



TradeDirect365 Markets Counterparty Risk – Adequate Financial Resources Policy

TradeDirect365 has produced this policy document to outline the procedures that we adopt to ensure that we comply with our Australian Financial Services (AFS) licence requirements and hold sufficient financial resources to meet our obligations. The purpose of the document is to provide clients with an insight to our financial position and our procedures so that they are better informed to assess the counterparty risk in dealing with us.

Financial markets can be very volatile and market exposure can sometimes have a substantial impact on financial resources. TradeDirect365 regularly conducts stress testing to ensure it holds sufficient liquid funds to withstand significant adverse market movements in relation to market risk.

TradeDirect365 employs a high level of corporate governance. Annual budgets are prepared for TradeDirect365. We produce a range of financial reports on a monthly basis including cash flow projections, a profit & loss statement and a balance sheet. The cash flow projections are prepared for the ensuing 12 month period, taking into account all the projected costs and revenues of running the business. All the assumptions made in deriving the projections are documented. The cash flow projections, the profit & loss statement and the balance sheet are presented at the monthly Board meeting. Projections are approved and the balance sheet is considered to ensure that the company can meet its financial obligations. If it is predicted that financial resources will fall below trigger levels then remedial action is sanctioned and capital is injected.

Management and financial information is maintained correctly on a day-to-day basis. Sufficient and appropriate market research is maintained and kept up-to-date. Budgets and cash flows are reviewed as necessary, based on new information.

The market is regularly monitored. Up-to-date research/information is maintained to enable TradeDirect365 to be responsive to the market. Research is carried out via:

- the internet;
- specialised financial/credit services research reports;
- newspapers; and
- other publications.

Reports, articles and other media related to our competition are monitored.

Interest rate movements and other key economic indicators, including geo-political events risks are monitored.