



**PRODUCT DISCLOSURE STATEMENT – FTX
Australia Pty Ltd trading as FTX Australia**

ABN 84 129 217 812

AFSL 323193

Date: 21 March 2022



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1. IMPORTANT INFORMATION

1.1 About this PDS

This Product Disclosure Statement (**PDS**) is prepared and issued by FTX Australia Pty Ltd trading as FTX Australia, ABN 84 129 217 812 (referred to in this PDS as **FTX Australia, we, us** or **our**) in connection with the over-the-counter (**OTC**) derivative products (**Products**) that we issue through the Trading Platform.

This document does not cover any digital asset conversion services provided by Omnipay Pty Ltd (DCE Provider) and conducted via e (the Website), which are the subject of the DCE's terms of digital currency conversion.

This PDS is designed to assist you in making an informed decision about registering for an FTX Australia account ("**Account**") and trading in FTX Australia Products, being OTC derivatives products. It describes the key features of our Products, their benefits, significant risks, the costs and fees of dealing in them and other related information. Our Products include leveraged financial products, so you should read this PDS, the Terms and Conditions (**Terms**), Target Market Determination (**TMD**) and our Financial Services Guide (**FSG**) in their entirety before making any decision to enter into a contract with us. It is your responsibility to familiarise yourself with the trading platform, fees, margin requirements and other information which is posted and updated on our Website.

You may use this PDS to compare our Products with similar financial products offered by other issuers, however, please note, this PDS contains information specific to Products offered by FTX Australia and is not applicable to products traded through any other trading platform. We may make other information relating to our Products available on our Website.

The information in this PDS is up to date at the time it was prepared but is subject to change at any time (please refer to the front cover and section 1.2 for the date of this PDS), and this PDS supersedes all previous versions. If the PDS is updated, it will be posted on our Website. If the new information is information that is materially adverse to you, we will issue either a new PDS or a supplementary PDS containing the new information. If the new information is not materially adverse to you, you will be able to find the updated information on our Website or by contacting us on the contact details provided in this PDS at paragraph 1.4 below. If you received this PDS electronically, we can provide you with a paper copy free of charge.

This PDS is not lodged with the Australian Securities and Investments Commission (**ASIC**). ASIC takes no responsibility for the contents of this PDS.

This PDS does not constitute an offer or invitation in any place outside of Australia, or to any person who it would be unlawful to make such an offer or invitation. The distribution of this PDS (electronically or otherwise) in any jurisdiction outside Australia may be restricted by law and persons who come into possession of this PDS should seek advice in relation to it, and observe any relevant restrictions that may apply. Any failure to comply with such restrictions may constitute a violation of the applicable law. We will use reasonable endeavours to ensure that all clients are treated with the same level of protection under the *Corporations Act 2001* (Cth) (**Corporations Act**), however, we cannot guarantee this level of protection for non-Australian residents.

1.2 Date of PDS

This PDS is dated 21 March 2022

1.3 Who is the issuer of the PDS and the Products?

FTX Australia is the issuer of this PDS, and the issuer of Products referred to in this PDS.

FTX Australia is regulated by ASIC and holds Australian Financial Services Licence No. 323193.

1.4 How to Contact FTX Australia?

You can contact our office by any of the methods listed below:

FTX Australia Pty Ltd	
Postal	FTX Australia Pty Ltd Level 6, 228 Pitt Street, Sydney NSW 2000
Phone	(02) 9048 3800
Email	legal@ftx.com
Website	https://www.ftx.com/ .

1.5 Definitions

Words used in this document, are defined in Section 15.2 of this PDS and have the meanings set out therein, unless the context requires otherwise.

1.6 Product Suitability

Before you begin trading with FTX Australia you should consider this PDS, our FSG, TMD and Terms and whether trading the FTX Australia Products is suitable to you. These documents are available on our Website. Once you have considered these documents, and have decided that you want to begin trading with FTX Australia, you must complete an application to trade with us and have an account with FTX Trading.

Trading in our Products may not be suitable for all investors due to the significant risks involved. Accordingly, during the application process, FTX Australia will administer a client suitability assessment which contains questions assessing your understanding and experience of trading in derivatives and leveraged products, which are all Contracts for Differences (**CFD**) or related products (as defined at paragraph 3.2 below). Based on the answers to these questions, we may allow you to open an Account, or decline your application, or recommend that you obtain further education or experience. These questions are based on the recommendations provided by ASIC in Regulatory Guide 227.

Please note, in circumstances where we ask you for your personal information (or for permission for FTX Trading to provide us with your personal information) to assess your suitability to trade our Products and we accept your application to trade, we are not providing you personal advice. You must not rely on our assessment of your suitability as it is merely based on the information you provide to us and the assessment is only for the purposes of deciding whether to register an Account for you. You may not claim that you are not responsible for your losses merely because we have opened an Account for you after assessing your suitability. You remain solely responsible for your own assessments of the benefits and risks of our Products and seeking your own advice as to whether our Products are suitable for you.

Please refer to section 10 for more information on our Client Qualification Policy.

1.7 No Personal Advice

FTX Australia only provides you with general information. The information contained in this PDS does not constitute a recommendation, legal or financial advice or an opinion regarding our Products, and has been prepared without considering your specific individual objectives, financial situation, needs or circumstances.

Accordingly, before investing in the Products issued by FTX Australia, you should read the whole of this PDS and consider all of the risk factors that could affect your investment in our Products in light of your own particular objectives, financial circumstances and needs (including legal, financial and taxation issues).

We recommend that you obtain independent advice to ensure our Products are appropriate for your particular financial objectives, needs and circumstances (including the involvement of dealing in Digital Assets). You should also seek independent taxation and accounting advice to consider the impact of gains and losses on your particular financial situation, which may be complicated by the inclusion of Digital Assets. The taxation consequences of our Products can be complex and will differ for each individual's financial circumstances. Your tax adviser should be consulted prior to trading Products with us.

For clarity, we do not provide managed discretionary Account services, custody services or investor directed portfolio services. We only act as counterparty to certain trades involving our Products, and our liability is limited to our conduct in that capacity. When dealing with us, you agree to absorb all of the risks associated with appointing a third party to manage your Account.

1.8 **No representations other than the contents of this PDS**

No person is authorised to give any information or to make any representation in connection with a product which is not contained in this PDS. Any information or representation that is not in this PDS may not be relied upon as having been authorised by the FTX Australia or any associate of FTX Australia in connection with its Products.

Except as required by law, and then only to the extent so required, neither FTX Australia or any other person, warrants the future performance of the Products or any return Products pursuant to this PDS.

1.9 **The Risks Associated with our Products**

This PDS covers our Products, which are derivatives which reference Digital Assets and which are issued by FTX Australia pursuant to our Terms. They are not Exchange-traded products, but Leveraged Tokens may be listed by other third party exchanges.

Derivatives are complex, sophisticated and high-risk financial products. Our Products can be highly geared and carry significantly higher risk than non-geared financial products and can involve rebalancing aspects which further alter the return profile of those products.

You may lose substantially more than the initial amount of Collateral you use in opening any positions involving our Products or Services. You should not engage in transactions involving our Products unless you properly understand the nature of these Products and are comfortable with the associated risks.

This warning cannot set out and duplicate all of the important information in this PDS. You should read all of this PDS and the Terms, in full, before making a decision to invest in the Products covered by this PDS. We recommend that you contact us if you have any questions arising from this PDS or the Terms prior to entering into any transactions with us. FTX Australia recommends that you consult your financial adviser or obtain independent advice before trading.

Please read section 4.3 of this PDS carefully for more information regarding the risks associated with our Products.

2. **ASIC REGULATORY GUIDE 227 DISCLOSURE BENCHMARKS**

2.1 **Regulatory Guide 227 – FTX Australia's Benchmarks' Compliance**

ASIC Regulatory Guide 227 (**RG227**) requires issuers of e derivatives to publish certain information addressing a range of disclosure benchmarks to help retail investors understand the risks associated with OTC derivatives.

There are seven disclosure benchmarks which must be addressed. While the benchmarks are not mandatory or legally required, they have been included as example of best industry practice.

Our compliance, in relation to each benchmark is set out in the table below:

Benchmark	Meets?	Explanation
<p>1. Client Qualification</p> <p>This benchmark addresses the FTX Australia's policy on investors' qualification for CFD trading.</p>	Yes	<p>FTX Australia maintains and applies a Client Qualification Policy which sets out the minimum qualification criteria that prospective retail investors must demonstrate before they are able to open an Account with FTX Australia.</p> <p>FTX Australia will administer a Client Suitability Assessment to assess the prospective investor's understanding of, and experience in relation to, trading in CFDs. If the prospective investor fails to achieve the minimum qualification criteria (after completing the Client Suitability Assessment) they will be unable to open an Account with FTX Australia.</p> <p>Please refer to section 10 of this PDS for further information in relation to the Client Qualification Policy.</p>
<p>2. Opening Collateral</p> <p>This benchmark addresses FTX Australia's policy on the types of assets accepted from investors as opening collateral.</p>	Yes	<p>This benchmark requires that FTX Australia provide reasons why we accept collateral, other than cash or cash equivalents, as opening collateral when establishing an Account with FTX Australia.</p> <p>FTX Australia only accepts a Standing Authorisation from clients to issue a sell order on behalf of the client to FTX Trading in respect of Digital Assets which form part of Collateral.</p> <p>Further information can be found in at paragraph 3.20 of this PDS.</p> <p>When providing us with the Standing Authorisation, you are exposed to additional risks compared to providing cash (which we do not accept as collateral). Certain types of Digital Assets regularly exhibit high price volatilities meaning that the Collateral may be exposed to substantial changes in value as well as being exposed to liquidation from changes in the value of trades you make with us. This is described as "double leverage".</p> <p>FTX Australia mitigates this risk by not accepting all types of Digital Assets. Rather, FTX Australia only accepts a limited range of Digital Assets with lower price volatilities. You can mitigate the risk of "double leverage" by using stablecoins as Collateral.</p>
<p>3. Counterparty risk – Hedging</p> <p>This benchmark addresses FTX Australia's practices in hedging its risk from client positions and the quality of this hedging.</p>	Yes	<p>FTX Australia maintains and applies a written policy to manage our exposure to market risk from client Positions, with all trades being 100% hedged with FTX Trading Ltd (FTX Trading). Please note, FTX Trading is a company incorporated and registered in Antigua and Barbuda (company number 17180) and is a different company to FTX Australia.</p> <p>Section 4.3 of this PDS provides further information in relation to our hedging policy. Our up to date Hedging Policy can also be located on our Website via the following link: https://help.ftx.com/hc/en-us/article_attachments/4844194071060/FTX_Australia_-_Hedging_Policy.pdf.</p>

Benchmark	Meets?	Explanation
<p>4. Counterparty risk – Financial Resources</p> <p>This benchmark addresses whether FTX Australia holds sufficient liquid funds to withstand significant adverse market movements.</p>	Yes	<p>FTX Australia maintains and applies a written policy to ensure the ongoing maintenance of adequate financial resources. We also maintain a detailed risk register, in which the key risks of our business are addressed and reviewed. Please note that we have designated staff to monitor our compliance with our AFSL conditions and ASIC RG 166.</p> <p>Further information can be found in section 4.3 of this PDS.</p>
<p>5. Client Money</p> <p>This benchmark addresses the issuer's policy on its use of client money.</p>	No	<p>FTX Australia will not be holding any Client Money.</p> <p>Instead, Digital Assets are used as Collateral and are held by FTX Trading in accordance with its digital asset security policies and procedures.</p> <p>Currently, Digital Assets are not money and therefore the Client Money Rules and any protections contained therein do not apply to Digital Assets used as Collateral at this time. Further, FTX Australia does not receive any Digital Assets from clients at any time, and receives only a Standing Authorisation in respect of the Collateral.</p> <p>Further information, in relation to how Digital Assets are being held by FTX Trading, can be found in section 11 of this PDS.</p>
<p>6. Suspended or halted underlying assets</p> <p>This benchmark addresses the issuer's practices in relation to investor trading when trading in the underlying asset is suspended or halted.</p>	Yes	<p>We do not allow new Contracts to be opened when the Underlying Market is halted or suspended.</p> <p>Further information can be found at paragraph 8.3 of this PDS.</p>
<p>7. Margin Calls</p> <p>This addresses the issuer's practices in the event of client Accounts entering into margin call.</p>	Yes	<p>Trading in CFDs, options and futures contracts involves the risk of losing substantially more than the initial investment. We have a clear policy in relation to Margin and our rights to close out Contracts. Our Margin practice is an automated process via the Trading Platform which will automatically post warnings to Account if you do not meet the Margin Requirements.</p> <p>Further information can be found in section 9 of this PDS.</p>

3. KEY INFORMATION – QUESTIONS AND ANSWERS

3.1 What Financial Products Does FTX Australia Provide?

FTX Australia acts as the issuer of our Products, namely the OTC derivatives including Options Contracts, Futures Contracts, Contract for Difference (CFDs) and Leveraged Tokens. You can find further details describing the Products at sections 3.6 to 3.8 below.

3.2 What is a 'Contract for Difference' (CFD)?

A CFD is an agreement where you may speculate on the variations in the price of an Underlying Instrument. Relevantly, the price of the CFD is based on the price or level of the relevant Underlying Instrument, which

may be an index, commodity, futures contract, digital asset/cryptocurrency or other Underlying Instrument as may be notified to you from time to time. It is important to understand the following in relation to trading CFDs:

- you will not own or have any interest or right in the Underlying Instrument; and
- you cannot close an open Position through an exchange or other CFD provider.

3.3 What is a Contract Issued “Over The Counter”?

“Over the counter” or “OTC” means that you do not trade in financial products on an Exchange or a regulated market. Rather, it is a bilateral transaction between you and us. This means you can only enter into contracts with us. You do not have the protections normally associated with trading on a regulated market. It is not possible to close a Product by giving instructions to another provider, broker or Australian financial services licensee.

Further, unlike direct investments made by trading on an Exchange, OTC derivatives are not standardised. You must read this PDS, FSG, TMD, Terms and the specifications of each Contract prior to entering into any transaction with us.

3.4 Can FTX Australia Provide Additional Products?

From time to time, FTX Australia may add additional product offering via the Trading Platform.

3.5 Can FTX Australia Cease Providing Particular Products?

We may, at any time and in our sole discretion, remove any products from the Trading Platform and/or remove your ability to trade in a particular product from your Digital Wallet in connection with your Account. If you have a trade in the product that is being removed from the Trading Platform, we will use reasonable endeavours to provide you with notice to close any Trade that you may hold in relation to this product.

It is your responsibility to cancel any Orders and close any trades relating to the removed product in the manner specified in the notice. If you fail to cancel these Orders or close these trades, we will cancel the Order or close out the trade.

3.6 What is an Options Contract?

An Options Contract is an agreement that gives the holder the right, but not the obligation, to buy or sell something at a predetermined date and price. An Options Contract is a financial instrument that is based on the value of underlying assets and is a type of derivative. An Options Contract includes the following parameters:

- Type:
 - Call – means “right to buy”; and
 - Put – means “right to sell”;
- Strike Price – the price you have the right to trade at in the future;
- Expiration time – the time you have to decide whether or not to exercise your option; and
- Underlying – the asset you have the right to buy/sell.

The parties to Options Contracts are:

- You; and

- The liquidity provider, FTX Australia.

FTX Australia provides you with an Options Platform which enables users to purchase Options Contracts in order to buy or sell digital assets on a predetermined date and strike price. An Options Contract can be traded with or without leverage. FTX Australia allows digital asset Options Contracts to be traded by posting collateral in cash, stablecoins and digital assets. They are settled in stablecoins.

You should consider the effect of leverage applied to your Positions on your gains and losses. The balance in your Digital Wallet will also be affected by other amounts you must pay to us in respect of your Account and Digital Wallet such as interest on debit balances.

3.7 What is a Futures Contract?

A Futures Contract is an agreement under which you agree to buy an underlying asset at an agreed time in the future.

FTX Australia offers Digital Asset futures contracts under which you are buying and selling contracts that represent the value of a specific Digital Asset. You do not own the underlying Digital Asset.

FTX Australia offers future trading through quarterly Futures Contracts (with expiration at the end of the current and the subsequent quarters) and perpetual Futures Contracts.

You can choose to trade digital asset quarterly futures contracts, with or without leverage. Quarterly Futures Contracts give you the right to purchase a digital asset, on a future date.

You can also trade perpetual Futures Contracts, with or without leverage. Perpetual Futures Contracts give you the right to purchase a digital asset, at any time while the contract remains open. It does not have an expiry date but, instead, rolls over hourly.

Futures Contracts offered by FTX Australia enables you to, for example, hedge against price movements in specific digital assets. Digital asset futures can be traded by posting collateral in cash, stablecoins and digital assets to cover initial and maintenance margins. These Futures Contracts are settled in stablecoins.

The current set of stablecoins accepted by FTX Australia are provided on our Website. We recommend that you view these prior to entering into a futures contract.

You should consider the effect of leverage applied to your Positions on your gains and losses. The balance in your Digital Wallet will also be affected by other amounts you must pay to us in respect of your Account and Digital Wallet such as interest on debit balances.

3.8 What is a Leveraged Token?

Leveraged Tokens are digital assets that give holders exposure to price movements in Digital Asset markets. Each leveraged token seeks daily leveraged investment results and are intended to be used as a short-term trading vehicle.

For example, Leverage tokens with “BULL” in their trading symbol (for instance, ETHBULL) are a 3x long ETH token – meaning investment result will correspond to three times the performance of the underlying digital asset. Therefore, for every 1% ETH goes up in a day, ETHBULL goes up 3%; conversely every 1% ETH goes down, ETHBULL goes down 3%. The tokens with “HEDGE” and “BEAR” in their trading symbols attempt to provide daily investment results that correspond to one time and three times the inverse (or opposite) of the performance of an underlying digital asset.

Leveraged tokens rebalance every day in order to maintain the same leverage (for instance, on ETHBULL – a particular amount of ETH is bought or sold to maintain a 3x leverage). Specifically, daily rebalancing on leveraged tokens works as per below:

- **Reinvests Profits:** BULL, BEAR and HEDGE tokens will automatically reinvest profits. Accordingly, if your leveraged token position on ETHBULL makes money, the tokens will automatically put 3x leveraged positions with these profits.
- **Reduce Risk – Selling:** BULL, BEAR and HEDGE tokens will automatically reduce risk if they lose money. For example, if your leveraged token position on ETHBULL loses money, the leverage token will automatically sell off some of its positions, reducing leverage back to 3x in order to avoid liquidation risk.

Accordingly, in periods of high market volatility, rebalancing may result in considerably different returns on the underlying digital asset.

FTX Australia allows users to request and pay for the issue of leveraged tokens and redeem them by sale to us.

3.9 What Charges are Payable When Dealing in Our Products?

The fees and charges for dealing in our Products are set out in section 12 of this PDS.

3.10 What Types of Account Can I Open with FTX Australia?

We have two types of live Accounts available for our clients:

- Standard Accounts – for retail clients; and
- Professional Accounts – for wholesale clients (including sophisticated investors).

We may offer other types of Accounts to our clients from time to time, and/or change the features of certain types of Accounts from time to time. Please refer to our Website for details on the types of Accounts you may open with us.

Currently, the type of Account you are able to open with FTX Australia is determined by your performance in the Client Suitability Assessment. That Account is in addition to your account with FTX Trading in relation to the underlying Digital Assets.

3.11 What will your Digital Wallet be Holding?

Your Account with FTX Australia **will not hold any Digital Assets or fiat currencies**. FTX Australia does not manage or hold your Digital Wallet or tokens. We do not provide safe custody facilities for your Digital Assets; nor clearing or settlement facilities.

Your Digital Wallet is with FTX Trading and will only hold certain types of Digital Assets, and not any fiat currencies, and is subject to terms and conditions between you and FTX Trading. Please see those terms and conditions for further details relating to how deposits and withdrawals from your Digital Wallet are handled.

For clarity, you never provide Digital Assets to FTX Australia. You provide Digital Assets only to FTX Trading and we will deliver any tokens to your Digital Wallet which arise from any of our Products or Services. **FTX Australia does not hold client property as defined in Part 7.8, Division 3 of the Corporations Act.** Nonetheless, FTX Australia will ensure that it acts efficiently, honestly and fairly when having any interaction with your Digital Wallet.

3.12 What Trading Platform does FTX Australia Provide?

Your Account gives you access to our Products on the Trading Platform, which is known as the FTX Digital Assets Derivatives Exchange.

This PDS and our Terms contain detailed terms of use applicable to using our Products on the Trading Platform and you are required to agree to the terms of both documents prior to registering an Account with us. The Trading Platform contains an extensive user guide which is accessible from the “Help” menu.

We will use our best efforts to make our Products available on the Trading Platform, but we cannot give an absolute assurance or guarantee that the Trading Platform will be available on a continuous basis due to systems maintenance, system failures and other related technological or external factors. We have no liability to you for any loss, damage or cost which you may suffer as a result of transmission errors, technical faults, malfunctions, illegal intervention in network equipment, network overloads, malicious blocking of access by third parties, internet malfunctions, Blockchain network congestion or delays, smart contract failures, interruptions or other deficiencies on the part of internet service providers, Blockchain protocols or other system errors.

We do not accept any liability in respect of any delays, inaccuracies, errors or omissions in any data provided to you in connection with the Trading Platform. We have no liability to you in the event that any viruses, worms, software bombs or similar items are introduced via the Trading Platform or any software provided by us to you in order to enable you to use the Trading Platform, so long as we have taken reasonable steps to prevent any such introduction.

You must carefully read and follow the operational rules for the Trading Platform. The Trading Platform, from time to time, may impose special operating rules including but not limited to:

- posting Margins (such as when payment is required and when the payment is effective);
- how Margins are calculated (such as automatic adjustments outside of trading hours, including at the weekend); and
- how Orders are managed.

We strongly recommend prior to engaging in trading, you become familiar with the Trading Platform and obtain professional financial advice if you do not understand its functions.

3.13 **Where can you find Information about Opening Hours?**

The Trading Platform is available to users 24 hours, 7 days a week, except where there are scheduled and unscheduled maintenance activities.

3.14 **What Order Types Does FTX Australia Offer?**

FTX Australia offers different types of Orders through the Trading Platform. The types of Orders FTX Australia offers through the Trading Platform may change from time to time (for instance, new Order types may be added and existing Order types may be removed). You will be able to find information about Orders that apply to you on the Trading Platform when you log in. You should note that the Stop Loss Orders and Limit Orders are non-guaranteed Orders.

The price at which we accept an Order to trade will generally be on the basis of filling the full volume of the Order in one Contract where possible. Partially filled Orders will be filled as soon as the opportunity arises. The type of Orders and how they may be filled, if at all, will depend on the rules of the exchange where the Underlying Instruments are being traded and the pricing model you have selected. For some Contracts that you choose to trade, there may be a minimum trade value or other restrictions (e.g., pricing) that relates to that particular market.

FTX Australia has complete discretion on whether to accept and execute any Order requested.

If one of the Events of Default specified in the Terms occurs, we may impose a limit on the number of Orders, pending or open of each Account to prevent the degradation of the Trading Platforms performance of all other clients. For each market, a maximum open order limit is imposed by the Exchange.

Below, we provide an explanation about each type of Order offered by FTX Australia through the Trading Platform.

Market Orders

A Market Order is an Order to buy or sell at the current market price as soon as possible. This means that if the market is closed, the Order may not be entered into until the market re-opens.

Stop Loss Orders

A Stop Loss Order allows you to specify a price at which you wish to close out or open a Contract. We will execute a Stop Loss Order when:

- for a buy-order: the offer price reaches the Order price; or
- for a sell-order: the bid price has reached the Order price.

We note that Stop Loss Orders are not guaranteed, and the execution of such Orders will depend on market volatility and liquidity. You cannot assume that you will always be able to have a Stop Loss Order, and FTX Australia has absolute discretion whether to accept a Stop Loss Order. A Stop Loss Order is triggered automatically when the stop loss price is reached. Once the stop loss price is reached, the Stop Loss Order becomes a Market Order to buy or sell (depending on your instructions). Due to market volatility and liquidity, if it may not be possible to fill your Stop Loss Order at the price you requested FTX Australia will fill the Stop Loss Order at the nearest available price.

The Stop Loss Order could be activated by a short-term fluctuation in the markets, or in a fast-moving market, the price at which the trade is executed could be much different from the Stop Loss Order price. This is known as “gapping” and is due to market movements during the time it takes to open or close Contracts.

You acknowledge and agree that under the Terms we may impose a Stop Loss Order on one or more of your Contracts.

Stop Loss Order – Example

If you wish to speculate that the price of the BTC/USD (symbol for Bitcoin and the United States dollar exchange rate) will depreciate and you want to limit your loss to USD500, you can open a Stop Loss Sell Order.

Assume that you have one BTC/USD valued at \$60,000 and set the Stop Loss Order at \$59,500. If the market is stable and liquid, and the offer price reaches \$59,500, the Stop Loss Order will be automatically triggered. If you entered a Stop-Loss Limit Order, a Limit sell Order for \$59,500 will be sent. If you entered a Stop Loss Market Order, a Market Sell Order will be sent.

Note that setting a Stop Loss Order does not guarantee an order will be filled. For instance, if you send a Stop Loss Limit Order, the market might have moved beyond your limit price by the time your Order is sent to the Order book.

Limit Orders

A Limit Order may be used by you to either open or close a Contract at a predetermined price that is more favourable to you than the current market price. We will execute your Limit Order when:

- for a Buy-Limit Order: the ask price has reached the Order price; or
- for a Sell-Limit Order: the bid price has reached the Order price.

Once the Limit Order price is reached, the Limit Order becomes a Market Order. Similar to Stop Loss Orders, Limit Orders are not guaranteed and the execution of such Orders will depend on market volatility and liquidity.

Limit Order – Example

If you wish to speculate that the price of BTC/USD will decrease after hitting a recent peak price of \$65,000, instead of waiting for the market to reach this price, you place a sell Limit Order at \$60,000. This Order will trigger a buy trade once the bid price decreases to \$60,000.

3.15 What is the Minimum Trading Size, the Maximum Trading Size and the Minimum Balance to Open an Account?

The size of your Contract must exceed the relevant minimum trading size and must not exceed the relevant maximum trading size. These minimum and maximum thresholds are specified on our Product Schedule and Trading Platform and may be changed from time to time.

The minimum balance for your Digital Wallet to open an Account depends on the type of Account you open. When trading in our Products, you may use as Collateral an amount of Digital Assets that suits you and which is in line with the amount you are willing to risk or lose.

The minimum Collateral for each type of Account is subject to change. Please refer to our Website for further information.

3.16 How do you instruct us?

FTX Australia only accepts dealing instructions via the Trading Platform. You are required to access the Trading Platform on a regular basis to confirm that your instructions have in fact been received by us, reconfirm all Orders that you place with us, review confirmations we provide, ensure the accuracy of confirmations and monitor your margin obligations. Any discrepancies identified must be reported to us immediately.

We will not accept requests for Orders over the phone, email, or any other means, unless we have previously agreed with you to do so.

It is possible for a third party to place Orders on your behalf provided that a written and executed Power of Attorney or Authorised Person authority has been received and accepted by us. We are entitled to assume all Orders from your Account have been validly authorised by you and are not liable for any loss, expenses or damage arising from the act or omission of any attorney or Authorised Person whether outside their authority or not. It is also your responsibility to ensure that the third party or Authorised Person acting on your behalf has all relevant authorisations or licences to perform such activities.

3.17 What is a Margin?

To place a trade that creates an open Position, you are required to pay us (in fiat or Digital Assets), or have the Collateral in your Digital Wallet sufficient for the Margin for that trade as calculated by us (**Initial Margin**).

In addition to the Initial Margin, you have a continuing obligation in relation to Margin in respect of all open Positions on your Account.

Margin Requirements will fluctuate with the value of the Underlying Instrument on which the Contract is based and if you have positions using stablecoins denominated in a currency other than Australian Dollars your Margin Requirement may also be affected by fluctuations in the relevant foreign exchange rate.

For detailed information please refer to section 9 of this PDS.

3.18 What is the Maintenance Fraction?

Your margin fraction is your total Collateral value divided by your total position notional value.

You can monitor your Margin Fraction using the Trading Platform or by otherwise contacting us directly using the details provided in section 1.4 of this PDS.

3.19 How are Payments Made in and out of your Digital Wallet?

You can only make payments by registering with FTX Trading to open an account and by using the DCE Provider to purchase Digital Assets, or by transferring Digital Assets into your Digital Wallet. A full list of current payment options as between you and the DCE Provider is available on our Website and may be amended from time to time.

As mentioned above in section 3.11, your Digital Wallet will only hold Digital Assets (not fiat currency). Your Account with FTX Australia will not hold any fiat currency or Digital Assets at any time.

The funding process will operate as follows when you fund your Digital Wallet with a fiat currency:

- You will make a deposit to the DCE Provider, who will convert your fiat currency into your selected Digital Assets pursuant to their terms and conditions; and
- the DCE will deposit these Digital Assets into your Digital Wallet, held by FTX Trading, pursuant to FTX Trading's terms and conditions.

The DCE Provider will use all reasonable efforts to process any withdrawals using the payment option you requested.

You agree and acknowledge that any third party who is involved in a funding transaction may be asked to verify their identity and we may refuse to accept Collateral in a Digital Wallet if there is any failure of the third party to comply. You further agree and acknowledge that we do not accept any liability or responsibility for any loss, cost or expense incurred or suffered by you in connection with such non-acceptance or return of any funds, including because you are subsequently in default of your obligations to us.

We accept only Digital Assets as Collateral (Benchmark 2 – Opening Collateral).

3.20 What does FTX Australia use as Collateral and how does liquidation work?

FTX Australia uses the Digital Assets in your Digital Wallet as Collateral for any position you open .

Under our Terms and Conditions you agree to:

- provide FTX Australia with a standing authorisation to effect sell orders on your behalf in relation to Digital Assets where there is a margin call and direct that the sale proceeds be provided to us; and
- if the standing authorisation is cancelled by you, effect a sell order on your behalf in relation to the Digital Assets where there is a margin call or any outstanding debt you owe to us and direct that the sale proceeds for that debt be provided to us.

As part of the standing order provided by you:

- FTX Australia (via FTX Trading and/or the DCE Provider) may, in its sole and absolute discretion, liquidate some or all of the Digital Assets in the Digital Wallet.
- FTX Australia may, in its sole and absolute discretion, instruct FTX Trading to release Digital Assets held in your Digital Wallet to the DCE Provider. FTX Trading will, to the extent it is possible, always accept these instructions.

- FTX Australia may also, in its sole and absolute discretion, instruct the DCE Provider to convert the Digital Assets (to other Digital Assets or fiat currency) and thereafter remit the converted Digital Assets (or fiat currency) to FTX Australia. The DCE Provider will, to the extent it is possible, always accept these instructions.

You will be responsible for any taxation which arises due to a sale of any of your Digital Assets, for example any capital gains tax which may be payable on gains made in respect of your Digital Assets.

Any amounts we receive will be used to settle any debt you owe us.

3.21 Do you Receive Interest on Digital Assets held in your Digital Wallet or pay interest on moneys you owe to us?

FTX Trading does not pay you interest on any balances held in your Digital Wallet by default.

If you enable margin borrowing on your account, you will be required to pay interest on any borrowed funds.

The relevant rates of interest are determined by us at our discretion. Any amounts of interest payable to us will be deducted from any interest payable to you.

Further, if you fail to make any payment required under our Terms and Conditions when it falls due, interest will be charged (and you will pay interest) on the outstanding sum at the Australian Taxation Office (**ATO**) general interest charge (**GIC**) rate, which can be found on the ATO website and is updated on a quarterly basis. Interest accrues and is calculated daily from the date payment was due until the date you pay in full and is compounded daily.

3.22 What are the Risks of Options Contracts, Futures Contracts and Leveraged Tokens?

Our Products are OTC derivative products that are complex, highly leveraged and carry significantly greater risk than non-g geared investments, and may be subject to even more volatile price movements than Digital Assets.

You may lose substantially more than the initial investment when using a margin trade. Subject to the negative balance protection measures we have implemented, you may incur losses to the extent of your total exposure to us and any additional fees and charges that apply. As you have the ability to trade with leverage, both gains and losses are magnified. In circumstances where you lose, losses may be far greater than the Collateral you have in your Digital Wallet or are required to deposit to satisfy Margin Requirements. Where losses are greater than your Collateral balance, you will be required to deposit additional funds or Digital Assets to account for these losses.

It is important that you understand that when you enter into a Product you are not trading in and do not own or have any rights to the Underlying Instrument.

You should obtain your own independent financial, legal, taxation and other professional advice as to whether our Products are an appropriate investment for you.

The minimum initial margin requirements for leveraging ratios offered for CFDs for retail clients is 2:1.

3.23 What are the Taxation Implications of Entering into our Products?

The taxation consequences of dealing in our Products depend on your personal circumstances. Some general taxation consequences are set out in section 13 of the PDS.

The taxation consequences can be complex and will differ for each individual's financial circumstances. We recommend that you obtain independent taxation and accounting advice in relation to the impact of options, futures and leveraged transactions and products on your particular financial situation.

3.24 How do you Learn to use the Trading Platform?

The Trading Platform contains an extensive user guide which is accessible from the “Docs” menu. Please refer to the following link to access this user guide <https://help.ftx.com/hc/en-us> or contact our Client Services Department for further details.

3.25 What if you need further information?

You can contact us by our contact details listed in section 1.4 of this PDS for further information.

4. KEY INFORMATION ABOUT OUR PRODUCTS

4.1 Key Features of our Products

You must understand the following in relation to our Products:

- Our Products are OTC derivatives issued by FTX Australia. They are mostly not Exchange-traded Products.
- Our Products are for investing indirectly in a range of instruments including for example digital assets, foreign exchange currencies, stocks and other financial instruments without having to own and pay full value of the Underlying Instrument.
- Your Digital Wallet must contain the required level of Collateral before you can acquire certain of our Products.
- You remain liable to maintain your Margin Fraction above the maintenance margin fraction requirement at all times. If you fail to do so, your Contracts may be closed out in part or in full, and you remain liable to pay for any remaining shortfall.
- Our practice is to wholly hedge our position on contracts with you, but we do not guarantee this will always occur.
- You have no right or obligation to acquire the Underlying Instrument itself.

4.2 Key Benefits of our Products

Our Products provide an important risk management tool for those who manage underlying financial instruments. The benefits of using our Products as a risk management tool include cash flow certainty and protection against adverse market swings. Other benefits of using our Products apply equally for a client as a risk management tool or for the client who is a trader or speculator. In further detail, these benefits include the following:

Key Product Benefits	
Protection from market movement	<p>FTX Australia provides a Trading Platform that enables you to trade in our Products over the internet. The Trading Platform allows you to buy and sell our Products to protect yourself against adverse market swings.</p> <p>FTX Australia also offers different types of Orders that enables you to manage volatility. You may manage downside risk by the use of advanced orders (e.g. Stop Loss Market, Stop Loss Limit etc.) if the market rate reaches a particular level.</p>

Provide cash flow certainty	<p>By agreeing a rate now for a time in the future you will determine the exact cost of that Underlying Instrument, thereby giving certainty over the flow of funds. Any profit (or loss) you make using our Products would be Off Set against the higher (or lower) price you physically have to pay for the Underlying Instrument.</p> <p>In addition to using our Products as a risk management tool, you may also benefit by using our Products to speculate on changing market movements. You may take a view of a particular market or the markets in general and therefore invest in our Products according to this belief in anticipation of making a profit.</p>
Trade in small amounts	<p>FTX Australia allows you to make transactions in small amounts. The minimum opening balance applicable for the Digital Wallet depends on the type of Account you open. When trading in our Products you may deposit an amount that suits you and which is in line with the amount you are willing to risk.</p>
Access to the Underlying Markets at any time when they are open	<p>Our Products enable you to take a trading position with an exposure to a particular Underlying Instrument without needing to buy or sell the actual full value of the Underlying Instrument.</p> <p>FTX Australia provides you with access to a highly advanced and multi-levelled system that gives you a unique opportunity to react quickly to breaking news that is affecting the Underlying Markets.</p>
Speculation	<p>You can also use our Products for speculation, with a view to possibly deriving gains from fluctuations with respect to the Underlying Instruments. Speculation may result in losses rather than gains.</p>
Real time streaming quotes	<p>The Trading Platform uses the latest technologies in order to offer you current quotes.</p>

4.3 Significant Risks of our Products

Trading in our Products carries a high level of risk. Some of the key risks involved in OTC derivative trading include, but are not limited to, the following:

Significant Product Risks	
Derivative risk – general	<p>The general risks that emerge as a result of trading derivatives with FTX Australia include the following:</p> <ul style="list-style-type: none"> • you could sustain a total loss of the amount that you have as Collateral to establish or maintain a Contract; • under certain market conditions, it could become difficult or impossible for you to manage the risk of any open Contracts by entering into the opposite Contracts or closing out existing Contracts; • under certain market conditions, the prices of Contracts may not maintain their usual relationship with the market of the Underlying Instruments; • a high degree of leverage is obtainable in trading our Products because of the small Margin Requirements. Please note, using leverage can work for and against you; • our Leveraged Tokens automatically rebalance daily so require close attention; • as a result of high volatility, low liquidity or gapping in the underlying market, you may

Significant Product Risks	
	<p>receive re-quotes, slippage or hanging Orders. Hanging Orders are often already executed, but can have a delay until they can be confirmed;</p> <ul style="list-style-type: none"> • changes in taxation and other laws, government, fiscal, monetary and regulatory policies may have a material adverse effect on your dealings in our Products; and • there is no clearing house for our Products, and the performance of a Contract is not 'guaranteed' by an Exchange or clearing house.
Loss from leverage	<p>Our Products are highly leveraged financial products with low Margin Requirements which include products referring to underlying volatile crypto-assets. This means that a slight price fluctuation in the Underlying Instrument to which our Products are referable can result in proportionately much larger movements in the value of your investment leading to significant losses as well as significant gains. Price fluctuations may be as a result of uncontrollable events or changes in a variety of conditions as described below in Counterparty Risk. You must be aware that the high degree of leverage can work against you as well as for you, and the potential losses may be far greater than the Collateral you have committed to open a Contract.</p> <p>You could be required to pay further funds representing losses and other fees on your open and closed Contracts. The prices of our Products may be volatile and fluctuate rapidly over wide ranges. The leveraged nature of our Products means that your Margin Requirements may change rapidly. You must monitor your open Contracts regularly.</p> <p>Example:</p> <p>You have an Account with FTX Trading with a Digital Wallet balance of USDC\$100,000.</p> <p>You buy 10 BTC-PERP perpetual futures at a price of USDC\$50,000 each.</p> <p>Your margin fraction is 20% (USDC\$100,000/10*USDC\$50,000).</p> <p>If the price of BTC-PERP falls to \$45,000, your Digital Wallet balance would be reduced by USDC 50,000.</p>
Margin risk	<p>You must have in your Digital Wallet sufficient collateral to satisfy the minimum maintenance margin fraction requirements. You should be aware that failure to meet those Margin Requirements may result in:</p> <ul style="list-style-type: none"> • some or all of your open Contracts being closed or liquidated by us with little or no notice to you; • you being prevented from opening new Contracts or extending existing Contracts; and • you being liable for interests charges on negative or debit balances. <p>Further, any additional Digital Assets must be updated on the Trading Platform before they will be taken as satisfying your Margin Requirements. Your Position may be liquidated before you have an opportunity to provide additional Digital Assets as Collateral as there can be delays in the DCE Provider converting fiat currency or blockchain transfer delays if you provide Digital Assets to your Digital Wallet directly. In addition, we will try to limit your losses by implementing negative balance protection and avoid this from occurring.</p>
Client Digital Assets may be	<p>Digital Assets which are held in your Digital Wallet may be sold at FTX Australia's request (made on your behalf pursuant to the Standing Authorisation) and the proceeds used to pay us moneys</p>

Significant Product Risks	
sold to pay FTX Australia	<p>to which we are entitled. This includes amounts for any realised losses as well as for any fees, charges and costs.</p> <p>The sale proceeds we receive from the sale of any Digital Assets are ours (and not held for you) and the sale of any of your Digital Assets in your Digital Wallet will reduce the balance in the wallet. You will remain liable for any tax on any gain or tax credit for any loss on the initial purchase price of the Digital Assets if they are sold.</p>
Options Contract	<p>Options Contracts are a type of OTC derivative product that is complex; suitable for experienced investors. If you are the buyer of a “call” or “put” Option Contract, your downside potential is the premium that you spent on the option (plus any relevant transaction costs).</p> <p>It is important that you understand that when you enter into an Options Contract, you do not own the underlying asset.</p> <p>You should obtain your own independent financial, legal, taxation and other professional advice as to whether the Options Contract is an appropriate investment for you.</p>
Futures Contract	<p>Futures Contracts involve a number of significant risks. Futures trading is highly speculative and volatile. There is no guarantee that you will make a profit and not make losses. Large losses may be sustained in relatively short periods of time. The losses you incur may not be limited to your credit balance in your Digital Wallet.</p> <p>You may sustain a loss that is greater than the Initial Margin and Variation Margin that you have deposited to your Digital Wallet.. You are responsible for monitoring and managing the margin cover requirements.</p> <p>Digital Asset prices have historically been highly volatile, experiencing sudden upward and downward swings. The underlying markets for digital assets/cryptocurrencies are largely unregulated and therefore may not be subject to licensing requirements.</p>
Leveraged Tokens <i>*Please note Leveraged Tokens are not available to retail clients. Leveraged Tokens are only available to wholesale clients with professional accounts.</i>	<p>Leveraged Tokens involve significant risks as they are complex products; suitable for experienced investors.</p> <p>Leveraged Tokens ‘rebalance’ each day, meaning that every day each BULL, BEAR and HEDGE Leveraged Token either:</p> <ul style="list-style-type: none"> • effectively purchases additional of the Digital Asset referenced, reflecting the profit made that day; or • effectively sells off some of the Digital Asset referenced, reflecting the loss during the day. <p>If the value of the Leveraged Token is increased at the end of the day, that new value will be subject to the whole leverage offered on the next day, and this can result in a poor investment performance when there are certain fluctuations in the market.</p> <p>For example, suppose an investment is made with “BULL” Leveraged Tokens (3x long tokens - ETHBULL), and the underlying instrument increases in value, a profit is generated. This profit on the ETHBULL is reflected in an increased price for the Leveraged Token. As that increased price is then subject to 3x leverage the next day, if the underlying instrument later decreases in value, the investment will perform poorly because the exposure to volatility will be increased after the initial positive results.</p>

Significant Product Risks

	<p>Conversely, BULL, BEAR and HEDGE Leveraged Tokens will automatically reduce risk if they lose money. For instance, if ETHBULL is purchased, the Leveraged Token will automatically sell off some of its ETH during a market fall which likely avoids liquidation so that the position still has assets left even after a 33% decrease in value of the underlying asset. However, if markets then go back up, ETHBULL will not take full advantage of the recovery as the value of the Leveraged Token has reduced and so less up or downside is available the following day.</p> <p>At a high level, the success (and risks) related to trading in Leveraged Tokens are strongly linked to price direction and momentum, as well as volatility in the market price of the Underlying Asset.</p> <p>Please refer to the following webpage for further information in relation to Leveraged Tokens and the risks which may emerge as a result of trading in Leveraged Tokens: https://help.ftx.com/hc/en-us/articles/360032509552-Leveraged-Token-Walkthrough-READ-THIS-</p>
Execution risk (slippage)	<p>We aim to provide the best possible execution from our systems and fill Orders at the requested rate. However, there may be times where, due to an increase in volatility or volume or other market conditions, some price 'slippage' may occur. This generally occurs during significant news events or 'gapping'.</p> <p>Execution is also subject to available liquidity in the Underlying Instrument. Your Orders may not be filled due to the Underlying Instrument price moving significantly or liquidity exhausted, in which case your Order will be filled at the next available price.</p> <p>For the benefit of our clients, we treat slippage in the same way that they would be treated in the Exchange-traded markets in that we slip our clients to a better price if the market from which we obtain prices has moved in your favour, and similarly a worse price if the market has moved against you. When executing our clients' transactions, FTX Australia's execution will reflect both positive and negative price movements in the Underlying Instrument.</p>
Execution risk (delays)	<p>Execution delays may occur for a number of reasons such as technical issues with your internet connection to our servers. Connection strength may vary depending on the type of device used. Interruptions may cause a delay in the transmission of data between our servers to the Trading Platform. An execution delay coupled with leverage trading can lead to losses.</p>
Execution risk (hanging orders)	<p>During periods of high volume of trading, hanging Orders may occur. This is where an Order sits in the "orders" window after it has been executed. Generally, the Order has been executed, but it is simply taking a few moments for it to be confirmed. During periods of heavy trading volume, it is possible that a queue of Orders will form. That increase in incoming Orders may sometimes create conditions where there is a delay in confirming certain Orders.</p>
Liquidity risk	<p>Liquidity risk typically occurs in volatile markets or in circumstances where there is a major news announcement. When there is a lack of liquidity in the Underlying Instrument, you may not be able to enter or exit a Contract at your requested price.</p>
Market risk	<p>Financial markets are subject to high volatility causing rapid price fluctuations. This is primarily due to external influences and unforeseen events. This affects prices and spreads of our Products.</p> <p>There is no guarantee or assurance that you will make profits, or not make losses, or that</p>

Significant Product Risks	
	<p>unrealised profits or losses will remain unchanged.</p> <p>You can reduce your risk by understanding the market relevant to our Products, monitoring your positions carefully and closing your open positions before unacceptable losses arise.</p>
Market disruptions	<p>A market disruption may lead to you being unable to deal in our financial products when you wish, and you may suffer a loss because of that. This is because the market disruption events which affect the Underlying Instrument will also affect the Contracts on the same or very similar basis.</p> <p>Examples of disruptions include the “crash” of a computer-based trading system, fire, or Exchange emergency. Another example is an Exchange or government regulatory body declaring an undesirable situation has developed in relation to a series of options or futures contracts and suspending trading in those Products or currencies or cancelling that trade.</p> <p>You can attempt to minimise the effect of market disruptions by obtaining information released by the market relevant to the position and acting after the event as appropriate (if any) to the position held, such as Closing Out because the values have significantly changed since before the event.</p>
System risk	<p>Operational risk is inherent when trading online. Disruptions in operational processes such as communications, computer networks or external events may lead to trade execution problems.</p>
Auto liquidation	<p>FTX Australia may, without prior notice to you, liquidate some or all your open Positions if your Digital Wallet balance reaches or falls below the maintenance margin fraction requirements applicable to your Account type. This ‘right’ may incur fees and realise losses in your Account (which can affect the balance of your Digital Wallet).</p> <p>FTX Australia does not assure you that it will act on the abovementioned right, at any time or in respect of all or any of your open Positions. You should not rely on this right to manage your risk or monitor your Positions, and your obligation to maintain funds in your Digital Wallet to meet Margin Requirements applicable to your Account.</p> <p>Some further examples of basic risks include failing to manage your own Account by maintaining the adequate Margin Requirement, failing to monitor your open Positions, you (wrongly) rely on FTX Australia liquidating your open Contracts, or you failing to manage your open Positions before the Digital Wallet balance reaches or falls below the Liquidation Level applicable to your Account.</p> <p>You can manage the risk of us liquidating some or all your open Positions, or the risk of you wrongly relying on FTX Australia to do this, by carefully monitoring your open Positions, placing and maintaining prudent Orders (including Stop Loss Orders), if such exists at the time you opened your Position and managing your open Positions before the Digital Wallet balance reaches or falls below the Liquidation Level applicable to your Account.</p>
Cancellation for error	<p>FTX Australia may void from the outset any Contract containing or based on an error, price, or series of prices, which are subsequently determined to be unrepresentative of the actual market valuation of the Underlying Instrument or an Event of Default under the Terms and Conditions. This is exercised in our discretion, so you have risk of a Contract later being cancelled, whether or not you were aware that there was an error in the pricing or an Event of Default which we later decide has occurred. In the absence of our fraud or wilful default, we will not be liable to you for any loss, cost, claim, demand or expense following any such</p>

Significant Product Risks	
	<p>cancelation.</p> <p>We consider this to be a low risk since it does not occur often, but it can occur. You can manage your risk by actively monitoring the available prices, your Digital Wallet and your Account.</p>
Conflicts	<p>Trading with us carries an automatic risk of actual conflicts of interests because FTX Australia is acting as principal in its Contracts with you and FTX Australia sets the price of our Products and also because it might be transacting with other persons, at different prices or rates, or FTX Australia might be dealing with market participants in relation to its exposure to you or to any aspect of all of its clients' Accounts.</p> <p>You can monitor the pricing of our Products against other issuers of financial products which have comparable terms, and against the Underlying Markets.</p>
Valuation	<p>FTX Australia decides the values of our Products issued to you. Typically, this is by some reference to (but not automatically solely derived from) the market value (or, if relevant, index level) of the relevant Underlying Instrument on the relevant Underlying Market which in turn affects the price quoted by any relevant hedging counterparty to us. FTX Australia does not commit to providing prices directly from a market but will almost always rely on the prices provided by FTX Trading for the Underlying Instruments.</p> <p>If the market fails to provide that information (for example, due to a failure in trading systems or data information service) or trading in the Underlying Instrument is halted or suspended, FTX Australia determines its value based only on its own information (not market pricing).</p> <p>Due to the nature of our financial products, FTX Australia's discretion is unfettered and so has no condition or qualification.</p> <p>While there are no specific limits on our discretions, FTX Australia must comply with its obligations as a financial services licensee to act efficiently, honestly and fairly. You therefore have the risk of relying on whatever value is determined by us in the circumstances permitted by the Terms.</p>
Not a regulated market	<p>The financial products offered by FTX Australia are not covered by the rules for Exchange-traded products. For example, trading on the ASX is governed by rules applicable to brokers and generally has the benefit of a guarantee system known as the National Guarantee Fund which provides protection from fraud or misconduct by brokers in connection with certain ASX trades. The ASX rules and the National Guarantee Fund do not apply to trading in our Products. Neither FTX Australia nor FTX Trading are licensed as clearing and settlement facility, and our Products are not cleared through those facilities.</p> <p>OTC derivatives by their nature may not at times be liquid investments in themselves. If you want to exit a position, you rely on FTX Australia's ability to close out at the time you wish, which might not match the liquidity or market price of the Underlying Instrument.</p> <p>You can reduce your risk by carefully reading this PDS, the Terms and taking independent advice on the legal and financial aspects relevant to you.</p>
Regulatory bodies and regulatory changes	<p>Changes in taxation and other laws, government fiscal, monetary and regulatory policies may have a material adverse effect in your dealings with us.</p> <p>Furthermore, you may incur losses that are caused by matters outside of our control. For example, actions taken by a regulatory authority exercising its powers during a market</p>

Significant Product Risks

	<p>emergency may ultimately result in losses to you because of the effect of those actions on the Underlying Instrument and so will affect the terms of your Contracts and/or Accounts (with or without any decision by us).</p> <p>A regulatory authority can, in extreme situations, suspend trading or alter the price at which a position is settled, which might lead to changes to the pricing for the Underlying Instrument for your Contracts.</p>
<p>Counterparty risk – Hedging - Benchmark 3: RG 227</p>	<p>Credit risk refers to the risk that our hedging counterparty fails to perform its obligations which results in financial loss. We have put in place a risk management framework which is intended to manage the credit risk and market risk and to protect us and our clients from sudden changes in the liquidity, credit quality or solvency of our hedging counterparties.</p> <p>You will be dealing with FTX Australia as the counterparty to every Contract. You will have an exposure to us in relation to each Contract. As a result, you will be reliant on our ability to meet our counterparty obligations to you to settle the relevant Contract. If we default on our obligations, you may become an unsecured creditor in an administration or liquidation and will not have recourse to any Underlying Instruments in the event of our insolvency.</p> <p>We may enter into OTC transactions as principal with a number of reputable counterparties to hedge some or all of the market risk arising from our transactions with you (and our other clients). We may in our discretion, choose not to hedge our transactions with you in which case you will be wholly reliant on our ability to meet our counterparty obligations to you to settle the contract.</p> <p>Currently, as of the date of this PDS, we hedge 100% of our trades with FTX Trading.</p> <p>We are also exposed to the financial risks of FTX Trading as your Digital Assets are maintained with which we hold certain of our own Digital Assets (Margin) and with which we enter into hedging or Off Setting transactions to manage our exposure to you. Accordingly, you are indirectly exposed to the financial risks of FTX Trading. If the financial condition of us or assets of our counterparties or the parties with which we hold Digital Assets deteriorates, then you could suffer loss due to the fact that the return of the Digital Assets could become difficult.</p> <p>Within our risk management framework, we have assessed the market risk and counterparty risks arising from entering into transactions with you (and our other clients) and hedge counterparties and applied controls to mitigate those risks. Those controls include:</p> <ul style="list-style-type: none"> • the enforcement of leverage limits based on the total equity of your Digital Wallet and the instruments being traded; and • the enforcement of market risk limits on our net exposure and daily loss limits. <p>Our selection of FTX Trading, as our hedging counterparty, is based on the following factors:</p> <ul style="list-style-type: none"> • the jurisdiction/country of the counterparty, and whether the counterparty holds (or is required to hold) a financial services license; • the authority that regulates the counterparty; • the provisions of any license;

Significant Product Risks	
	<ul style="list-style-type: none"> • the paid capital of the counterparty; • the net assets of the counterparty; • the net tangible assets of the counterparty; • the liquidity ratios of the counterparty; and • the counterparty’s business history and reputation. <p>Our current Hedging Counterparty Policy, which notes our current approved hedging counterparties, is available on our Website and can be viewed at the following webpage: https://help.ftx.com/hc/en-us/article_attachments/4844194071060/FTX_Australia_-_Hedging_Policy.pdf.</p>
Counterparty risk – Financial Resources – Benchmark 4: RG 227	<p>As an issuer of OTC derivative products, FTX Australia must comply with the financial requirements imposed under our AFSL as set out in ASIC Regulatory Guide 166 and other regulatory financial obligations. The goal of these requirements is to ensure that we meet the minimum level of financial resources required by law to conduct business and meet any liabilities as and when they may arise.</p> <p>We monitor our exposure on a daily basis using real-time software tools and prepare detailed financial reports on a monthly basis to ensure applicable financial requirements are met.</p> <p>We also:</p> <ul style="list-style-type: none"> • perform a daily net tangible assets (NTA) calculation, ensuring that we meet the minimum NTA requirement set by ASIC; and • perform quarterly stress testing ensuring that in the event of significant adverse market movements, we would have sufficient liquid resources to meet our obligations to you and our other clients without needing recourse to the Collateral. <p>The latest results of our financial audit are available for inspection upon request at our registered office, the details of which is provided in section 1.4.</p>
FTX Australia’s power on default, indemnities and limitations on liability	<p>If you fail to pay, or to provide currency for, amounts payable to us or fail to perform any obligation under your Contracts, FTX Australia has extensive powers under the Terms to take steps to protect its position.</p> <p>For example, FTX Australia has the power to close out Positions, to decide whether to accept Orders or to execute them and to determine the rates of interest we charge. Additionally, under the Terms, you agree to indemnify us for losses and liabilities, including, for example, in default scenarios.</p> <p>Although these powers, limits on the liability of FTX Australia and the indemnities you give to FTX Australia are extensive and potentially expose you to significant risks, FTX Australia must comply with our obligations as a financial services licensee to act efficiently, honestly and fairly.</p> <p>You should read the Terms carefully to understand these matters.</p>

Significant Product Risks	
Forks	<p>As a result of the decentralised and open source nature of Digital Assets it is possible that sudden, unexpected, or controversial changes (Forks) can be made to any Digital Assets that may change the usability, functions, value or even name of a given Digital Asset. Such Forks may result in multiple versions of a Digital Asset and could lead to the dominance of one or more such versions of a Digital Asset and the partial or total abandonment or loss of value of any other versions of such Digital Asset.</p> <p>Forks of Digital Assets can be frequent, contentious and unpredictable, and therefore cannot be consistently supported on the Trading Platform. When trading or holding Digital Assets using your Digital Wallet, you should operate under the assumption that each of FTX Australia and FTX Trading will never support any Fork of such Digital Assets.</p> <p>In the event of a Fork of a Digital Asset, we may be forced to suspend all activities relating to Products referencing that Digital Asset for an extended period of time, until FTX Australia has determined in its sole discretion that such functionality can be restored (Downtime). This Downtime may occur at the time that a Fork of a given Digital Asset occurs, potentially with little to no warning. During such Downtime, you understand that you may not be able to trade, Products referencing the Digital Asset subject to such Fork. FTX Australia does not bear any liability for losses incurred during any Downtime due to the inability to trade or otherwise transfer Products referencing the Digital Asset subject to such Fork.</p>
Attacks on Blockchain Networks	<p>FTX Australia cannot prevent or mitigate attacks on blockchain networks and has no obligation to engage in activity in relation to such attacks. In the event of an attack, FTX Australia reserves the right to take commercially reasonable actions, including, but not limited to, if we confirm that a Digital Asset's network is compromised or under attack, immediately halting trading in Products which reference such Digital Asset. If such an attack caused the Digital Asset to greatly decrease in value, we may discontinue trading in Products referencing that Digital Asset entirely.</p> <p>FTX Australia makes no representation and does not warrant the safety of the Trading Platform and you assume all liability for any lost value or stolen property relating to your Digital Wallet (which we do not manage or have access to outside of the Standing Authorisation).</p>
Supply and Value of Digital Assets	<p>The value of Digital Assets may be derived from the continued willingness of market participants to exchange Digital Assets for Digital Assets, which may result in the potential for permanent and total loss of value of a particular Digital Asset should the market for that Digital Asset disappear.</p> <p>You acknowledge and agree that Digital Assets and/or FTX Australia's features available in one jurisdiction may not be available for trading or to access, as applicable, in another.</p>

5. HOW TO TRADE?

5.1 Your Account and Digital Wallet

Before you begin dealing in our Products, you should read the contents of this PDS, the Terms, the TMD and the FSG and decide whether our Products are suitable for you.

To establish an Account, you will need to have an FTX Trading account and complete an online application form which accompanies the online access to our Terms. By submitting the completed application form, you agree to the Terms. We may reject your Account application in our sole discretion, but in the event of that rejection you will still have your FTX Trading account.

We will ask you questions that help us assess your suitability to trade our Products. Please refer to section 10 for our Client Qualification Policy.

This PDS summarises many important elements of the Terms. However, it is not a comprehensive description of the Terms and you must read the Terms in their entirety. You should also consider seeking legal advice before entering into any transaction, as the Terms are important legal provisions and affect your dealings with us.

Funding of your Digital Wallet

Your Digital Wallet may only be funded using selected Digital Assets. The full list of current payment options is available on our Website and may be amended from time to time.

As mentioned above in section 3.11 **FTX Australia will not hold or control your Digital Assets or any of your fiat currency.** Rather, only your **Digital Wallet managed by FTX Trading will hold Digital Assets.**

The funding process will operate as follows when you choose to fund your Digital Wallet with a fiat currency:

- you may make a deposit to the DCE Provider, who will convert your fiat currency into your selected Digital Assets (or a stablecoin by default); and
- the DCE will deposit these Digital Assets into your Digital Wallet.

When transferring funds to the DCE Provider you must ensure that the funds are appropriately referenced with your reference number to enable the DCE Provider to easily identify your funds and transfer your Digital Assets to your Digital Wallet. All payments made to the DCE Provider must be free of any withholding tax or deduction.

Any conversions with the DCE Provider are subject to their terms and conditions.

The DCE Provider does not accept funds transferred from third parties, so it is your obligation to ensure that any funds transferred to the DCE Provider are from a bank account in a name which matches your Account. The DCE Provider may, in their absolute discretion, without creating an obligation to do so, return any funds transfer or cheque received from a third party back to the bank account from which it was transferred.

Digital Wallet Funding Process

FTX Australia will not accept any liability or responsibility for any losses that you may suffer as a result of, or arising out of, or in connection with, returning any transfer of moneys or cheque from a third party, including any losses incurred by you because you are subsequently in default of your obligations under the Terms.

5.2 Opening and Closing a Contract

The particular terms of each Contract are agreed between you and FTX Australia before entering into a Contract.

Prior to you entering into a Contract with us, FTX Australia will require you to have sufficient Collateral in your Digital Wallet to satisfy the Initial Margin fraction requirements for the relevant number of Contracts. The Collateral may be for Margin or withdrawn to pay the amounts for realised/unrealised losses or any fees and charges which you may owe.

A Contract is opened by either buying (going long) or selling (going short) a Contract:

- You go “long” when you buy a Contract in the expectation that the price of the Underlying Instrument to which the Contract relates will increase. This would have the effect that the price of the Contract would increase; and
- You go “short” when you sell a Contract in the expectation that the price of the Underlying Instrument to which the Contract relates will decrease. This would have the effect that the value of the Contract would decline.

A Contract in respect of a CFD is open until it is closed, and the amount of profit or loss to you, can then be calculated.

In order to close a position, you may need to click the “close” button on the Trading Platform . The closure of a Contract will generally result in a profit or loss being realised. If you close a Position, any related Orders you have placed against that Position will be cancelled. However, please note that we may not be able to allow you to close a Contract at a particular time and/or at the particular price, for example, without limitation, due to illiquidity, gapping or other execution related issues.

5.3 Dealing

Quotes for prices for dealing in our Products are indicative only, and are therefore subject to the actual available price at the time of execution of your Order.

A quote given to you by us is not an offer to contract. You clicking ‘buy’ or ‘sell’ on the Trading Platform will send a message to us indicating that you wish to trade on the terms and conditions indicated. This message will constitute an offer by you to buy or sell at the price and trade size chosen. If we accept your offer, the information about your offer to trade will appear on the Trading Platform. Your Order will not have been placed and no Contract will come into existence until this information is available on the Trading Platform. If the information about your offer to trade does not appear on the Trading Platform within two (2) minutes, you must notify us immediately. If you do not notify us, you will be deemed to have agreed only to the transactions recorded by us which may not include a transaction that you thought you had entered into. Similarly, if you dispute the contents of any transaction information sent by us to you, you must notify us immediately upon receipt by telephone or email, if you do not, the transaction recorded by us will be deemed to have been agreed by you.

While FTX Australia endeavours to execute your Order to the best of its ability, there is no assurance that the Order will be able to be executed at the price of your Order.

Quotes will be given and Contracts made during the open market hours of the relevant market on which the Underlying Instruments are traded.

You should be aware that the market prices and other market data that you view through the Trading Platform or other facilities that you arrange yourself may not be current or may not exactly correspond with the prices for the Products offered by us.

You should note that FTX Australia is not obliged to accept your Orders. Typically, and without limitation, this would occur should you exceed the limits imposed on your Account by FTX Australia, or where there is an insufficient balance in your Digital Wallet to meet your Margin obligations.

5.4 Pricing, Spread and Fees

FTX Australia may quote a lower price and a higher price at which you can place your Order. This is referred to as the ‘bid/ask spread’. The higher quoted price is the indication of the price you can “buy” a Contract. The lower quoted price is the indication of the price at which you can “sell” a Contract (that is, close out an Open Contract). Spread means the difference between the bid price and the ask price (**Spread**).

The calculation of the price for a Contract, at the time the Contract is opened or closed, will be based on market prices available at the time and the expected level of interest rates, implied volatilities and other market conditions during the life of the Contract and is based on a complex arithmetic calculation.

FTX Australia sets the bid/ask prices so these prices may not be the same as those quoted in the relevant Underlying Market. The Spread is incorporated into the price of the Contract quoted to you and is not an additional fee or charge payable by you. The spreads we quote are generally wider than the spreads available in the Underlying Market or quoted by our liquidity providers.

When your Order is executed, for you to break even or before you can realise a profit (putting aside, for the sake of a simple illustration, any fees or charges) the price at which you exit your position needs to have moved in your favour to at least equal to the original bid or ask price that you started the position (depending on whether you went long or short).

In addition, the available pricing may be limited by tick sizes, minimum steps, depending on the general market rules for trading the Underlying Instrument or FTX Australia's hedging counterparties, so, depending on the product you choose, your Order to exit your Contract might have to be in minimum increments of pricing before it can be accepted and executed. That could affect your net profit or loss.

In addition for perpetual futures Contracts, every hour, each perpetual futures Contract has a funding payment dependent on whether the perpetual future is trading at a premium (longs pay shorts) or at a discount (shorts pay longs). The funding payment is calculated as follows:

- Hourly funding payment = notional size * TWAP of futures price – TWAP of index)/24
- where TWAP = time weighted average price over the previous hour.
- Example: BTC/USD Perp
 - Notional size = 5 BTC/PERP
 - TWAP of futures price = \$61,131
 - TWAP of index price = \$61,112
 - Premium = \$61,131 - \$61,112 = \$19
 - Hourly funding payment = 5 * \$19/24 = \$3.95 (Long pays short)

This funding payment helps to keep the perpetual futures in line with the price of the underlying index without ever having to close down positions for expiration. The funding paid (received) by longs is the same as the funding received (paid) by shorts.

Our fees and charges, that we are charged by us, are disclosed and updated from time to time on our website: <https://help.ftx.com/hc/en-us/articles/360024479432-Fees>.

FTX has a tiered fee structure for all [futures](#) and [spot](#)* markets, as follows:

Tier	30 D Volume (USD)	Maker Fees	Taker Fees
1	0	0.020%	0.070%
2	> 2,000,000	0.015%	0.060%
3	> 5,000,000	0.010%	0.055%
4	> 10,000,000	0.005%	0.050%
5	> 25,000,000	0.000%	0.045%
6	> 50,000,000	0.000%	0.040%

Note that FTX also has a referral program, a VIP program for professional traders, and a Backstop Liquidity Provider program for market makers.

In addition, there are fee discounts for holders of the FTT token, which is the native token of the FTX Exchange.

The current discounts, based on FTT holdings:

FTT Holding (USD)	Discount on FTX Fees	Other Privilege
\$100	3%	N/A
\$1,000	5%	N/A
\$5,000	10%	N/A
\$10,000	15%	N/A
\$50,000	20%	N/A
\$100,000	25%	N/A
\$200,000	30%	N/A
\$500,000	35%	N/A
\$1,000,000	40%	Automatically become Tier 4
\$2,500,000	50%	Automatically become VIP 1
\$5,000,000	60%	Automatically become VIP 2

6. FTT holdings cannot decrease taker fees below 0.015%.
7. FTT stakers receive maker rebates up to 0.0030%, and it costs only 25 FTT to have 0 maker fees.
8. FTX Australia charges no fees on Futures Settlement.

8.1 Pricing Model

FTX Australia offers prices for our Products based on prices from FTX Trading

Although the prices of our Products on the Trading Platform are competitive, you should be aware that FTX Australia is acting as counterparty to you and does not act as your agent to find you the best prices.

8.2 Confirmations of Transactions

If you transact in our Products, the confirmation of the Contract, as required by the *Corporations Act*, will be reflected in your Digital Wallet balance, which you can access via the “Wallet” page. It is your obligation to review the confirmation of Contracts immediately to ensure its accuracy and to report any discrepancies to us within 24 hours.

8.3 Suspended or Halted Underlying Instruments

FTX Australia may at any time, in our absolute discretion, without prior notice, impose limits on particular Products. Ordinarily FTX Australia would only do this if the market for the particular Underlying Instrument has become illiquid or its trading status has been suspended or there is some significant disruption to the markets including trading facilities.

We will halt trading in Contracts when there is a trading halt in the Underlying Instrument.

If an Underlying Instrument to which a Contract relates is suspended or has been halted from trading, we will suspend trading in the Product and we may choose to increase the Margin Requirements to support that open Position at our reasonable discretion. If the Underlying Instrument remains suspended for a period that we deem unacceptable to us in our sole discretion, we may close the open Position at fair value as determined by us. If an Underlying Instrument to a Product has been de-listed or ceases to be priced, we reserve the right to close all affected open Positions at the last available price.

9. MARGINS

9.1 Key Features of Margining

FTX Australia applies the following main principles in relation to our Margin practices:

- You must pay Margin before the issuance of certain of our Products as notified to you on the Trading Platform.
- Any Collateral is only recognised when credited to your Digital Wallet by FTX Trading and does not count towards any Margin until that occurs.
- When you have open Contracts, you are obliged to maintain at all times the total margin requirements for all of your open Contracts.
- Your Digital Wallet will be immediately liquidated if your collateral falls below our maintenance margin fraction requirement.
- The timing and amount of liquidations will depend on movements in the market price of the open Positions and the changes to your Digital Wallet value.
- It is your obligation to monitor and maintain the margin requirements for your Digital Wallet.
- We are not obliged to notify you about your obligations to maintain sufficient collateral, though we may do so by email, telephone call or otherwise, as a courtesy.
- There is the risk of all of your Contracts being Closed Out if you do not have sufficient collateral in your Digital Wallet, regardless of whether you have checked your margin requirements or whether you have tried to make a payment but it has not been credited to your Digital Wallet.

9.2 Margin Fraction

A Digital Wallet's Margin Fraction is calculated as:

- $\text{Margin Fraction} = \frac{\text{Total Digital Wallet Value}}{\text{total position notional}}$
- Total Digital Wallet Value = All collateral and unrealized profits and loss across all balances and positions.

For purposes of determining a Digital Wallet value, the weight of each type of crypto collateral is specified on our website at: <https://help.ftx.com/hc/en-us/articles/360024780511-Complete-Futures-Specs>

For instance, Bitcoin is valued at 95% of its market value for purposes of calculating the Initial Margin (as described below) and 97.5% otherwise.

Please refer to our Help articles on our Website for more information about the applicable Margin Percentage.

9.3 Initial Margin

For Digital Wallet's that only have one position on, a Digital Wallet can only increase its position if its Margin Fraction is higher than its Position Initial Margin Fraction, which is calculated as follows:

- Position Initial Margin Fraction = $\max(1 \text{ divided by user's maximum leverage, regulatory minimum initial margin fraction, IMF factor} * \sqrt{\text{position open size}})$; where the IMF factor is a unique parameter for each market as specified on our website at <https://help.ftx.com/hc/en-us/articles/360024780511-Complete-Futures-Specs>.

9.4 You Must Monitor Margin

Through the Trading Platform, you have access to your Account and sufficient information to enable you to calculate the amount of any Margin Requirements for your Digital Wallet and the total amount of Margin due from you. It is your responsibility to ensure that you obtain all relevant information in respect of your Account and Digital Wallet, including all information in respect of your current open Positions. We will not be responsible for any losses you may suffer or incur as a result of you not obtaining or requesting any such information.

It is your responsibility to monitor at all times (including by checking on the Trading Platform) the amount of Margin deposited with us from time to time against the amount of any Margin currently required and any additional Margin that may be necessary or desirable, having regard to such matters as:

- your open Positions;
- the volatility of any relevant Underlying Instrument;
- the volatility of the relevant Underlying Market;
- the volatility of the markets generally;
- any applicable exchange rate risk; and
- the time it will take for you to remit sufficient cleared funds to us.

9.5 Profits and Losses

The Profits and Losses of your Account will fluctuate according to:

- the Digital Assets held in your Digital Wallet;
- the balances you are holding in your Digital Wallet;
- the dealings conducted on your Account; and
- the Contracts you hold.

Your Profits and Losses are constantly calculated in line with movements in our prices for Products. These amounts are displayed on the Trading Platform. Your Profits and Losses are calculated every 30 seconds. It is your responsibility to monitor and manage your open Positions and exposures and ensure that your Digital Wallet has a sufficient Digital Asset balance at all times for Margin. This may include:

- closing or reducing one or more of your open Contract(s) in order to prevent further increases to your collateral requirements; and/or
- depositing additional Digital Assets (or fiat currency converted to Digital Assets) into your Digital Wallet in order to satisfy the collateral requirements.

If you choose to deposit additional Digital Assets into your Digital Wallet, these additional funds must be cleared funds and updated on the Trading Platform by FTX Trading before they will be treated as having satisfied your obligations to FTX Australia.

Please refer to the Help articles on our Website for the Margin Requirements of each Product.

9.6 Cross Margin

Unlike other trading venues where each position taken by a user is completely isolated from others and requires separate maintenance, the FTX Australia platform provides cross-margining, which allows users to hold all positions and balances in one Digital Wallet. At a high level, this means that a user can hold all supported Products and Contracts in one Digital Wallet, and using any of them, trade any of the products on the exchange.

By default, all positions and balances in a Digital Wallet uses the same collateral pool.

If a user wants to use an isolated margin, the user can create a sub-Digital Wallet for that position and move in collateral. Each sub-Digital Wallet has one central collateral wallet and uses cross-margining for that sub-Digital Wallet. Each sub-Digital Wallet has separate margin and collateral from other sub-Digital Wallets.

9.7 Maintenance Margin

For a single position, if a user's margin fraction falls below the Position Maintenance Margin Fraction, that user's position will be liquidated. Position Maintenance Margin Fraction = $\max(3\%, 0.6 * IMF * \text{square root}(\text{position size}))$.

If a user is cross-margined across multiple assets, then:

- Maintenance Margin Fraction = weighted average of each Maintenance Margin Fraction of the Digital Wallet's positions by each's position notional value.

9.8 Auto-close Margin

If a user drops below the Auto-Close Margin Fraction, then the user's position will begin to be closed at the Zero Price against backstop liquidity providers.

Auto-Close Margin Fraction = $\max(\text{Maintenance Margin Fraction}/2, \text{Maintenance Margin Fraction} - 0.06)$

Zero Price = if long, Mark Price of asset * (1-Margin Fraction); if short, Mark Price of asset * (1+ Margin Fraction).

9.9 What is used as Your Collateral?

When you are trading in the Products, all of the Digital Assets in your Digital Wallet may be used as collateral.

10. CLIENT QUALIFICATION POLICY

10.1 Introduction

Trading in our Products is not suitable for everyone because of the significant risks involved (please see section 4.3 to review the significant risks associated with using our Products and Trading Platform). This section sets out the practical operation of FTX Australia's Client Qualification Policy.

10.2 Minimum Qualification Criteria

We assess your suitability against a list of qualifying criteria that addresses your understanding and experience with the Products. You must be aware of the features of the Products and the associated risks before investing in them. We do not accept retail investors unless you meet the minimum qualification criteria. In assessing whether you meet the minimum qualification criteria (and that you are a suitable person to use our products) we take into account the following factors (amongst other factors):

- your previous trading experience in trading financial products including securities, derivatives and digital assets/cryptocurrencies;
- your understanding of leverage, margins and volatility;
- your understanding of the key features of the Products;
- your understanding of the nature of CFDs, options, futures and leveraged tokens, including that these products do not provide investors with interests or rights in the underlying asset over which a position is taken;
- understanding of the processes and technologies used in trading; and
- preparedness and ability to monitor and manage the risks of trading.

Our assessment of your suitability is based on the information you provide. You warrant that the information you provide to us is true and accurate in all aspects. You understand that we will rely upon the information you provide in making a judgment about whether to accept you as a client.

Our assessment of your suitability to trade in the Products and any limits we set for your Account (or later change to those limits) should not be taken as personal advice that our products are suitable for you, nor does it imply that we are responsible for any of your losses from trading in the Products.

To the extent permitted by law, we do not accept liability for your choice to invest in any Products. You should read the entirety of this PDS carefully, consider your own needs and objectives for investing in these Products and obtain independent advice as you see fit.

If in our sole judgment we consider that you have qualified, we will not be liable in any way to you, nor can you have any dealings or transactions between us set aside, modified or varied, if your experience, knowledge and understanding are found to be insufficient or that we were in error in making our judgment.

10.3 Client Suitability Assessment

When you start the Account opening process with us online, you may be required to conduct a Client Suitability Assessment or equivalent quiz which assesses your trading objectives, source of income, profession and basic knowledge.

If you do not meet the minimum qualification criteria (after completing a Client Suitability Assessment) FTX Australia may not open or may suspend your an Account. In the event that you do not meet the minimum qualification criteria, we recommend that you visit our website for useful articles, FAQs and walkthroughs to assist your learning in relation to our Products, leverage, margin, volatility and trading in CFDs (amongst other information). In addition, one of our staff members may contact you to discuss potential solutions to improve your understanding and knowledge of our Products. You may re-take the Client Suitability Assessment 24 hours after your previous attempt (or in such shorter period we may permit).

The Client Suitability Assessment is mainly used to assess whether a prospective client is eligible to qualify for a Professional Account. Clients which qualify for a Professional Account are eligible to be considered a 'sophisticated investor' as defined under section 761GA of the Corporations Act. Prospective clients will need to score sufficiently highly on the Client Suitability Assessment and once FTX Australia is satisfied of such assessment, agree to the 'Sophisticated Investor Acknowledgment' and 'Wholesale Client Information

Statement', in order to use a Professional Account and to be considered a sophisticated investor. This is not an automatic process and you will be required to provide further evidence to demonstrate that you meet the requirements of a sophisticated investor. If you are classified as a sophisticated investor, you may be entitled to trade with higher leverage, but other protections afforded to a retail client, such as negative balance protection and the ability to complain to AFCA, will not be available to you.

10.4 **Written Records**

We maintain and retain written records of all our assessment processes.

11. **WE NEVER HOLD YOUR DIGITAL ASSETS**

11.1 **Security Policies and Procedures**

The Digital Assets in your Digital Wallet are used as Collateral and are held by FTX Trading in accordance with its digital asset security policies and procedures. These policies and procedures provide enhanced protection to the Digital Assets held by FTX Trading, and assist in preventing, managing and responding to the following Digital Assets security risks (amongst other security risks):

- blockchain network attacks;
- Digital Asset platform vulnerabilities;
- code injections and data breaches;
- cyber intrusion; and
- other security risks that may emerge from time to time.

In addition, FTX Trading ensure that all of its staff are adequately trained in cybersecurity in the context of holding Digital Assets. This assists FTX Trading personnel manage and prevent cybersecurity risks more effectively.

FTX Australia does not at any time hold your Digital Assets.

11.2 **Record Keeping**

FTX Trading also implements policies and procedures to ensure that they are maintaining adequate records, performing reconciliation activities and conducting internal reporting, in relation to the Digital Assets they hold.

11.3 **WARNING: CLIENT MONEY RULES DO NOT APPLY TO DIGITAL ASSETS**

Digital Assets are not Client Money. Accordingly, the Client Money Rules and any protections contained therein do not apply to Digital Assets used as collateral at this time.

12. **FEES, COSTS AND CHARGES**

In consideration for the use of your Account and the Trading Platform, you agree to pay to FTX Australia the appropriate fees, as set forth in clause 5.4 above and in our [Fee Schedule](#) displayed on the website which FTX Australia may revise or update in its sole discretion from time to time. On request, FTX Australia may make available an Alternative Fee Schedule to customers who satisfy certain criteria (such as in relation to trading volume), which are determined by FTX Australia in its sole discretion from time to time. You authorise FTX Australia to deduct any applicable fees from your Digital Wallet at the time you make a given transaction. Changes to the Fee Schedule or Alternative Fee Schedule are effective as of the date set forth in any revision and will apply prospectively from that date forward.

13. TAXATION IMPLICATIONS

This section contains general information about the Australian taxation implications for Australian residents dealing in any Products, and is based on Australian taxation laws as at the date of this PDS. It is general information only, and does not take into account your objectives, financial situation or needs.

Australian residents and non-Australian residents should seek professional taxation advice that is based on their individual circumstances and in the case of non-residents the taxation laws of both Australia and their country of taxation before trading in any Products, noting that taxation of digital assets/cryptocurrencies is an evolving area of law.

13.1 Taxation Ruling: Contracts for Difference

The approach of the Commissioner of Taxation (the Commissioner) to the income tax and capital gains tax consequences of dealing in CFDs is reflected in Taxation Ruling 2005/15. We set out a summary of that ruling below.

Please note that references to CFDs in this section include Margin FX Contracts and CFDs. A copy of Taxation Ruling 2005/15 is available at www.ato.gov.au.

It is the Commissioner's view that any gain a taxpayer makes from dealing in a CFD (including a Margin FX Contract) will be assessable income under section 6-5 of the Income Tax Assessment Act 1997 (**ITAA 97**), while any loss it makes from dealing in CFD (including a Margin FX Contract) will be an allowable deduction under section 8-1 of ITAA 97 provided that:

- the CFD transaction is entered into as an ordinary part of carrying on a business; or
- the profit is made, or the loss is incurred, as a consequence of a business operation or commercial transaction entered into for the purpose of profit-making.

A gain from dealing in a CFD (including a Margin FX Contract) will also be assessable income under section 15-15 of ITAA 97 where a taxpayer is carrying on, or has carried out, a profit-making undertaking or scheme, and the gain from it is not assessable under 6-5 of ITAA 97. Correspondingly, a loss from dealing in a CFD (including a Margin FX Contract) where the gain would have been assessable under section 15-15 of ITAA 97 is an allowable deduction under section 25-40 of ITAA 97.

A gain or a loss from a CFD (including a Margin FX Contract) entered into for the purposes of recreation by gambling will not be assessable under either section 6-5 or 15-15 of ITAA 97, or deductible under section 8-1 or 25-40 of that Act.

The Commissioner is also of the view that a capital gain or a capital loss from a CFD (including a Margin FX Contract) entered into for the purpose of recreation by gambling will be disregarded under paragraph 118-37 (1)(c) of ITAA 97.

13.2 Additional Matters Not Covered by the Ruling

The following matters are also relevant when dealing in CFDs.

Capital Gains Tax

A CFD is a CGT asset under section 108-5 of ITAA 97. On the maturity or closing-out of a CFD, a CGT Event C2 will occur (section 104-25 of ITAA 97). However, to the extent that a gain from dealing in a CFD as a result of a CGT Event is assessable under section 6-5 or 15-15 of ITAA 97, a capital gain arising from the event is reduced (section 118-20 of ITAA 97). To the extent that a loss made from dealing in a CFD is deductible under sections 8-1 or 25-40 of ITAA 97, the reduced cost base of the asset is reduced, thereby reducing the amount of the capital loss (subsection 110-55(4) of ITAA 97).

Finally, in calculating any capital gain or loss, a taxpayer is entitled to take into account the cost of acquiring, holding and disposing of the CFD.

Interest

Any interest received in relation to a CFD is considered an assessable income.

Interest on Debit Balances

Any interest on the debit balance of an investor's account is deductible.

Interest Paid or Received Due to Holding A CFD

Interest that is paid or received due to holding a CFD forms part of any net gain or loss that a taxpayer makes when dealing in CFDs.

13.3 Taxation of Financial Arrangements

Division 230 of the ITAA 97 (**TFA**) provides a framework for the taxation of gains and losses from certain financial arrangements. Gains from the financial arrangements are assessable and losses are deductible.

The TFA generally applies to all "financial arrangements" as defined in subdivision 230-A or included by the additional operation of subdivision 230-J. However, certain financial arrangements, as detailed below are effectively subject to an exemption under subdivision 230-H.

Division 230 of the TFA provides a range of elective methods for determining gains and losses; namely the fair value method, the retranslation method, the hedging method and the financial reports method. Where these selective methods are not, or cannot be made, the appropriate treatment is either the accruals or realisation method.

Relevantly, the TFA does not apply to:

- financial arrangements of individuals;
- financial arrangements of superannuation funds (regulated and self-managed), approved deposit funds, pooled superannuation funds or managed investment schemes for the purposes of the Corporations Act where the value of the entity's assets is less than AUD\$1 million;
- financial arrangements of authorised deposit-taking institutions, securitisation vehicles and financial sector entities with an aggregated annual turnover of less than AUD\$20 million per year; or
- financial arrangements of other entities:
 - with an aggregated annual turnover of less than AUD\$100 million – where the value of the entity's financial assets are less than AUD\$100 million; and
 - where the value of the entity's assets is less than AUD\$300 million (except where the taxpayer elects to have division 30 of the Legislation apply to all of its financial arrangements).

It will be appreciated that the TFA will have limited application to investors in CFDs. However, there may be special circumstances where it may be beneficial for you to elect to apply division 30 to your financial arrangements.

You should, therefore, seek independent tax advice on how the TFA will apply to you.

13.4 Goods and Services Tax (GST) Ruling

The Commissioner has also released a determination relating to the GST implications of trading in CFDs: GST Determination GSTD 2005/3.

The Commissioner has stated that the costs incurred in having a CFD Contract open, such as commissions (on both opening and closing), dividend and corporate event adjustments, Daily Funding Charges and Margins are all considered financial supplies under the A New Tax System (Goods and Services Tax) Act 1999 (**the GST Act**). Consequently, they are input taxed and no GST is payable on their supply. GST may apply to certain fees and costs charged to you and you should obtain your own advice as to whether an input tax credit is available to you for such fees and charges as it will depend on your personal circumstances.

14. GENERAL INFORMATION

14.1 Our Discretions

FTX Australia has discretions under the Terms which can affect your Account and Contracts. You do not have any power to direct how we exercise our discretions.

When exercising our discretions, we will comply with our legal obligations as the holder of our AFSL. We will have regard to our policies and to managing all risks (including but not limited to financial, credit and legal risks) for ourselves and all our Clients, our obligations to our counterparties, market conditions and our reputation.

We will use our best endeavours to act reasonably in exercising our discretions but we are not obliged to act in good faith (whether express or implied), in your best interests or to avoid or minimise a loss in your Account, or avoid incurring fees on Contracts.

Our significant discretions are:

- whether to accept your Order (including to Close out a Position) or to amend it;
- any risk limits or other limits or filters we impose on your Account or your trading;
- determining Margin Requirements, especially the amount of Initial Margin, and any grace time to meet any changed Margin Requirement;
- determining values of Underlying Instruments (for opening and closing Positions and for determining Variation Margin);
- whether to cancel, re-price or close out existing or previous transactions on your Account;
- setting bid prices and ask prices; and
- Closing your Positions and setting the price for closing.

You should consider the significant risks that arise from FTX Australia exercising its discretions. Our other discretions include:

- setting our fees and interest rates;
- adjusting your Positions for adjustments made in the market to the Underlying Instrument;
- adjusting, Closing Out or cancelling Contracts or Orders due to applying our compliance or operational policies;
- setting foreign currency exchange conversion rates;
- opening and closing your Account; and

- interpretation, variation and application of our policies.

Please note that while we have discretions, the trading conditions typically are set or applied for automatic outcomes, such as Closing Out all of your open Positions once a Liquidation Level is reached.

14.2 **Anti-Money Laundering Legislation**

We are subject to the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No.1) (**AML/CTF Laws**), which can affect our Contracts with you. In order to establish your Account, we need to collect personal information from you or from businesses or government agencies that you authorise.

Once your Account is opened, we may disclose your personal information or stop transactions on your Account if required under the AML/CTF Laws, or under our AML/CTF procedures, without liability to you for any loss that arises due to that occurring.

14.3 **Changing Your Mind – Cooling Off Provisions**

There are no cooling-off arrangements for our Products. This means that you do not have the right to return the Product, nor request a refund of the money paid to acquire the Product. You are bound by the terms when you enter into a Contract.

14.4 **Ethical Considerations**

FTX Products do not have a managed investment component. Labour standards or environmental, social or ethical considerations are not taken into account by FTX Australia when making, holding, varying or Closing Out our Contracts.

14.5 **Our Insurance**

FTX Australia has a comprehensive insurance policy in place to cover a variety of different scenarios, some which may assist in the repayment of deficits arising from dealing in hedge counterparties or if there is fraudulent activity by one of FTX Australia's employees, directors or authorised representatives that results in your money being used in fraudulent activities.

If the insurance policy is insufficient or the insurer fails to perform its obligations, FTX Australia may not be able to make the payments it owes to you.

14.6 **Superannuation Funds**

It should be noted that complying superannuation funds are subject to numerous guidelines and restrictions in relation to their investment activities which are contained in the *Superannuation Industry Supervision Act 1993* (Cth), and associated regulations and regulatory guidance material.

Without being an exhaustive list, the following are some of the issues that should be considered by a Trustee of a complying superannuation fund:

- Restrictions on borrowing and charging assets and whether dealing in financial products would breach those borrowing and charging restrictions;
- The purpose of dealing in financial products in the context of a complying superannuation fund's investment strategy as well as the fiduciary duties and other obligations owed by Trustees of those funds;

- The necessity for a Trustees of a complying superannuation fund to be familiar with the risk involved in dealing in financial products and the need to have in place adequate risk management procedures to manage the risks associated in dealing in those products; and
- The consequences of including adverse taxation consequences if a superannuation fund fails to meet the requirements for it to continue to hold complying status.

14.7 Dispute Resolution

FTX Australia has an internal dispute resolution process in place to resolve any complaints or concerns you may have, quickly and fairly. Any complaints or concerns should be directed to the Complaints Officer (by telephone, facsimile, or letter) at the contact details set out in this PDS at section 1.4 above.

We will provide acknowledgement of receipt of written complaints within 1 Business Day and seek to resolve and respond to complaints within 30 days of receipt. We will investigate your complaint, and provide you with our decision, and the reasons on which it is based, in writing.

If you are dissatisfied with the outcome, you have the right to lodge a complaint with the Australian Financial Complaints Authority or 'AFCA', which is an external dispute resolution ('EDR') scheme to deal with complaints from consumers in the financial system.

Using AFCA is free to consumers. If you would like to access the scheme, please lodge a complaint using the details provided below:

- **Online:** www.afca.org.au
- **Email:** info@afca.org.au
- **Phone:** 1800 931 678
- **Postal:** Australian Financial Complaints Authority GPO Box 3 Melbourne VIC 3001

You may also lodge a complaint with the Australian Securities and Investments Commission (**ASIC**) Info line on 1300 300 630.

14.8 Privacy

Depending on the type of service being sought, we may ask you to provide certain personal information, either in writing or verbally. As a financial service provider, we have obligations under AML/CTF Laws to verify your identity and the source of any funds. This means that we will ask you to present identification documents such as a passport and driver licence, and we will retain copies of this information. This information will be kept strictly confidential and is used for the primary purpose of providing our services to you.

Your privacy is important to us. The information you provide FTX Australia and any other information provided by you in connection with your Account will primarily be used for the processing of your Account application and for complying with certain laws and regulations. We will only collect, maintain, use and disclose personal information provided to us strictly in accordance with the Australian Privacy Principles in the *Privacy Act 1988* (Cth).

Please note, we may use this information to send you details of other services or provide you with information that we believe may be of interest to you.

Full details of our Privacy Policy are available from our Website. You have the right to obtain a copy of any personal information that we hold about you and update or correct such information.

15. INTERPRETATION AND GLOSSARY

15.1 Interpretation

- The defined terms used in the PDS are capitalised and set out in this section.
- If there is any conflict between the terms of the PDS and any Applicable Law, the Applicable Law (to the extent it cannot be excluded or modified by this PDS or the Terms) will prevail. In the PDS, any reference to a person includes bodies corporate, unincorporated associations, partnerships and individuals.
- In the PDS, all references to times of the day are to the time in Sydney, New South Wales, Australia, unless otherwise specified.
- Headings and examples in the PDS are for reference only and do not affect the construction of the PDS.
- In the PDS, any reference to any enactment includes references to any statutory modification or re-enactment of such enactment or to any regulation or order made under such enactment (or under such a modification or re-enactment).
- In the PDS, all references to \$ are to Australian dollars (unless otherwise specified).

15.2 Definitions

The below table provides a list of the meanings of certain words that have been used in this PDS:

Definitions	
Account	Means an account you have with FTX Australia established under the Terms, including all Contracts recorded in them, for using the Trading Platform .
AFSL	Means the Australian Financial Service Licence held by FTX Australia Pty Ltd (AFSL No: 323 193).
Agreements	Means this PDS, the T&C, the FSG, the Application Form and any information on our Website or Trading Platform, as amended, varied, or replaced from time to time, which governs our relationship with you.
AML/CTF Laws	Means the <i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i> (Cth) and all regulations, rules and instruments made under that Act.
Applicable Laws	Means all: <ul style="list-style-type: none"> • applicable provisions of laws and regulations, including all relevant rules of government agencies, Exchanges, trade and clearing associations and self- regulatory organisations, that apply to the parties, the Agreements and the transactions contemplated by the Agreements; • applicable Australian law; and • applicable rules, regulations, customs and practices from time to time of any Exchange, licensed financial market, clearing house, licensed clearing and settlement facility, or other organisation or market involved in the conclusion, execution or settlement of a transaction or Contract and any exercise by such Exchange, clearing house or other organization or market of any power or authority conferred on it.

Definitions	
Application Form	Means the application form and account opening documentation, including documentation required to be returned for the purposes of complying with the AML/CTF Laws, completed by you and submitted to us.
ASIC	Means the Australian Securities and Investments Commissions.
ASX	Means the currencies and other Exchanges operated by ASX Limited.
AUD or \$	Means the lawful currency of the Commonwealth of Australia.
Australian Client Money Rules	Means the provisions, as modified by ASIC from time to time, in Part 7.8 of the Corporations Act and the Corporations Regulations made under those provisions that specify the manner in which financial services licensees are to deal with Client Moneys and property.
Authorised Person	Means you and/or any person authorised by you to give instructions to us under the Terms.
Business Day	Means a day (other than a Saturday or Sunday or public holiday) on which trading banks in Sydney, Australia are open for business.
CFD	Has the meaning referred to in section 3.2 of the PDS.
CGT	Means capital gains tax.
Client Money(s)	Means the money client deposit with us and held by us under the Australian Client Money Rules. At this time, we do not hold any Client Money at any time.
Client Qualification Policy	Means the policy that we use, amended from time to time, to assess whether trading in our Products is suitable to you.
Client Suitability Assessment	Means the test that we administer to assess your understanding and experience with Products, CFDs and concepts relating to CFD trading. You will need to pass this test in order to open an Account and trade our Products.
Collateral	Means the Digital Assets in relation to which you have provided us with a Standing Authorisation to issue a sell order on your behalf in circumstances set out in our Terms.
Commission	Means the fee paid to us for initiating a Contract which may be applicable for some of our Products and/or Account type.
Commodity	Means oil, gas or such other commodity as referred to in the Trading Platform or the Website.
Contract	Means any contract, whether oral or written, including any derivative, option, future, contract for difference or other transaction relating to such financial products entered into by us with you.
Contract Price	Means the price we offer you to trade in our Products from time to time and which is calculated by us according to the Terms.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Cross-Margin	Has the meaning referred to in section 9 of the PDS.
DCE	Means the digital currency exchange provider Omipay Pty Ltd (ACN 627 614 886) or its successors or assigns.
Digital Asset	Means Bitcoin, Ethereum or any other digital asset, cryptocurrency, virtual currency, or token that is available to transact in using the Trading Platform.
Digital Wallet	Means a digital record of your balances of Digital Assets, managed by FTX Trading.
Exchange	Means the relevant market or any other exchange or market on which the relevant Underlying Instrument trades or, in the case of an index, to which it relates. It includes unregulated exchanges for digital assets/cryptocurrencies.

Definitions	
Expiry Date	Means the day on which a Contract expires.
Event of Default	Means an event described in the clause 14 of the T&C.
Fiat Currency	Means government-issued currency that is designated as legal tender through government regulation or law, that customarily refers to paper money and coin and is circulated, used, and accepted as money.
FSG	Means FTX's financial services guide as amended, supplemented or updated from time to time.
FTX Trading	Means FTX Trading Ltd, a company incorporated and registered in Antigua and Barbuda (company number 17180)
GMT	Means Greenwich Mean Time.
Index	Means the market Index on which a CFD is based.
Initial Margin	Has the meaning referred to in section 9 of this PDS.
Limit Order	Has the meaning referred to in section 3.14 of this PDS.
Maintenance Margin Fraction	Has the meaning referred to in section 9 of this PDS.
Margin	Means the amount you must pay to us and have in your Digital Wallet to enter into or maintain a Contract with us in accordance with the Terms.
Margin Call	A demand for additional funds made to the client by FTX Australia to meet any additional margin requirement.
Margin Fraction	Has the meaning referred to in section 3.18 of this PDS.
Margin Percentage	Means such percentage as specified by us, and as amended by us in accordance with the Terms.
Margin Requirements	Means the amount of money you are required to pay to us and deposit with us for entering into a trade and/or maintaining an open Contract.
Market Order	Means an order placed to buy or sell an options, CFDs or futures contract at the current price on the Trading Platforms or as advised to you.
Order	Means an offer made by you to enter into a Contract with us under the Agreements.
PDS	Product Disclosure Statement as amended, supplemented or updated from time to time.
Position Maintenance Margin Fraction	Has the meaning set out section 9 of this PDS.
Privacy Policy	Means the privacy policy available at: https://help.ftx.com/hc/en-us/article_attachments/4844402975252/FTX_Australia_-_Privacy_Policy.pdf .
Product	Means any Options Contract/Futures Contract/Leveraged Token listed on our Website at any given time, offered by us. From time to time, in our discretion, we may add additional products or remove products.

Definitions	
Product Schedule	Means the product schedule for FTX Australia available at: https://ftx.com/markets .
Profit and Losses	Has the meaning referred to in section 9 of this PDS.
Stop Loss Order	Has the meaning referred to in section 3.14 of this PDS.
Liquidation Level	Means the level of Margin Level that will allow FTX Australia the ability to close all or some of your open Contracts.
Terms & Conditions or Terms or T&C	Means the agreement provided to you by FTX Australia, detailing the applicable terms and conditions as amended, supplemented or updated from time to time.
TMD	Means the FTX Australia Target Market Determination which is publicly available on the Website.
Total Margin Requirement	Means the sum of your Margin Requirements for all of your open Contracts.
Trading Platform	Means the FTX trading platform we make available to you by which you may trade with us online in our Products. This includes any electronic service provided by us, for example an internet trading service offering clients access to information and trading facilities, via an internet service, a service and/or an electronic order routing system and relevant software provided by us to enable you to use an electronic trading service.
Underlying Instrument	Means the product which is used as the basis for the calculation of prices for a Contract, such as a nominated Digital Asset or other item.
Underlying Market	Means the market in which the Underlying Instrument is traded.
USD	Means the lawful currency of the United States of America.
Website	Means the internet address www.FTX.com and includes the client portal.
We, Us or FTX Australia	Means FTX Australia Pty Ltd (ABN 84 129 217 812).