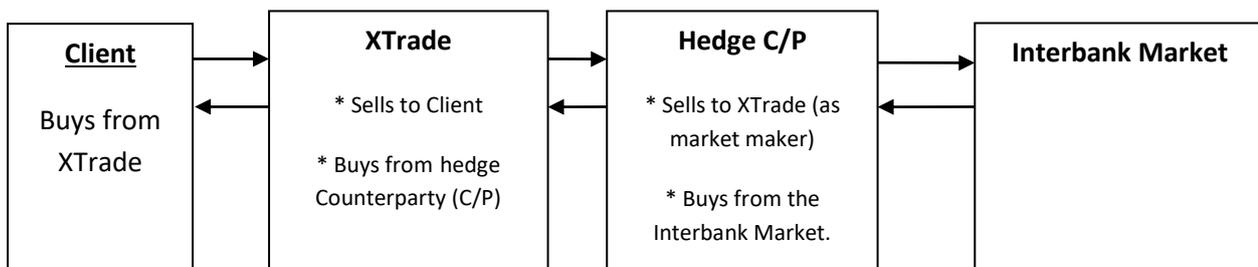


HEDGING POLICY

Company: Xtrade.au Pty Ltd
Company trading as: ("XTRADE")
ACN: 140 899 476
AFSL: 343628
Date Updated: 25 October 2018

Counterparty Credit Management and Hedging Policy



The policy described below has been developed considering the ASIC RG227 benchmarks. This document outlines the procedures XTRADE use to manage market risk and XTRADE's exposure limits for hedging counterparties.

XTRADE executes a back-to-back transaction for each client transaction with the following 3RD party entities:

- Xtrade Group Ltd

Since XTRADE only has one hedging counterparty, clients are also exposed to the credit risk of Xtrade Group Ltd. Xtrade Group Ltd is the parent company of XTRADE, based in Cyprus.

Nevertheless, the decision to hedge with Xtrade Group Ltd is made independently by XTRADE. XTRADE has considered factors such as the counterparty's financial standing, reputation, regulatory status and commercial terms offered by potential hedge counterparties when selecting a hedge counterparty.

XTRADE's '**credit risk**' is the risk that a counterparty fails to fulfil its obligations to XTRADE which results in financial loss to XTRADE. XTRADE's management of credit risk protects XTRADE and its clients from any unexpected changes in the solvency of our counterparties.

XTRADE's policy for risk allows us to facilitate instant execution on behalf of our clients, and as a result our risk limits, under normal market conditions, are considered conservative. XTRADE's business is based on order flow, spread/commission and leverage financing margins. XTRADE does not take the other side of a client's position with the intent to benefit from a client loss.

XTRADE does not take proprietary positions based on an expectation of market movements.

Alterations to XTRADE's hedging risk policy will be published on its website.

Issued by the Board of Directors of Xtrade.au Pty Ltd trading as (“XTRADE”) – 25 October 2018