Product Disclosure Statement - Options

TOTALITY

Product Disclosure Statement

1. **About this PDS**

1.1 This Product Disclosure Statement (PDS) was prepared by Totality Wealth Limited (ABN 32 110 128 286, AFSL 280372) (**Totality**, **us**, **we**, **our**), as the issuer of the exchange traded options (Options) offered under this PDS.

1.2 Totality is licensed and regulated by the Australian Securities and Investments Commission (ASIC) and is authorised under its Australian financial services licence (AFSL 280372) to issue and distribute the products described in this PDS.

1.3 This PDS is designed to help you decide whether the Options described in this PDS are appropriate for you. You may also use this PDS to compare the Options with similar financial products offered by other issuers.

1.4 This PDS describes the key features of our , their benefits, risks, the costs, fees and charges for trading in Options, and other related product information. Options are sophisticated financial products, so you should read this PDS, the Financial Services Guide (FSG), the General Business Terms, and any other related Disclosure Documents in full before making any decision to trade in them. Some expressions used in this PDS have definitions given in the Glossary at the end of this PDS.

1.5 Unless stated otherwise, all amounts stated in this PDS are in Australian Dollar.

How to contact us

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1.6 We may update this PDS from time to time where that information is not materially adverse to clients. Such updated information (if any) will be available on our Website. We may also issue a supplementary or replacement PDS at any time, which will also be available on our Website or distributed to you electronically.

1.7 In the event of any inconsistency between the provisions of this PDS and the General Business Terms, the General Business Terms shall prevail to the extent of such inconsistency.

Availability of Totality Products

1.8 The Options offered under this PDS are available to persons receiving this PDS in Australia. The distribution of this PDS in jurisdictions outside of Australia may be subject to legal restrictions. Any person who resides outside of Australia who gains access to this PDS should comply with any such restrictions that apply to them in relation to trading in

Options, and failure to do so may constitute a violation of financial services laws. The offer to which this PDS relates is not available to USA residents.

General Advice Warning

1.9 The information in this PDS is general information only and does not take into account your personal objectives, financial situation or needs. If you require any personal financial product advice, you should contact a suitably qualified financial adviser. This PDS does not constitute a recommendation or opinion that any Options are appropriate for you

2. Trading with our External Broker

2.1 As mentioned above, we offer Options through our arrangements with our External Broker.

2.2 We have an account with our External Broker and, when you place an order to trade in Options with us, we pass that order to our External Broker to execute or arrange for a market participant to execute on the relevant exchange. The External Broker treats Totality as its client and we, in turn, treat you as our client and hold the resulting Option positions on your behalf, in our account with the External Broker To the extent the External Broker is not a member of the relevant exchange the External Broker may appoint an external broker to execute the transaction.

3. Options

3.1 Options are exchange traded derivatives which derive their value from an underlying reference asset or index.

3.2 The types of Options available on exchanges will differ, but will commonly be over single stocks or indices. The contract specifications of an Option, including the underlying reference asset or index, the contract size, the exercise price, and the expiry date, are set by the relevant exchange. The contract specifications of the Options that are offered via our Platform can be viewed on the Platform.

4. Benefits of trading Options

4.1 We summarise the potential benefits of trading Options below.

(a) <u>Speculation</u>

Options can be used to speculate on changing price movements in the underlying reference asset (i.e. the underlying securities or index). Speculators seek to make a profit by attempting to predict market moves and buying a product that derives its value from the movement of the underlying reference asset.

(b) <u>Access to markets</u>

By trading Options, you can gain access and exposure to overseas markets.

(c) <u>Leverage</u>

Options allow you to trade using leverage.

For example the buyer of an option pays the premium for the Option, which gives the buyer exposure to the underlying instrument without having to pay the full price of the underlying instrument. The seller of the option receives the premium, but must pay initial margin in respect of the position. The amount of initial margin is a small fraction of the overall risk exposure.

This leverage gives you the potential to take a greater level of risk for a smaller initial outlay, so this increases the potential risks and rewards.

(d) Manage your risks (hedging):

You can use Options to hedge an existing portfolio of securities against a drop in value of the securities.

5. Significant risks of using Options

5.1 The risk for potential losses when trading Options can be substantial. Options are generally viewed as a risky investment that are only suitable for retail investors with a sufficient experience and understanding of the market and options.

5.2 You should consider seeking independent financial product in relation to any trading you undertake in Options, which are set out below

5.3 The following risks are some of the significant risks associated with Options:

(a) **Buyer of Option may lose premium paid**: Options have a fixed expiry date, on which they expire and become worthless. As such, if you have purchased an Option, you should be aware that its value can fall rapidly, including as it approaches expiry. You may lose the premium you have paid for a position.

(b) **Seller risk of exercise of Option**: If an Option is exercised, and that exercise is allocated to your position as seller, you will be required to meet your settlement obligations arising from the exercise of the Option. For example, in the case of an Option over listed underlying securities, you will be required to deliver the underlying securities (in the case of a Call Option) or purchase the underlying securities (in the case of a Put Option) for the amount equal to the exercise price per security.

(c) **Leverage increases the risk of loss**: A relatively small market movement can lead to a proportionately much larger movement in the value of your position due to leverage, and this can work against you and magnify your losses. You may sustain a total loss of the funds that you deposit with us to establish or maintain a position. You may incur losses beyond the amounts that you lodge with us. You should not risk more funds than you can afford to lose.

(d) **Margining**: If the market moves against your position, you may be required, at short notice, to deposit with us additional margin to maintain your position. Those additional funds may be substantial. If you fail to provide those additional funds within the required time, your position may be closed out at a loss and you will be liable for any shortfall in your account.

(e) **Purchaser may lose premium paid**: Options have a fixed expiry date, on which they expire and become worthless. As such, if you have purchased an Option, you should be aware that its value can fall rapidly, including as it approaches expiry. You may lose the premium you have paid for a position.

(f) **Seller exposed to unlimited losses**: If you are the seller of an Option, you may potentially incur unlimited losses if the market moves against you. If that occurs, you will be called for Maintenance Margin representing the loss in value of the position. If you fail to meet your margin obligations, we may give an instruction to our External Broker to close out your position, or our External Broker may do so of its own accord.

(g) **Seller risk of exercise of Option**: If an Option is exercised, and that exercise is allocated to your position as seller, you will be required to meet your settlement obligations arising from the exercise of the Option. For example, in the case of an Option over listed underlying securities, you will be required to deliver the underlying securities (in the case of a Call Option) or purchase the underlying securities (in the case of a Put Option) for the amount equal to the exercise price per security.

(h) **Close out risk**: We may close out your positions in certain circumstances, as set out in our General Business Terms (including, for example, if you fail to have sufficient collateral supporting your positions therefore reach or exceed 100% margin utilisation). In addition, an External Broker may close out positions that we hold for you on your behalf.

(i) **Market risk**: As leveraged financial products, the value of positions, and your ability to open and close positions, is highly dependent on the liquidity on, and volatility of, the market operated by the relevant Exchange. This means the value of your positions can fluctuate significantly, and there is the risk that you may not be able to close out open positions at the time or price you would prefer or wish.

(j) **Liquidity Risk:** Under certain market conditions, it could become difficult or impossible for you to close out a position and the relationship between the prices of Options and the underlying market may be distorted or affected. Examples of when this may happen are:

(i) If there is a significant change in the price of the underlying instrument over a short period of time;

(ii) If there are insufficient willing buyers or sellers, in either the Options market or the underlying market; or

(iii) If the Options market is suspended or disrupted for any reason.

Similarly, events such as these in relation to the market for the underlying instrument may make it difficult for you to hedge or maintain your exposure under an Option position.

(k) **Foreign exchange risk**: If you trade in Options denominated in currencies other than Australian Dollars you may lose money due to exchange rate fluctuations. These may be in addition to any losses on the Option itself. Foreign currency conversions required for your account can expose you to foreign exchange risks between the time the transaction is entered into and the time the relevant conversion of currencies occurs. Foreign exchange markets can change rapidly. This exposes you to potentially adverse changes in the value of your account which can be large (depending on foreign exchange rates) and volatile.

(l) **Systems risk**: We cannot guarantee that your use of the Totality Platform will be free of error. It is your responsibility to ensure that you have a stable internet and that you avoid trading where you are experiencing network issues. You and Totality are also exposed to the risk of system failures by our External Broker, its clearing brokers, relevant exchanges and their clearing houses. System risks are an inherent risk of trading in an online environment and Totality does not accept liability for system errors.

(m) **Market emergencies and disruptions**: You may incur losses that are caused by matters outside Totality's control. For example, a regulatory authority exercising its powers during a market emergency may result in losses. A market disruption may mean that you are unable to deal in a Option when desired, and you may suffer loss as a result. Common examples of disruption include the "crash" of an exchange electronic trading system, fire, or other exchange clearing house emergencies.

(n) **Discretionary powers of exchange and clearing house**: The exchange or clearing house could exercise discretionary powers under their operating rules in relation to the market. They have powers to declare an undesirable situation has developed in a particular Option and suspend trading.

(o) **Disputes and trade cancellations**: When trading is subject to dispute, the exchange may have powers to request that participants amend or cancel a trade, which will in turn result in the Option with the investor being amended or cancelled. Exchanges may also exercise discretionary powers to cancel transactions under their operating rules. These actions can affect your Options positions.

(p) **Exposure to External Broker (and clearing brokers)**: We execute your orders through, and your positions are held through, our External Broker. The regulatory protections persons have when receiving services from the External Broker may differ from those which apply under Australian law when dealing with an Australian financial services licensee.

The External Broker may itself rely on executing and clearing brokers of the relevant exchanges or clearing houses, with respect to such orders and positions. Totality acts as your custodian with respect to open positions. This means that Totality and you are exposed to the risk of failure by the External Broker and/or its clearing brokers to meet their obligations to Totality (as your custodian) and to the risk of their insolvency.

The External Broker may benefit from executing transactions. Such benefits include interest charges, fees for certain services and, in certain situations, commissions or other transaction-based compensation for trades.

6. Trading Options with us

6.1 Before trading in Options, you must read and ensure that you understand the content of this PDS, our General Business Terms and any other related documents, such as the FSG and Target Market Determination, all of which are available on our Website.

6.2 By applying to us to trade Options, you confirm that you have read, understood and accepted these documents and the General Business Terms for trading Options. If your application is accepted, the General Business Terms will apply to each and every transaction in Options which you enter into through us.

6.3 To assess whether you have a good understanding of the features and risks associated with Options, and whether they suitable for you, we may ask you for information about your previous trading experience, your knowledge of Option markets or your employment status or income. All prospective clients for Options must pass our suitability criteria. It is important that all information you provide us is true and correct.

6.4 If we accept your application, this is not personal advice, nor is it a recommendation to trade one or more Options. You confirm that you have completed the application accurately and truthfully and will inform us of any changes to your circumstances.

6.5 We may at any time decide to terminate our agreement with you with respect to Option trading if we consider, in our discretion, that further Option trading is not suitable for you (including, for example, if you cease to be within the target market as set out in our

Target Market Determination) or otherwise in accordance with our General Business Terms.

7. Key Features of Options

Types of Options – Call Options and Put Options:

7.1 Broadly speaking, there are two types of Options - Call Options and Put Options. As an example, we describe the types of Single-stock Options below:

(a) Call Options:

Buyers of Call Options have a right, but not an obligation to buy a specified volume of an underlying security for an agreed price, on or before the specified expiry date (depending on whether the option is American or European style). Buyers of Call Options pay a premium up front on the basis that they have limited downside risk due to not being obliged to exercise the option if the price of the underlying security decreases.

Sellers of Call Options have an obligation to sell a specified volume of an underlying security for an agreed price on or before the specified expiry date (depending on whether the option is American or European style), provided the buyer exercises the option. Sellers of Call Options receive a premium, but have unlimited downside risk in the event that the price of the underlying security increases.

(b) Put Options:

Buyers of Put Options have a right, but not an obligation to sell a specified volume of an underlying security for an agreed price, on or before the specified expiry date (depending on whether the option is American or European style). Buyers of Put Options pay a premium up front on the basis that they have limited downside risk due to not being obliged to exercise the option if the price of the underlying security increases.

Sellers of Put Options have an obligation to buy a specified volume of an underlying security for an agreed price on or before the specified expiry date (depending on whether the option is American or European style), provided the buyer exercises the option. Sellers of Put Options receive a premium, but have unlimited downside risk in the event that the price of the underlying security decreases.

7.2 Index Options are similar, but instead gives the holder the right (but not the obligation) to buy or sell the value of an underlying index and vice versa.

Buyers (Takers) and Sellers (Writers):

7.3 The buyer, sometimes referred to as the "taker", of an Option is the party that has the right to exercise the option. The seller, sometimes referred to as the "writer", of an Option is the party that has obligations if the option is exercised by a Buyer.

American and European style Options:

7.4 An "American style" option is an option which can be exercised by the buyer at any time prior to and on the expiry date.

7.5 A "European style" option is an option which can only be exercised by the buyer on the expiry date.

Options are standardised contracts:

7.6 The relevant exchange establishes the terms and specifications of the Options available on the exchange. This means that each Option has its own specifications, which are available on the exchange's website.

The terms and specifications of an Option are generally:

(a) whether the Option is a Call Option or a Put Option;

(b) the underlying reference asset such as the shares or index;

(c) the size of the contract, which are typically a specified number shares per contract over the underlying security for single-stock Options, or a specified monetary value per index point for Index Options;

(d) the expiry date of the Option and whether the option is American style or European style; and

(e) the exercise or "strike" price, which is the specified price at which the buyer of the Option can exercise the option.

This means that, if you wish to trade in Options, the only terms which are negotiable on the relevant exchange are (a) the number of Option contracts which you wish to buy or sell; and (b) the premium.

Deliverable vs. Cash Settled Options:

7.7 Single-stock Options are generally deliverable. This means that, if the Option is exercised by the buyer:

(a) in the case of a Call Option, the seller is required to deliver the underlying securities to the buyer, and the buyer is required to pay agreed exercise price; and

(b) in the case of a Put Option, the buyer is required to deliver the underlying securities to the seller, and the seller is required to pay agreed exercise price.

7.8 Index Options are typically cash settled. This means that the buyer and seller settle their obligations under the option contract via the payment and receipt of a cash amount.

7.9 Futures Options (which are options over futures contracts) are typically deliverable. This means that the buyer and seller settle their obligations under the option contract by entering into the underlying futures contract. If you enter into Futures Options, you should review and familiarise yourself with our PDS for Futures, as if you exercise, or assigned an exercise, of the Futures Option you will be entering into a futures contract.

Adjustments for corporate actions and other events

7.10 If the underlying security for an Option changes (for example, due to a corporate action, special dividend or merger), the relevant exchange may make adjustments to the contract specifications of an Option to reflect those changes.

7.11 Changes can be made to contract size, exercise style, exercise price, expiry date, the number of contracts available, and the underlying security. These changes could potentially affect the value of your Option positions. As such, you must carefully monitor all Option adjustments to ensure your position still falls within your investment strategy.

Trading Hours:

7.12 The trading hours for Options will differ depending on the relevant exchange. For example, US Options are normally able to be traded within regular US market hours of 9:30am to 4:00pm EST. However, some US Options can be traded until 4:15pm EST.

7.13 You should familiarise yourself with the relevant trading hours, and, if you hold an open position in the lead up to expiry of the Option, you should determine the latest time by which you will be able to close out the position, if you do not wish to hold the position to expiry. Different exchanges may have different times by which you must trade to close an open position.

8. Option trading strategies available to Totality clients

8.1 Although there are many trading strategies which can be deployed with respect to Options, Totality will only permit its clients to execute the following trading strategies through Totality:

Strategy	Description	Reason (example for Single-stock Options))
Long calls/puts	The purchase of a Call Option or Put Option	To lock in a price at which you will buy (in the case of a Call Option) or sell (in the case of a Put Option) the underlying

Strategy	Description	Reason (example for Single-stock Options))
		securities should you choose to exercise the option.
Long protective puts	The purchase of a Put Option over underlying securities, where the client holds the underlying securities	You hold the underlying securities and wish to lock in a price at which you will sell the underlying securities should you choose to exercise the Put Option.
Covered call	The sale of a Call Option over underlying securities, where you hold the underlying securities to deliver to the counterparty if the option is exercised by the counterparty.	You hold the underlying securities and wish to earn the option premium. You are happy to sell the underlying securities at the exercise price if the option is exercised by the counterparty.
Vertical spread	The buying (or selling) a Call or a Put Option and simultaneously selling (or buying) another Call or Put Option at a different exercise price, but with the same expiry date.	You wish to minimise loss, or increase profit, based on a movement in the price of the underlying securities in the range between the two exercise prices.
Cash-secured puts	The sale of a Put Option over underlying securities, where you hold sufficient cash to cover the purchase of the securities if the option is exercised by the counterparty.	You have sufficient cash and wish to earn the option premium. You are happy to purchase the underlying securities at the exercise price if the option is exercised by the counterparty.

8.2 The strategies available to you will depend on the extent to which you hold the required cash or underlying securities. We may also add or remove your access to certain trading strategies from time to time at our sole discretion.

8.3 For more information on trading strategies, please refer to our Website

9. Opening an Option position

9.1 When you first buy or sell an Option, you are opening a position. You can seek to do this by placing your order online via our Platform. We will then pass that order to our External Broker. Whether your order is executed will depend on the extent to which the External Broker is able to execute your order or arrange for your order to be executed on the relevant Exchange.

9.2 Once an Option position has been established, the things you can do with your open position depends on whether you are the buyer or seller of the Option. For example, only the buyer of an Option has the right to exercise the option.

10. Closing out an Option position

10.1 You may wish to close out of a position to take a profit, limit a loss and/or remove the risk of unwanted early exercise.

10.2 To close out an existing open position, you do so by entering into a new transaction opposite to the position you are seeking to close out. For example, if you are the seller of an Option, you cancel out your position by buying an Option in the same contract series.

10.3 You can seek to close an open position by placing an order to close out the position online via our Platform. We will pass that order to our External Broker. Whether your order is executed will depend on the extent to which the External Broker is able to execute your order or arrange for your order to be executed on the relevant Exchange. If it does so, your trade will close out the open position.

11. Premium

11.1 The premium is the price of the option which is negotiated between the buyer and seller of the Option on the relevant exchange. Premiums are generally quoted on a cents (or other currency denomination)-per-share basis for Single-stock Options and a points basis for Index Options.

11.2 The amount of the premium primarily depends on how far the price of the underlying security or index is from the exercise price, the length of time to the expiry date, and the volatility of the price or value of the underlying reference asset. The more volatile the underlying reference asset, or the longer to expiry, then the higher the premium (other things being equal).

11.3 The amount of the premium is determined differently depending on the type of Option:

(a) Single-stock Options:

The premium for an Single-stock Option is quoted on a cents per underlying security basis, this means that the premium payable is calculated by multiplying the premium amount by the number of the underlying securities represented by the option.

For example, if you buy a Call Option with a premium quoted at $0.25 per share and the contract size is 100 the total premium is $25.00 (being $0.25 x 100).

(b) Index Options:

The premium for an Index Option is calculated by multiplying the premium (specified in the number of points of the index) by the index multiplier.

For example, a premium of 50 points with an index multiplier of $10.00 represents a total premium cost of $500.00 per contract.

12. Valuing Options

12.1 The value of an Option is comprised of its intrinsic value and its time value:

(a) Intrinsic value is the difference between the Option's exercise price and the price of the underlying reference asset; and

(b) Time value is the amount a buyer is willing to pay for the possibility that the market will move in their favour before the expiry date. Generally, time value falls as an option approaches expiry.

12.2 When discussing the time value of an option, it is typically phrased as whether an option is in, at, or out of the money. For example:

(a) Where the exercise price of a Call Option is less than the price of the underlying security, the Call Option is in the money;

(b) Where the exercise price of a Call Option is the same as the price of the underlying security, the Call Option is at the money; and

(c) Where the exercise price of a Call Option is more than the price of the underlying security, the Call Option is out of the money;

The inverse is true in the case of Put Options.

13. **Clearing of Options**

13.1 When the External Broker enters into an Option for you (through Totality's omnibus account with the External Broker), the resulting transaction is cleared through the Clearing House for the relevant exchange.

14. **Margining**

14.1 Where we call an amount of margin from you, and you have available funds in your Account with us, you authorise us to use such funds to meet the margin call. If you do not have available funds in your Account sufficient to meet the margin call, you must pay the amount we call from you within the time we specify under our General Business Terms. If you fail to meet a margin call, we may (among other things) close out one or more of your open positions.

Totality's Margin principles

14.2 Each Client must have a sufficient amount of margin (**Margin**) to open and maintain an Options position (**Margin Requiremen**t). Margin is determined across your Trading Account as a whole .

14.3 The Margin Requirement comprises both 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.

(a) Initial margin:

The Clearing House will call the External Broker (or its clearing broker) for initial margin with respect to each Option position registered with the Clearing House. The initial margin is an amount determined by the Clearing House and represents a small percentage of the overall position value.

The External Broker will, in turn, call Totality (as your custodian) for this amount, and we will call this amount from you. The External Broker reserves the right to call an amount of initial margin which is higher than the amount which the Clearing House calls from the External Broker or its clearing broker. Similarly, Totality reserves the right to call a higher amount from you.

If you place an order with us to open an Option position, but do not have sufficient funds in your Account to cover the initial margin for that position, we will not execute your order.

(b) Maintenance margin:

Each day, and potentially intra-day, the Clearing House will determine the value of each Option position and undertake a process known as "marking to market", having regard to the price at which the relevant Option is trading on the market. This means that if the value of the position has fallen since its prior mark to market, the Clearing House will call the External Broker (or the clearing broker) for the difference in value from the prior mark to market. This difference is called "maintenance margin". If the value of the position has increased then the amount of Maintenance margin will be payable by the Clearing House to the External Broker (or the clearing broker).

The External Broker will, in turn, call Totality (as your custodian) for the amount of maintenance margin, or credit the amount to Totality (as your custodian) if the position has moved favourably. If Totality is called for margin we will, in turn, call this amount from you.

14.4 The minimum Margin Requirement and the timing and amount of each margin call are determined by Totality at our discretion based on a number of factors (depending on the positions in your Account), including the market price of the Underlying Instrument, the Margin required to hedge the underlying instrument, the Margin which Totality is required to pay and Totality's risk assessment of you, and any unrealised loss on your Trading Account at any point in time. Totality may in line with Margin Call Policy issue margin warnings of high margin utilisation and make a margin call if you reach or exceed 100% margin utilisation (**Margin Call**).

14.5 You must meet and maintain the Margin Requirement required by Totality at all times the required amount of Margin. If you do not maintain the required Margin at all times or you do not pay the required Margin Call called for by Totality by the required time, we may in our reasonable discretion reduce your exposure by closing out one, or more, or all of your open positions (including but not limited to Options) with us without notice to you and you remain liable to pay us any remaining shortfall. If you use approved collateral to meet Margin Requirements and there is a shortfall, or you do not meet the required Margin Call, Totality reserves the right to sell the approved collateral you have applied to the extent required.

14.6 No one receives any substantial benefit or waiver from the Margin Requirements.

Providing Margin

14.7 You must have sufficient funds or collateral to cover the Initial Margin before you open a position. You must then at all times maintain the minimum amount of Maintenance Margin required by us. Separately, you must pay any further Margin we call for you to pay.

14.8 To provide Margin by cash you must first deposit the funds which are then credited to your Trading Account. Funds are only deemed available when your payment to Totality is cleared and booked into your Trading Account.

How is Margin calculated

14.9 The minimum Initial Margin for a Options position will be set by Totality and calculated as a percentage of the full face value of the Option at the current market price (market exposure) of the transaction.

14.10 Owing to the volatility of the market, the amount of required Margin may change after a position has been opened in. If this occurs, Totality may call for you to pay additional

Margin because your initial payment has become insufficient. Margin amounts are calculated to cover the maximum expected movement in the market at any time but will change when the market changes, so those calculations might not cover all market movements and since those Margin Requirements can change rapidly and continuously, you need to ensure your Margin utilisation is below 100% at all times otherwise you risk some or all of your positions being automatically closed out.

How Initial margin is calculated

14.11 When you place a new order, existing open positions and orders are included in the calculation of the Initial Margin requirement.

Initial margin requirement = New order initial margin + Sum (initial margin orders) + Sum (initial margin portfolio).

ALWAYS REFER TO MARGIN REQUIREMENTS AND INFORMATION AVAILABLE ON THE TRADING PLATFORM

How Maintenance Margin utilisation is calculated

Maintenance Margin utilisation is the percentage of margin collateral utilised for trading leveraged products. It is calculated as follows.

Maintenance Margin utilisation = (100 x Maintenance Margin reserved) / (Account value + Other collateral – Not available as margin collateral).

Automatic margin close-out

14.12 Automatic margin close-out process may occur at 100% (maintenance) margin utilisation because , you will be in breach of Margin Requirements and, to comply with the margin close-out rule, we shall seek to terminate, cancel and close-out all or part of any open margin position(s), as well as cancel any open orders on margin production (if any).

14.13 Under the General Business Terms, your obligation to provide Margin arises from the time you have an open position. If the market moves so as to increase the minimum Margin Requirements, or Totality increases the minimum Margin Requirement, you are immediately required to increase the amount of the margin cover. Your obligation to maintain the minimum required Margin remains at all times, whether or not we contact you and whether or not you log into your Account. In other words, you will be required to provide the required Margin whether or not we call for additional Margin. and are solely responsible for monitoring your positions and providing the required level of Margin.

14.14 You might receive notice about Margin Requirements by email, or when you access the Trading Platform.

14.15 The values of your positions are ordinarily marked to market on a continuous basis, which automatically leads to corresponding changes in Margin Requirements for your Account. However, when trading on the Exchange relevant to the underlying instrument is closed, some Margin Requirements automatically increase.

Margin Warnings and Call

14.16 Totality will notify Clients of 'Margin Calls' as their margin utilisation approaches a possible breach and/or has breached the Margin Requirement. Apart from your obligation to maintain Initial Margin, you are also obliged to meet Maintenance Margin in order to not breach the 100% margin utilisation level at any given time.

14.17 You should be aware that sometimes (such as in unusually volatile market conditions or where market prices fluctuate rapidly), notwithstanding that a Margin Call had been notified to you, little or no time may be afforded to you to fund your Account if your margin utilisation nears, reaches or exceeds 100% within that period, at which point Totality is entitled to reduce your exposure by closing one, several or all of your open margin position or part of an open margin position in the your Account, without assuming any responsibility towards you for such action.

Margin Close Out

14.18 If you have insufficient Margin in your Account to satisfy the Margin Requirement, and you do not have enough funds (including open position profits or losses and any amounts held as approved collateral) in your Account to cover your Margin Requirement, we may in our reasonable discretion reduce your exposure by closing out some or all of your open positions and removing all open orders on margin product (if any), without notice to you.

Negative Account Balance (for clients with CFD and/or Rolling FX positions)

14.19 For all retail clients (excluding wholesale or professional investor clients) enabled for CFD and/or Rolling FX spot trading, your Trading Account cannot have a negative balance. If you hold more than one account, as the same individual client or entity, this will be an aggregate across all accounts held in the name of the individual account or entity. Where you hold multiple accounts for the same individual client or entity 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.

14.20 Therefore, Totality will apply Negative balance protection to your account. Note the decision can only be made once all margin position(s) held on the accounts settle, which depending on market holiday schedules could take a few days. Note that all assets linked to the margin entity are taken into consideration. This includes all stocks, bonds, mutual funds and profit/loss on listed and OTC derivatives including the value of long options. The following examples serve to illustrate in what scenarios any losses will be reimbursed and in what scenarios you will be asked to cover the loss.

15. **Expiry of Options**

15.1 Options have a finite life span. They expire on their expiry date. All Options within the same options series have the same expiry date. Expiry dates are standardised and set by the relevant exchange.

15.2 As noted above, Options are either American style or European style options. American style options can be exercised at any time prior to or on the expiry date. European style options can only be exercised on the expiry date. Whether the Option is American or European style, and the expiry date, can be viewed on the Platform.

15.3 If you are the buyer of an Option position and wish to exercise the Option, you can do so through the Platform.

If you are the seller of an Option position, then you are at risk that a buyer of the Option position may exercise the Option, and that this exercise may be assigned to you. The Platform includes information on each Option which describes the time by which the seller of the Option position must close the position so as to avoid the risk that an exercise may be assigned to them.

16. **Automatic exercise where option is "in the money"**

16.1 If you are the buyer of an Option position, that position is "in the money" on the expiry date and you have (as applicable) the required cash or securities (as applicable) in your account with us to settle your obligations upon exercise of the option, we will automatically exercise your position. This is because all unexercised Option contracts will expire on the expiry date which means that, if not exercised, you would lose the "in the money" value of the position. If you do not wish to have an in the money option exercised, you must close the position by the time specified on the Platform.

16.2 If you are the buyer of an Option position and that position is "in the money" on the expiry date and you do not have (as applicable) the required cash or securities in your account with us to settle your obligations upon exercise of the option, we will after the time specified on the Platform for you to close the position, seek to close out your position to realise some value prior to the expiry of the option.

16.3 Similarly, if you are the seller of an Option position and that position is "in the money" on the expiry date, then you are at risk of the option being exercised and that being assigned to you. If on the expiry date you do not have (as applicable) the required cash or securities in your account with us to settle your obligations upon exercise of the option, we will after the time specified on the Platform for you to close the position, seek to close out your position.

16.4 If you are the buyer of an Option position and the position is "out of the money" or "at the money", we will allow the option to lapse. These positions may also be closed out automatically by us if you do not have sufficient cash or securities in your account with us to meet your obligations, should the option be exercised.

17. Settlement of an Option following exercise

17.1 Your obligations relating to settlement are contained in our General Business Terms.

17.2 On the exercise of a Single-Stock Option by the buyer, the exercise is assigned to an open position of a seller and a contract for the sale and purchase of the underlying securities at the exercise price will arise between the buyer and the seller. The parties to this transaction must then settle that transaction in the underlying securities.

17.3 Settlement for Index Options differs due to Index Options being cash settled. When an Index Option is exercised by the buyer and the exercise is assigned to an open position of a seller, the seller must pay the cash settlement amount to the buyer.

17.4 The obligations arising on settlement must be met by the times specified in our General Business Terms.

18. Client Money

18.1 In accordance with the Corporations Act, monies and securities which we receive from you or our External Broker in relation to our dealing in Options on your behalf, must be handled by us in accordance with the provisions of the Corporations Act and Corporations Regulations which govern "client money". Such money, when received by us, must (subject to limited exceptions) be paid into our segregated client money trust account and may only be withdrawn and used for purposes specified in the Corporations Act and associated Regulations.

18.2 We are permitted to use money we receive from you to meet your margin obligations to us and/or our External Broker, as well as to meet any other obligations which arise in connection with your dealings in Options through us.

19. Account termination

19.1 Totality may close all of your open positions, including cancellation of any active open orders and terminate your Account in response to a range of default events and forbidden trading practices in accordance with our General Business Terms.

20. Fees and Charges

20.1 The key costs, fees and charges for the Totality Products are as set out in this section.

FULL DETAILS ON THE APPLICABLE COSTS, FEES AND CHARGES FOR THE TOTALITY PRODUCTS AND SERVICES ARE AVAILABLE ON WEBSITE. COSTS, FEES AND CHARGES CAN HAVE A SIGNIFICANT IMPACT ON THE RETURNS MADE

Transaction Fees

20.2 Transaction fees for Options (**Transaction Fees**) are commissions per contract traded. The exact commission charge will depend on the specific Option,

20.3 The amount charged, and the way in which it is calculated may vary depending on a range of factors, such as the type and level of service required, and the frequency and size of the Option.

20.4 Details of the Transaction Fees are included in your Account statement. This is an online report that you can access and print upon demand and can be accessed via the Trading Platform.

20.5 For Options over futures contracts a spread is charged, which may vary depending on the term and exercise price of the particular Option. Refer to the Website and any pre-trade tickets for the fees.

20.6 Transaction Fees are applicable when opening new positions and closing existing positions.

20.7 Details of our current standard Transaction Fee are all available on the Totality Website.

Effect of fees and charges on profits and losses

20.8 It must be noted that all trades attract Transaction Fees regardless of whether you are opening a new position or closing a current position. As a result, Transaction Fees will have a marked effect on your realized profits and losses.

20.9 When closing out a profitable position, the realized profits will be reduced by the total amount of the Transaction Fee applicable for that trade.

20.10 When closing a losing position, the total Transaction Fees applicable to the closing trade will be added to the realized loss amount.

Default interest on unpaid amounts or any negative balances in your account

20.11 If you fail to pay when due any amount payable as per the General Business Terms or if there are any negative balances in your Account and/or Trading Account, we may charge you default interest on that amount calculated using an interest rate which is the relevant Inter-Bank or Market Offer/Bid Rate plus the current interest rate (%), available on the Totality Website.

20.12 Unless specifically agreed otherwise interest is calculated on the basis of the Net Free Equity or Account Value on each individual account or sub-account. You will therefore be charged interest on the full negative Net Free Equity or Account Value on any account despite having a positive Net Fee Equity or Account Value on another account. When operating several sub-accounts, you may therefore be charged interest despite having an overall (accumulated) positive Net Free Equity.

Currency conversion calculation fees

20.13 These fees apply to the Totality Products, with an example as follows:

(a) Funds transferred from our trust account will be converted at the current Spot rate minus 0.45%. The 0.45% is a conversion calculation fee we charge you;

(b) Realised profits and losses will be converted at the rate at the close of the New York markets (5pm NY time) plus or minus 0.45%. of the closing market rate. The 0.45% is a conversion calculation fee we charge you.

(c) where you deal in an Option that is denominated in a currency other than Australian dollars, a currency conversion calculation fee of 0.45% will apply.

20.14 For more information on rates applicable to account tiers please refer to the Totality Website.

Account Interest on Account and Trading Account Balance

20.15 There may be account interest debited from your Account and to each Trading Account if you have negative Net Free Equity on your account and/or negative account value on any of your Trading Account(s) (**Account Interest**). .

20.16 Correspondingly, there may be Account Interest credited to your account if you have positive Net Free Equity on your Account and/or positive Account Value on any of your Trading Account(s).

Retail Accounts

(a) Positive Account Interest: Only for aggregate Net Free Equity and/or Account Value above the threshold specified on the Totality Website, at a rate calculated and specified also on the Totality website.

(b) Negative Account Interest: Negative Net Free Equity and/or Account Value at market ask rates plus the rate calculated and specified on the Totality website.

Corporate Accounts

(c) Positive Account Interest: The higher of market bid rates minus a mark-up and zero.

(d) Negative Account Interest: Market ask rates plus a mark-up, however never less than the mark-up.

20.17 Totality will charge negative interest rates on our standard offering in relevant reference currencies. The charge will apply to balances above the threshold currently indicated below.

20.18 On the Account, this threshold will be applied to the available Net Free Equity and, in the case of Trading Accounts to the Account Value. The negative interest will be calculated daily for the account credit balance exceeding the threshold and debited to the Account and/or Trading Accounts at the end of each month for the interest period of the previous month.

20.19 The rates charged are subject to change.

20.20 Threshold Negative interest rate is outlined on our Website.

20.21 Since the Net Free Equity is calculated on open trade positions on all your accounts, it is important to make sure that sufficient cash is available on your main account. Otherwise, you risk being subject to a debit interest on your main account exceeding the credit interest payable on your sub-account(s).

20.22 Totality may at any time without prior notice apply different rates according to different tiers of volume of trading and may choose not to credit any Account Interest at all or not if the Net Free Equity and/or Account Value falls below limits set by Totality from time to time.

External Fees, Taxes and Charges

20.23 You are responsible for any stamp duty, transaction duty, GST or similar goods and services or value added tax payable in respect of Options (except for any income tax payable by Totality). Bank charges and fees imposed on Totality to clear your funds or in respect of your payments will also be charged to you.

21. The General Business Terms may allow Totality to impose other fees or charges from time to time which do not relate directly to Transactions (and so are not costs, fees or charges for acquiring or later dealing in the contract itself).

22. Disclosure of Interests

22.1 We do not have any relationships or associations which might influence our ability to provide you with our services. However, you may have been referred to us by a third party who may receive a commission, fee or other non-financial benefit. You may request particulars of any commission or benefits payable to a third party by contacting us directly. However, we will generally disclose such commission, fee or other non-financial benefit, prior to the conclusion of any transaction in accordance with our regulatory obligations.

23. Personal Information

23.1 We may collect and hold a range of personal information about you to provide you with our services. For example, we are required under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) to collect certain personal information and to verify your identity. We are committed to ensuring that we comply with our obligations under the *Privacy Act 1988* (Cth). For more information on what information we collect, what we use this information for and how we handle and store your information, please refer to our Privacy Policy which is published on our Website.

23.2 If you are visiting our Website, our Privacy Policy (including our use of cookies) shall also apply to you. As a visitor, you will not be able to place orders on our Totality Trading Platform until you have applied, and we have accepted your application.

24. Professional Indemnity Insurance

24.1 Totality has professional indemnity insurance in place which complies with the relevant provisions of the Corporations Act. This policy covers loss or damage suffered by retail clients due to breaches of any obligations on the part of Totality or our representatives in accordance with the Corporations Act.

25. Taxation

25.1 The taxation implications for you of trading in Options will depend on your individual circumstances and other relevant factors.

25.2 Taxation laws are complex, and it is your responsibility to understand and consult a tax advisor before completing a transaction with us.

26. Dispute Resolution

26.1 Totality is dedicated to delivering high-quality products and services. If you have any questions or concerns regarding our offerings, or if our service or product quality has not met your expectations, we encourage you to let us know.

26.2 Totality's complaint process is designed to ensure that your concerns are addressed promptly, appropriately, and fairly, while maintaining confidentiality.

26.3 We request that you submit any queries or complaints online to ensure such queries and complaints are dealt with in the most efficient manner. Please submit your query via Support Portal for the most expedient and efficient handling. You do this by logging into your account and selecting "Inquiry Ticket" > "New Ticket" and then selecting the following:

- Category: Other
- Sub-category: Submit a Complaint

26.4 Alternatively, you may make your query or complaint by sending it to :

The Complaints team
Totality Wealth Limited
Suite 1, Level 14, 9 Castlereagh St
Sydney NSW 2000

26.5 Totality will provide acknowledgement of receipt of your complaints within 1 business day and seek to resolve and respond to complaints within 30 days of receipt. The Complaints team will investigate your complaint, and provide you with our decision, and the reasons on which our decision is based.

27. Totality is also a member (No.12002) of the Australian Financial Complaints Authority (AFCA), a free, fair and independent dispute resolution scheme. If you are dissatisfied with the outcome, you have the right to lodge a complaint with AFCA, contact details are below. You may also make a complaint via the Australian Securities and Investments Commission, free call Info line on 1300 300 630.The contact details for AFCA are:

27.1

Address	GPO Box 3, Melbourne, Victoria 3001, Australia
Website	www.afca.org.au
Email	info@afca.org.au
Telephone	1300 56 55 62
Fax	(03) 9613 6399

For more information about submitting your complaint to the AFCA, please refer to the following link: https://www.afca.org.au/make-a-complaint

28. Labour standards and environmental, social and ethical consideration

28.1 Labour standards or environmental, social or ethical considerations are not taken into account when offering our products.

29. Definitions

29.1 If Capitalised terms in this PDS have the following definitions:

(a) **Account** means your account with Totality established under the General Business Terms.

(b) **AFSL** means Australian Financial Services Licence.

(c) **Call Option** has the same meaning as set out in paragraph 7.1(a)

(d) **Clearing House** means the designated intermediary between the buyer and seller in a financial market, who validates and finalises each transaction .

(e) **Corporations Act** means the *Corporations Act 2001* (Cth).

(f) **Disclosure Documents** means this PDS, TMD, Risk Disclosure Statement, Financial Services Guide and any other disclosures that we may publish on our Website from time to time.

(g) **Option** mean an exchange traded option, as described in more detail at paragraph 3.1.

(h) **External Broker** means Saxo Bank A/S or another third party executing broker selected by Totality.

(i) **FSG** refers to the Financial Services Guide issued by us.

(j) **General Business Terms** means the terms of your Account with Totality for all of your Trading Accounts by which you deal in Transactions (as amended from time to time). Variations or additional terms may be notified to you from time to time in accordance with the General Business Terms.

(k) **Initial Margin** is defined in paragraph 14.3.

(l) **Maintenance Margin** is defined in paragraph 14.3.

(m) **Margin Requirement** means the margin requirement applicable from time to time on Options (and other products in your Trading Account). See paragraph 14.1

(n) **Net Free Equity** is the (i) value-dated cash balance of your main trading account, (ii) plus or minus cash balances on your sub-accounts in the same currency, (iii) plus or minus any unrealized profits or losses from open CFDs, FX Forwards, and Futures on your main trading account and sub-accounts in the same currency, (iv) plus the market value of any FX Options on your main trading account and sub-accounts in the same currency, (v) minus any margin required for financing open positions on your main Trading Account and sub-accounts regardless of sub-account currency, which forms the basis for the calculation of interest.

(o) **Platform** means collectively or individually all, trading platforms that allow us to provide our services to you pursuant to this PDS and our General Business Terms. The Platform is accessible via our app or Website.

(p) **Policies** means the Privacy Policy, Complaint Policy, Hedging Counterparty Policy and any other policy published on our Website from time to time.

(q) **PDS** refers to Product Disclosure Statement

(r) **Put Option** has the same meaning as set out in paragraph 7.1(b).

(s) **Retail Client** has the same meaning as in section 761G of the Corporations Act

(t) **Single-stock Options** has the same meaning as in paragraph 3.1.

(u) **Trading Account** means your main account and/or a sub-account of your Account with Totality (as applicable).

(v) **US Exchange** means an exchange which lists US Options, and includes the NASDAQ and CBOE etc.

(w) **Website** means our website www.totality.com.au.