and the negative rollover interest which could apply on consecutive days that a contract is held open.

- **Use and access to AETOS website**

You are responsible for providing and maintaining the means by which you access AETOS website. These



may include, without limitation, a personal computer, smart phone, tablet, modem and telephone or other access system available to you.

While the internet is generally reliable, technical problems or other conditions may delay or prevent you from accessing AETOS website. If you are unable to access the internet and thus, AETOS's online facility, it may mean you are unable to enter into asset transactions when desired and you may suffer a loss as a result. AETOS is not responsible for any loss which you sustain as a result of being unable to access the internet.

- **Suspension or trading halt of the Underlying Instrument**

**ASIC Benchmark 6 – Suspended or halted underlying assets**

In the event of trading in an Underlying Instrument being suspended, AETOS has discretion to re-price open positions, close out positions, or change the margin requirements on a position. AETOS would widen the Spread if there was an increased risk of illiquidity in the market in which the Underlying Instrument is traded.

- **Latency and Price Feed Risk**

Internet connectivity delays and price feed errors sometimes create a situation where the prices displayed on AETOS's trading screen do not accurately reflect market rates. AETOS is not responsible for any loss which you sustain as a result, and AETOS may take action to recover any loss sustained by us as a result, including repairing, reversing, opening, and/or rolling over new or existing positions.

- **Third Party Trading**

Third party trading can be risky. Third party trading services are often called "money managers", "expert advisers" or "mirror trading plugins". They may enable your trading account to mirror trades made by third party asset managers. They may claim to exploit price latency across platforms or markets. They may promise exceptional returns. AETOS's platforms may allow you to plug in or otherwise connect to third parties which are licenced by ASIC. Some providers of third party plugins may charge you fees, and others do not. Regardless of AETOS's approval, AETOS is not responsible for, and will not indemnify you for loss which arises out of your reliance on any statements made by their makers or promoters, or any loss incurred in connection with third party plugins that you use.

**Key risks when using third party trades or software include:**

- You can lose control of your trades and suffer financial loss.
- Any software may stop working and you are stuck with open positions and you suffer financial loss.
- You can lose more money than your initial deposit.
- It may result in you being margin called (see section 7 of this PDS titled "Margin Calls") and your positions may be liquidated.
- Some are offered by fraudulent or illegal / underground entities in remote parts of the world.
- Some create or are otherwise affected by price latency which may result in significant losses on your trading account due to inaccurate pricing.



If promoters of these plugins or trading services make promises that are too good to be true, then you should avoid them. **You should never provide your trading account user name or password to a third party without AETOS's express consent – to do so would be a breach of the Terms & Conditions. You are solely responsible for managing the risks (including the risk of loss) associated with using third parties.**

## 10. The costs in using AETOS products

Please refer to AETOS's current [Financial Services Guide \(FSG\)](#) for a description of how AETOS, its employees and related parties are paid, and for information about the costs, fees and commissions that may be payable in relation to the products described in this PDS. You can find this information (with worked examples) in the current FSG which is available on AETOS website. You can download or obtain a free hard copy of the FSG by contacting us using the details at the start of this PDS.

## 11. How do the online trading platforms work?

See the heading "Margin FX contracts" above for a detailed explanation and example of how AETOS' trading platform works. To make a trade using AETOS' online trading platforms:

- You must first register with AETOS by filling out the registration form from AETOS website [www.AETOScg.com](http://www.AETOScg.com) by providing requested client information and setting an AETOS online user name and password. The password you set during registration is also the trading password for your online trading account.
- Secondly, you must fill out the AETOS' trading account opening form which was either provided to you at the same time as this PDS, or can be located at [www.AETOScg.com](http://www.AETOScg.com). A pre-condition to your successful registration is an acknowledgement by you that you have read this PDS, the FSG and that you have read and agreed to be bound by AETOS Terms & Conditions. Another pre-condition is that you meet AETOS's client qualification criteria, which is explained in section 3 of this PDS in more detail. There may also be other terms and conditions that you will need to agree to, if you are outside of Australia.
- Once your trading account is successfully opened, you will receive the trading account number through the email you registered at the AETOS website. The trading password is set by you when you register online.
- You can download the AETOS online trading platform (MetaTrader 4, 'MT4') software from AETOS website [www.AETOScg.com](http://www.AETOScg.com). You can then use your trading account number and password to login after installation.
- Once logged in, a number of windows will pop up in the platform. In order to place a trade, you first select a foreign exchange Currency Pair, Energy, Index or Metal from the Market Watch window. For example, you can choose the Currency Pair of EURUSD. Once you have selected a Currency Pair, Energy, Index or Metal, you need to select the amount you wish to invest by buying/selling the intended number of contracts.



- Once the trade has been executed, the particulars of that trade will be communicated to you electronically via the trading platform or by email. You can transfer money into or out of your trading account, subject to AETOS Terms & Conditions, which are set out on AETOS website.

## 12. How much money do you need to trade?

Before you can trade, you need to deposit with us an Initial Margin.

- This is typically 1% of the contract amount in the case of Margin FX contracts. However, AETOS will tell you what Initial Margin is required before you trade. AETOS may vary the Initial Margin at AETOS' own discretion.

**Example:** You need to deposit USD 100.00 for a contract with a notional value of USD 10,000.00.

- There is no typical percentage of the contract amount in the case of CFDs. Each CFD has its fixed Initial Margin. You may learn more about actual Initial Margins of CFDs of the page of [Cost and Product List](#) of AETOS website. AETOS may vary the Initial Margin at AETOS' own discretion.

**Example:** You need to deposit 1,000.00 USD for a CFD with a notional volume of 100 troy ounces (Spot Gold).

### How does AETOS handle your money?

The funds in your trading account will be held in a designated account (also known as a trust account). Funds deposited by AETOS' clients are segregated from AETOS' money and held in a designated account in accordance with Australian law.

#### ASIC Benchmark 5 – Client Money

This section explains AETOS' client money policy, including how AETOS deals with your money and when AETOS makes withdrawals from your trading account. It also mentions the counterparty risk associated with the use of your money

By using AETOS's services, you relinquish the right to any interest on funds deposited in AETOS's designated client accounts. Individual client accounts are not separated from each other but are pooled together. The pooled money is held on trust for you until you withdraw money, use the money to place a trade, or otherwise provide us with a legal right to that money because of outstanding fees owed to us or in such other circumstances as referred to in AETOS Terms & Conditions, which are set out on AETOS website.

#### Example

If you close a position and incur a loss, your trading account balance will be debited instantly.

#### Example

If you hold a position overnight [i.e. holding a position from 21:59:59GMT onwards (20:59:59GMT during U.S. Daylight Saving Times)], and you are charged an rollover interest, then that money is deducted from your trading account balance instantly



### **Counterparty risk**

There is also a counterparty risk that you may lose some or all of your money if there is a deficiency in the designated segregated account. See the section above titled “Significant Risks” for more information concerning counterparty risk.

AETOS does not use client money to hedge, counteract or offset the risk associated with a derivative transaction entered into between you and us.

### **13. Terms & Conditions**

AETOS Terms & Conditions, are set out on AETOS website [www.AETOScg.com](http://www.AETOScg.com) and must be read and agreed to before a contract is entered into. If you are outside of Australia, there may be other terms and conditions you will be required to sign or acknowledge.

When you use AETOS’s services you will be bound to AETOS Terms & Conditions as amended from time to time, along with any other terms you are required to sign or acknowledge (for example, if you are outside of Australia). However, in the event of inconsistency, the terms in the legal documents described below will rank according to the following priority, to the extent of any inconsistency:

- This PDS
- AETOS Terms & Conditions
- Account Opening Form

The information in this PDS is subject to change from time to time and is up to date as at the date stated at the start of this PDS.

Information in this PDS that is not materially adverse to users of AETOS products is subject to change and may be updated via AETOS website [www.AETOScg.com](http://www.AETOScg.com). You can access that information by visiting the website, or telephoning AETOS and asking for an electronic or paper copy. You can also access the website which may contain, from time to time, other information about AETOS products.

There is no cooling off period for any product offered by us.

You must provide all information to AETOS which it reasonably requires of you to comply with any law in Australia or any other country. In particular, you must provide AETOS with satisfactory identification before you can use AETOS products or services. AETOS may delay, block or refuse to enter, adjust or complete a transaction if AETOS believes on reasonable grounds that making the payment may breach any law in Australia or any other country, and AETOS will incur no liability if it does so. AETOS may disclose any information that you provide to a relevant authority where AETOS is required to do so by any law in Australia or any other country.

Unless you have disclosed to AETOS that you are acting in trustee capacity or on behalf of another party, you warrant that you are acting on your own behalf when obtaining services from AETOS.



When you use AETOS' services, you are promising that you will not breach any law in Australia or any other country.

AETOS reserves the right to suspend the operation of AETOS website and online facility or any part or sections of them. In such an event, AETOS may, at its sole discretion (with or without notice), close out your open positions at prices it considers fair and reasonable.

AETOS may impose volume limits on client trading accounts at its sole discretion.

#### **14. Trading Facilities**

AETOS is able to provide Margin FX and CFD trading facilities through its online trading platform. Dealers in AETOS Dealing Room will also accept orders in the event of the online trading platform being unable to take orders. AETOS's online trading platform is an internet based tool for you to trade.

#### **15. Providing Instructions by Telephone**

AETOS only offers telephone services if its online platform is unavailable for some reason. When providing instructions by telephone, you will need to provide us with adequate identification information and your calls will be recorded for compliance purposes.

#### **16. Tax Implications**

Trading margin contracts can create tax implications. Generally, if you make a gain attributable to an exchange rate or price fluctuation then that part of the gain is included in your assessable income. Conversely, if you make a loss attributable to an exchange rate or price fluctuation then that part of the loss is deducted from your assessable income. However, the taxation laws are complex and vary depending on your personal circumstance and the purpose of your currency trading. Accordingly, you should discuss any taxation questions you may have with your tax adviser before using AETOS's products or services.

#### **17. What are AETOS different roles?**

AETOS is the product issuer. This means that AETOS issues the products described in this document, and does not act on behalf of anyone else.

AETOS is also the service provider. AETOS website (and at times, AETOS Representatives) can give you general advice only and help you use the trading services.

#### **18. What should you do if you have a complaint?**

In the event you have a complaint about AETOS, you can contact AETOS staff and discuss your complaint. If you are overseas, AETOS may refer you to an overseas dispute resolution body, which gives you rights in addition to your rights in Australia.

If your complaint is not satisfactorily resolved within 6 weeks, please contact AETOS staff by telephone or in writing, using the contact details at the beginning of this PDS

AETOS will try and resolve your complaint quickly, fairly and within prescribed time frames.



If the complaint cannot be resolved to your satisfaction you have the right to refer the matter to the Financial Ombudsman Service (FOS) which is an external complaints service, of which AETOS is a member (FOS Member ID: 29539).

You can contact the FOS on 1300 780 808 (if in Australia) or +613 9613 7366 (if outside Australia) or in writing at GPO Box 3, Melbourne, Victoria 3001, Australia. You can also contact the FOS through their website: [www.fos.org.au](http://www.fos.org.au).

## 19. Dictionary

- **ASIC** refers to the Australian Securities and Investments Commission.
- **Account Base Currency** refers to the currency in which your trading account is denominated, and also refers to the currency on the left of a quoted trading pair. Any profit or loss on a trade is converted into the Account Base Currency. See Step 3 of Section 4 of this PDS for an example.
- **Business Day** refers to a day on which commercial banks are open for business (including dealings in foreign exchange) in Australia and the host countries of the relevant currencies, indices, commodities or other assets (e.g. shares).
- **Contract for Difference (CFD)** is a leveraged financial instrument that changes in value by reference to fluctuations in the price of an Underlying Instrument such as the price of gold or silver.
- **Currency Pair** refers to the value of one named currency relative to another named currency.
- **EUR** refers to the euro – the official currency of the European Union.
- **Forced Liquidation** is described in Section 4 of this PDS.
- **FSG** refers to the Financial Services Guide issued by AETOS.
- **FX** means Foreign Exchange.
- **Initial Margin** is the initial deposit required by you before you can trade with AETOS. See Step 2 in Section 4 of this PDS.
- **Loco London Gold and Silver** refers to the place at which gold is physically held and to which a particular price applies. Loco London Gold means not only that the gold is held in London but also that the price quoted is for delivery there.
- **Margin Call Level** is the percentage Margin Level at which a Margin Call will be made.
- **Margin Level** refers to the equity or balance of funds in your trading account and is calculated as a percentage by dividing your trading account equity by your used margin.
- **Metals** refers to spot gold, spot silver and high grade copper.
- **PDS** means this Product Disclosure Statement.
- **Representative** includes a director or employee of AETOS, and a director or employee any company related to AETOS, as well as any other entity that is appointed as an authorised representative of AETOS.
- **Spot Rate** refers to the price that a Currency Pair or commodity is quoted at, for an immediate “on the spot” transaction. All prices quoted by AETOS are quoted using the Spot Rate.
- **Spread** is the difference between bid and ask prices for a particular Underlying Instrument. The amount of the Spread is described in AETOS FSG under the heading “What fees and commissions are payable to AETOS?” which forms part of this PDS and is available on AETOS website [www.AETOScg.com](http://www.AETOScg.com).
- **Terms & Conditions** refers to the terms and conditions that you are required to agree to before you can use the products described in this PDS. They are available on AETOS website [www.AETOScg.com](http://www.AETOScg.com), and are incorporated by reference into the PDS. You can obtain another free copy of this document by contacting



AETOS staff using the details at the start of this PDS.

- **Underlying Instrument** means a Currency, Currency Pair, Indices, Metals and Energy.
- **USD** refers to the United States Dollar.