Margin Call Policy

TOTALITY

1. Background

The Australian Securities & Investments Commission ("**ASIC**") released *Regulatory Guide 227 - Over-the-counter contracts for difference: Improving disclosure for retail investors* ("**RG 227**") in August 2011. RG 227 sets out seven disclosure benchmarks for over-the-counter contracts for difference and economically-equivalent products such as margin forex ("**OTC CFDs**") to ensure retail investors are provided with high quality documents to help them understand the risks, assess the potential benefits and decide whether investment in the products is suitable for them.

Totality Wealth Limited ("**Totality**") understands that OTC CFDs are complex and risky products and that it has an important role in ensuring that only investors who have a sound understanding of the features and risks of the product can open an account and begin trading in its products.

Benchmark 7 of RG 227 relates to margin calls. This Margin Call Policy ("**Policy**") meets Benchmark 7 of RG 227 by explaining Totality's margin practices in relation to the OTC CFDs that it offers to retail clients in Australia ("**Totality Products**"). The Policy addresses how Totality monitors client accounts, the rights it may exercise in relation to client accounts and when these rights may be exercised.

This Policy describes the margin practices in relation to a typical Totality client. In the event of any conflict or discrepancy between this Policy and any specific conditions that a client may have agreed with Totality, those specific conditions take precedence. In the event of conflict or inconsistency between this Policy and the General Business Terms, the General Business Terms prevail.

2. Totality Capital Markets' Approach to Margining

2.1 Margin Trading and Margin Requirement

Totality offers margin trading on contracts for difference and economically-equivalent products such as margin forex and other derivatives.

Clients can leverage their investments in margin-based instruments by funding their account with cash or other collateral that may be accepted by Totality from time to time.

"Margin" refers to the amount of collateral required to maintain their present open margin position(s). Collateral is calculated after taking into account any profit or loss on a client's open positions.

The margin requirements may differ from product to product within the same class of products, and may vary from time to time. The margin requirements for each product are described in the respective Trading Conditions. The margin requirements of an open trade may also be changed at Totality's discretion

Margin requirement may vary throughout the term of an open margin position. It is the client's sole responsibility to continuously monitor and ensure that sufficient margin is available on the Account at all times. The client further acknowledges that losses can be far greater than the amount of funds placed in the Account for open margin position.

If, at any time while the client has an open margin position, the margin available on the Account is not sufficient to cover the total margin requirement(s), the client is obliged to reduce the amount of open margin positions or undertake such other adequate action to immediately satisfy the margin requirements.

2.2 Non-Margin Trading

Exchange-traded products other than derivatives, such as equities and bonds, are not typically traded on margin and may be subject to other requirements.

2.3 Margin Risk Management

Totality's client risk strategy seeks to ensure that clients' available margin and margin utilisation levels are consistently updated and readily accessible. Further, clients are not permitted to enter a margin position that would result in a margin call.

2.4 Initial and Maintenance margin

Initial margin and maintenance margin are designed to protect you against adverse market conditions, by creating a buffer between your trading capacity and margin close-out level.

1. Initial margin: A pre-trade margin check on order placement, i.e. on opening a new position there must be sufficient margin collateral available on account to meet the initial margin requirement for the entire margin portfolio.
2. Maintenance margin: A continuous margin check, i.e. the minimum amount of cash or approved margin collateral that must be maintained on account to hold an open position(s). Maintenance margin is used to calculate the margin utilisation, and a close-out will occur as soon clients do not meet the maintenance margin requirement.

3. Monitoring Client Accounts and Notifying Clients

3.1 Monitoring client accounts

It is the client's sole responsibility to ensure that margin utilisation in the Account remains below 100%. If a client's account is under **margin call**, meaning reaching or exceeding 100% margin utilisation, Totality has the right (but not the obligation) to reduce the client's exposure by closing one, several or all (at Totality discretion) of the client's positions in the Account, without assuming any responsibility towards the client for any such action or lack of action.

3.2 What is the 100% margin close-out level?

Automatic margin close-out process will be triggered upon reaching or exceeding 100% (maintenance) margin utilisation, for the avoidance of doubt, while automatically triggered any close-out may be handled manually with no guarantee for close-out or execution of orders occurring at 100% margin utilisation.

For example:

You deposit EUR 10,000 in your account. You decide to buy 100,000 EURUSD. You hold no other open position(s).

Initial margin requirement = 100,000 x 3.33% = EUR 3,330

Maintenance margin requirement = 100,000 x 1.00% = EUR 1,000

Margin utilisation (at the time of the trade) = 10.0% (EUR 1,000/EUR 10,000)

Later due to market movements there is an unrealised loss on your account of EUR 9,000.

Margin utilisation = 100.0% (EUR 1,000/ (EUR 10,000 – EUR 9,000))

As a result, you will be in breach of margin requirements and Totality has the right (but not the obligation) to close-out your position(s).

3.3 Notifying clients

Totality endeavours to notify its clients via automated emails to their registered email address and notifications on the Totality trading platform whenever a client's margin utilisation reaches or exceeds the following thresholds:

(a) **Warning 1** - 75% margin utilisation

(b) **Warning 2** - 90% margin utilisation

(c) **Margin Call** - 100% margin utilisation

The notification of a Margin Call by email and via the trading platform serves as notice that a client's account has breached the required collateral to support open margin positions and such any open trades are at risk of being closed out. While Totality takes reasonable steps to warn clients of high utilisation of their margin utilisation before receiving a Margin Call, noting it is the client's sole obligation to monitor their trading account/s and at all times ensure they have sufficient margin or free equity available for any adverse or volatile market movements, and to take action to either reduce their positions and/or transfer more money into their trading account to reduce the risk of having their open margin positions automatically liquidated.

4. Totality's Rights in Relation to Client Accounts

Totality has the right to close out any or all existing open positions including margin positions if a client's trading account is in margin call, even if the client may have taken steps to reduce the size of open margin positions or undertakes any other action to satisfy the margin requirements but those steps or actions are not sufficient or completed in time to meet the client's margin requirement on an ongoing basis.

No client will be exempted from automatic close out. In order to avoid margin call and triggering automatic close out due insufficient collateral, clients must ensure that sufficient cash or collateral is available in their trading account.

For all retail clients (excluding wholesale or professional investor clients) enabled for CFD and/or Rolling FX spot trading, your Totality trading account cannot have a negative balance. If you hold more than one account, for the same individual client or entity, this will be an aggregate across all accounts held in the name of the individual client or entity. Where you hold multiple accounts and one account reaches a negative balance, funds can be sold from the additional account held by you. It is not possible for Totality to allow your account to be forced into a negative balance as a result of a margin call on CFD and/or Rolling FX spot trading.

5. Gapping

Clients should be aware of the risks associated with gapping. Where "gapping" occurs, it may be difficult and at times impossible for a position to be automatically closed out at the exact level/price when a client breaches its margin obligations whether due to external circumstances or internal manual handling and checking. There may be significant market movement which is reflected in a significant drop or jump in prices, high volatility, or during market close and market open where the market opens at a considerably lower/higher price to the price at which it closes.

6. Totality's Compliance with RG 227

The table below demonstrates Totality's compliance with Benchmark 7 of RG 227.

No	RG 227 Reference	Requirement	Has Totality met this requirement?
1	227.81 (a)	Explain how the issuer will monitor client accounts to ensure that it receives early notice of accounts likely to enter into margin calls.	Yes. See paragraph 3
2	227.81 (b)	Explain what rights the issuer may exercise in relation to client accounts, including the right to make a margin call or close out positions.	Yes. See paragraph 4
3	227.81 (c)	Explain when the issuer will exercise these rights, and what factors it will take into account in deciding whether to do so.	Yes. See paragraph 4