HEDGING COUNTERPARTIES POLICY

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Introduction

Capital Com Australia Pty Ltd (the "Company, us, we, our") is a company incorporated in Australia and regulated by the Australian Securities and Investments Commission ("ASIC") under AFSL number 513393. With its registered office at Level 15, 357 Collins Street, Melbourne, 3000, Victoria.

This license permits the Company to operate a financial services business to both retail and wholesale clients. This Hedging Counterparties Policy ("Policy") has been prepared pursuant to ASIC's Regulatory Guide 227 to inform our retail clients of the counter party risks associated with our products and to allow them to make their own assessment of before deciding to transact with us.

This Policy addresses the:

- factors we take into account when determining if hedging counterparties are of sufficient financial standing; and
- names of those hedging counterparties (as they stand from time to time).

Counterparty Risks

The following risks may arise out of counterparty transactions:

- **Credit risk** – this is the risk that arises because one or more of our counterparties is no longer able to fulfill their obligations.
- **Market risk** – is the risk that arises because of changes in market pricing.

Hedging Policy

You deal with us as counterparty to every transaction you enter into on our trading platforms. You will have an exposure to us in relation to each transaction if we are not ready, willing or able to meet our obligations, for example, if we were to become insolvent.

You are reliant on our ability to meet our counterparty obligations to you to settle the relevant contract. Accordingly, we have risk management processes in place to monitor exposure to these risks.

We manage our risk exposure from client positions by offsetting (hedging) client trades with **Capital Com SV Investments Limited** (hereafter the "CCSV" or "Parent Company") which is our parent company, on a back-to-back basis.

In turn, our Parent Company centrally manages the exposure it has to us and other entities by aggregating its exposure and internally offsetting client trades with each other. Any net exposure is then hedged by our parent company or related entity with one or more of its liquidity providers. These liquidity providers are chosen based on several factors including their ability to provide liquidity in the underlying market as well as the strength of their balance sheet.

Due diligence on hedging counterparties

We ensure that our hedging counterparties are appropriately licensed (where required), regulated in the relevant jurisdiction and meet the following criteria:

- have strong financial standing;
- have adequate compliance resources;
- have a robust risk management framework; and
- have a proven track record in relation to OTC CFD products.

We may, at times, change our hedging counterparties. If we do so, we will update this Policy and the list below accordingly.

List of current hedging counterparties

Our current hedging counterparties are:

Name	Location	License Status
Capital Com SV Investments Limited	Cyprus	Regulated by Cyprus Securities and Exchange Commission – License number 319/17

This list is current as of November 2022.