



COUNTERPARTY CREDIT MANAGEMENT AND HEDGING POLICY MT4 TRADING PLATFORM

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1. What is this Document?

This document has been prepared by Olive Financial Markets Pty Ltd (ABN 46 145 551 739; AFSL 390906) (“**Olive**”) with consideration of ASIC Regulatory Guide 227 – Benchmark 3. It explains the way Olive manages market risk and exposure limits with its hedging counterparty for its **MT4 Trading Platform**.

Credit risk is the risk that our counterparty fails to perform its obligations which results in financial loss for Olive. Olive’s management of credit risk is intended to protect the company and clients from any sudden changes in the liquidity, credit quality or solvency of our hedging counterparty.

Olive takes on market risk to facilitate execution of client trades and has put in place market risk limits generally. In relation to the financial products and financial services provided through Olive’s MT4 Trading Platform, Olive’s primary revenue streams are derived from the commission, finance and spread capture on client trading transactions conducted on the MT4 Trading Platform.

2. Market Risk Mitigation, Monitoring and Reporting

For all client’s trades conducted via Olive’s MT4 Trading Platform, Olive hedges that trade with its hedging counterparty (name and details set out in Section 3 below) contemporaneously. If the hedging counterparty cannot take on the market risk or hedge the trade, Olive will not allow the client trade to be executed.

Olive has separate hedging policies which apply to financial products and financial services offered by OFM other than through the MT4 Trading Platform.

Olive’s risk management systems allow it to continually monitor its exposure to different over-the-counter (OTC) derivative products it issues, and its limits in real time and on a group-wide basis.

Changes to this hedging policy and risk policy may be made by the Board of Directors of Olive.

3. Credit Risk and Monitoring

Olive’s hedging counterparty is:

CFH Clearing Limited, Fourth Floor, 8 Lloyd’s Avenue, London, EC3N 3EL, UK

Olive reviews the credit quality of its hedging counterparty on an on-going basis, and particularly if there is a significant change in market conditions or relevant news.

The exposure to our hedging counterparty is monitored on a daily basis. Olive believes that the risk of our hedging counterparty failing is very low due to the nature of its shareholders.

4. Criteria for Selecting our Counterparty

Olive has selected its hedging counterparty on the basis of the following criteria being met:

- having adequate financial and compliance resources;
- having an adequate financial licence in its jurisdiction;
- holding client funds in a reputable bank; and
- having a good reputation within the financial industry.

Olive does not anticipate adding or changing hedging counterparties or adding new hedging counterparties.