

MDA Trading and Risk Management Policy and Parameters

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 Corporations (Managed Discretionary Account Services) Instrument 2016/968 and ASIC Regulatory Guide 179. This document is referred to as Olive MDA Trading and Risk Management Policy and Parameters, and has been prepared in relation to the MDA Services provided by Olive on the OliveFX trading and investment platform (www.olivefx.com) (“OliveFX”).

OliveFX is a trading and investment platform in which Olive acts as market maker and clearing end execution broker for its clients in over-the-counter derivatives, contracts for difference and margin foreign exchange. The platform enables and allows clients to copy and follow the trading of certain other clients (known as social trading) and allocate capital into trading accounts held by the client into which trades made by other clients are distributed (known as portfolio management). Olive refers to a client that places trades, which are then copied by Olive into the accounts of other clients, as a Trade Leader. Olive refers to a client that provides trades that are then distributed by Olive into a series client accounts, as a Portfolio Manager.

In providing social trading and portfolio management services to a client, Olive does so as Managed Discretionary Account Services. This document explains the way Olive manages its MDA Services on OliveFX noting that Olive is the MDA Operator and MDA Manager. Olive undertakes its obligations as MDA Operator and MDA Manager, but involving Trade Leaders and Portfolio Managers by choosing which strategies to accept into its MDA Services and imposing trading and risk management policies and parameters on the placing of trades and monitoring the trading strategies applying trading and risk management policies and parameters.

2. Trading and Risk Management Policy

In approving and monitoring the trading activities as part of its MDA Services on OliveFX platform, Olive will continually assess upcoming market events to determine whether it will restrict or stop the undertaking of trading in certain products prior to or during market events that may cause markets to become unhinged or extremely volatile. Olive is not going to be able to predict volatility or the unhinging of markets in all cases or even in a majority of cases, and makes no guarantees to clients, but it will be assessing market events and may impose restrictions on trading or trading blackouts for trading pursuant to its MDA Services as part of its trading and risk management. Such restrictions and blackouts may not apply to trading generally on the OliveFX platform.

In approving and monitoring Trade Leaders and Portfolio Managers, Olive will assess the strategies and the appropriateness of the trading products that each such Trade Leader and Portfolio Manager is undertaking. The key aspect to this trading and risk management policy is to ensure that Olive is operating and managing its MDA Services, is determining based on the historical trading and current trading of a particular Trade Leader or Portfolio Manager that the trading of a particular trading product is and continues to be appropriate. This is undertaken by assessing and monitoring the trading activity and patterns of the particular Trade Leader or Portfolio Manager in that particular trading product.

3. Trading and Risk Parameters

Although Olive may generally allow maximum leverage available for a particular trading product on the OliveFX platform in an account that is being traded as part of its MDA Services, the leverage for particular trading strategies or trading products as part of its MDA Services, may be set at a level that is lower than the maximum

leverage or varied to a level that is lower than the maximum leverage. The leverage on a particular trading strategy or trading products may be lowered due to variety of factors and parameters as identified below.

Olive will generally not permit a client account as part of its MDA to utilise its margin by greater than 50% in going into a new trade. Circumstances in which it may allow a higher margin utilisation might occur where recent market volatility and intrinsic value changes has resulted in the margin utilisation going above 50% or where Olive believes that the new trade hedge either directionally, directly or by correlation the positions in the account (or some of them). Olive may alter its approach to margin utilisation due to variety of factors and parameters as identified below.

Olive will monitor the use of and implement risk management strategies into accounts receiving MDA Services. These strategies include the use of stop losses, opposing trades and correlational trades. Olive will use its trading capability to monitor the use of and implementation of such strategies. The risk management on a particular trading strategy or trading products may be altered due to variety of factors and parameters as identified below.

Olive considers various factors and parameters in its role as MDA Operator and MDA Manager including without limitation: type of trading; trade cycle time; interaction with other trading products being traded as part of the strategy; changes in swap rates due to changes in costs of capital; interactions between swap rates and trading cycle times; and changes in indicators of volatility that may impact derivative volatility or the interaction between margin level, base currency of the strategy and the trading products being traded as part of the strategy.