

Plus500AU Pty Limited



# Plus500

## World's Trading Machine

Risk Disclosure Notice





### 3. CFDS ARE NOT SUITED FOR LONG TERM INVESTMENT

---

- 3.1. CFDs are not suited to the long term investor. If you hold a CFD open over a long period of time the associated costs increase, and it may be more beneficial to buy the underlying asset instead.

### 4. NO RIGHTS TO THE UNDERLYING INSTRUMENT

---

- 4.1. CFDs do not provide any right to the underlying instruments, or in the case of CFDs referenced to shares, to voting rights.

### 5. ONLY INVEST MONEY YOU CAN AFFORD TO LOSE (Risk Capital)

---

- 5.1. Do not trade CFDs with money you cannot afford to lose. CFDs carry a high degree of risk and, due to fluctuations in value, you may not get back the amount you deposited.

### 6. APPROPRIATENESS

---

- 6.1. Subject to our obligation to assess the appropriateness of the Trading Platform for your circumstances, any decision whether or not to open an account, and whether or not you understand the risks is yours.
- 6.2. We may also ask you for information about your financial assets and earnings. We do not monitor on your behalf whether the amount of money that you have sent us or your profits and losses are consistent with that information. It is up to you to assess whether your financial resources are adequate and what level of risk you take.

### 7. POTENTIAL RISKS

---

- 7.1. With Plus500AU you can lose all, but not more than the balance of your Trading Account.
- 7.2. Before you open a CFD trade with us you must have enough funds on your account to cover the Initial Margin and, in order to keep a Transaction open, you must ensure that the amount in your Trading Account exceeds the Maintenance Margin. The Initial Margin will differ between Instruments and the amounts will be indicated on the Trading Platform. Trading using 'leverage' can work for or against you; a small price movement in your favour can result in a high return on the Initial Margin placed for the trade, but a small price movement against you may result in substantial losses.

Trading CFDs with leverage means you can secure a significantly larger exposure to an underlying asset for a relatively small initial margin.



However, the use of leverage magnifies the size of your trade, which means your potential gain and your potential loss are equally magnified.

You should, therefore, closely monitor all of your open positions to manage the risk of large losses. For example, a leverage of “10%” (or 1:10) means that if the price of the underlying asset changes by 1%, it is as if the price of the CFD has changed by 10%.

Each instrument has a fixed leverage which is specified in the instrument's details. An important consideration is whether or not, you wish to dedicate all of your deposit to meet your margin requirements. By dedicating all your deposit in this manner, you will be less able to deal with market volatility than if you only dedicate some of your deposit.

- 7.3. We will further require you to ensure that the amount in your Trading Account exceeds the Maintenance Margin in order to keep a Transaction open. Therefore, if our price moves against you, you may need to provide us with substantial additional Margin, at short notice, to maintain your open trades. If you fail to do this, we will be entitled to close one or more or all of your trades. You will be responsible for any losses incurred.
- 7.4. You should also be aware that under our User Agreement we are entitled, at our sole discretion, to make a Margin Call. Under the User Agreement, you are required to satisfy any Margin Calls immediately. If you do not do this, we will be entitled to close one, or more, or all of your trades.
- 7.5. Unless you have taken steps to place an absolute limit on your losses by setting a Guaranteed Stop, it is possible for adverse market movements to result in the loss of the entire balance of your Trading Account. Guaranteed Stops are not offered on all instruments, but there are other risk management tools available, e.g. by placing “Close at Loss” or “Close at Profit” orders on your account, that will help mitigate your losses. However, please note “Close at Loss” and “Close at Profit” are not guaranteed if the rate changes by more than a single pip. For more information visit our FAQ Trading page: <http://www.plus500.com.au/Help/FAQ.aspx>.
- 7.6. With CFDs customers can buy (“go long”) and close the position later by selling. Alternatively, customers can sell (“go short”) and close the position later by buying (the mere action of closing the position functions as the action of buying/selling). Selling at a higher/lower price than the purchase price yields a gain/loss accordingly. If the market goes against you and you do not have the necessary risk management tools in place your position could result in significant losses.

## 8. NOT SUITABLE AS INCOME

---

- 8.1. The inherent concept of CFDs means they are not suitable for an investor seeking an income from his investments as any profits from such trading may fluctuate in value in money terms. With OTC products, which are not a





## 12. OPERATIONAL RISKS

---

- 12.1. Operational risks with Plus500AU on your computer are inherent in every CFD transaction. For example, disruptions in Plus500AU's operational processes such as communications, computers, computer or mobile networks or external events may lead to delays in the execution and settlement of a transaction. Plus500AU does not accept or bear any liability whatsoever in relation to the operational processes of Plus500AU, except to the extent that it is caused by the fraud, negligence or dishonesty by Plus500AU.

## 13. CURRENCY RISK

---

- 13.1. Customers should be aware that CFDs denominated in a currency other than their home currency have the additional risk associated with currency fluctuations.

## 14. CLIENT MONEY AND COUNTERPARTY RISK

---

- 14.1. Any money you transfer to us will be classified as Client Money and held by us on trust for you and administered by us in accordance with the provisions of the Corporations Act. All client money is held in segregated client bank accounts with an Australian ADI and we do not use client money for hedging purposes. We may place your funds in our designated Client Money account in a different currency to your base currency. Such Client Money will be at least equal in value to your base currency and will be in compliance with regulatory requirements. These accounts hold Client Money separately from money belonging to the business. Plus500AU does not use Client Money for any investment or business Purposes.
- 14.2. By using our services, you relinquish the right to any interest on funds deposited in our designated client accounts (also known as trust accounts). Individual client accounts are not separated from each other but are pooled together. The money is held on trust for you until you withdraw the money or otherwise provide us with a legal right to that money.
- 14.3. Given you are dealing with us as a counterparty to every transaction, you will have an exposure to us in relation to each transaction. In all cases, you are reliant on our ability to meet our obligations to you under the terms of each transaction. This risk is sometimes described as counterparty risk.
- 14.4. The products issued by Plus500AU 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 contract directly with us, and you are subject to our credit risk. If our business becomes insolvent we may be unable to meet our obligations to you. In such a scenario, you may become an unsecured creditor in any administration or liquidation and will not have recourse to any of our underlying assets. You can assess our





