

VT GLOBAL PTY LTD

Wholesale Client Guide

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VT GLOBAL PTY LTD
(Hereinafter referred to as VT Markets")
ABN: 14 631 408 609 | AFSL 516246
Address: Level 16, 309 Kent Street, SYDNEY NSW 2000
Website: www.vtmarkets.com.au

Under the Corporations Act 2001 (Cth), clients are categorised as either Retail or Wholesale. Pro or Wholesale is a VT Markets client status available only to Wholesale Clients.

It's essential to distinguish correctly between retail and wholesale clients because compliance obligations and processes differ significantly between these two types of clients.

This Guide shall include essential information for your consideration when deciding to open an account and trade with VT Markets under the appropriate categorisation that relates to your circumstances.

A wholesale test is also included in this notice to help determine your status as a client concerning the categorisation. At the same time, a client may be wholesale for one product but retail for another.

You should be aware that you will not be entitled to the same protections offered to retail clients under Australian Laws as a wholesale client. Trading leveraged derivative products such as Contract for Difference (CFD) carry substantial risks and may result in losses greater than your initial capital. This notice does not include all the risks involved in trading, regardless of your client category. If you require further information concerning the client categorisation in Australia or the risks involved in trading with us, we recommend you seek independent advice.

Our products and services are not intended for distribution in any jurisdictions out of Australia where doing so would be against the law. If you are not a resident of Australia, it is your responsibility to ensure that you are not breaking any laws or regulations by trading with us.

Retail Client

A Retail Client is a client who is not a Wholesale Client. Retail clients (Natural Persons and Legal Entities) will receive the most excellent possible protection for investors.

As a Retail Client, you will be entitled to the statutory protections afforded under the Corporations Act, including protections under the [ASIC Corporations \(Product Intervention Order – Contracts for Difference\) Instrument 2020/986](#) and the right to access dispute resolution through the Australian Financial Complaints Authority (“AFCA”).

Retail clients are also subject to more restrictions under ASIC’s CFD product intervention order, such as leverage ratio limits ranging from 30:1 to 2:1, standardisation of margin-close-out rules, negative balance protection, and prohibitions on offering or giving certain inducements.

Retail Client’s money will be treated exclusively as “client money” under the Corporations Act, segregated from company funds, and held in a pooled trust account. This means that any money we receive from or hold on behalf of a Retail Client will not be misused for corporate expenses or purposes other than being held safely and exclusively as “client money”.

Retail Clients will also be provided with disclosure documents such as the Product Disclosure Statement (“PDS”) and Financial Services Guide (“FSG”) before opening a trading account with VT Markets.

Wholesale Client

To qualify as a wholesale client, an applicant must meet the requirements under one of the following tests:

Individual Wealth Test	Sophisticated Investor Test
<p>Criteria 1</p> <p>Clients have net assets of at least AUD 2.5 million, certified by a Qualified Accountant.</p>	<p>Criteria 1</p> <p>Pass the Sophisticated Investor knowledge quiz</p>
OR	AND
<p>Criteria 2</p> <p>Clients have Gross Income for the last two financial years of at least AUD 250,000 per annum, as certified by a Qualified Accountant.</p>	<p>Criteria 2</p> <ul style="list-style-type: none"> ▪ You have traded leveraged FX or CFDs 20 times a quarter for at least 4 quarters over any of the previous 3 years with a notional value of \$500,000 or more in each of those 4 quarters. <p><i>(Clients can demonstrate this experience from either their VT Markets account, another provider, or a combination of both)</i></p> <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> ▪ Work or have worked in the financial sector for at least one year in a professional position which requires knowledge of FX or CFDs.

A. Wealth Test

Section 761G(7)(c) of the Corporations Act allows a client to be categorised as a Wholesale Client if the client provides VT Markets with a copy of a certificate from a Qualified Accountant that certifies that the client:

- (i) Has net assets of at least A\$2.5 million; **or**
- (ii) Has gross income for the last 2 financial years of at least A\$250,000 a year.

The certificate is valid for two years from the issue date before requiring renewal¹. In determining a person's net assets or gross income, the net assets or gross income of a

¹ Section 761G(7)(c) of the Act, as modified by regulation 7.6.02AF of the Regulations

company or trust controlled by that person can be included². Similarly, if a person is eligible to be a wholesale client, then a company or trust controlled by that person is also a wholesale client³.

Control is defined as the capacity of one entity to determine the outcome of decisions about another entity's financial and operating policies⁴. The control test applies only to companies and trusts – it cannot be extended to individuals; that is, one individual cannot be deemed to have control over another.

It is unlikely that a trustee will meet the Individual Wealth test even if the trust's net assets exceed the relevant dollar amount. Even though it is the legal owner of the trust assets, the trustee has an equal corresponding liability representing the beneficial interest of the trust's beneficiaries. Accordingly, the trustee's net assets are likely to be only a nominal amount.

Further, a trustee and trust are considered to be a single entity for control purposes such that the trustee about the trust assets cannot use the control test⁵. However, suppose the trust is controlled by another person that meets an Individual Wealth test. In that case, the trustee can also be treated as a wholesale entity as a 'controlled entity' of that person.

You have or control a company or trust that has:

- Net assets of at least A\$ 2.5 million; or
- Gross annual income of A\$ 250,000 for each of the last two (2) financial years as certified by an accountant. The certificate is valid for two years from the issue date before requiring renewal⁶.

In addition, to be classified as a Wholesale Client under the Individual Wealth test, the client cannot use VT Markets's products or services in connection with a business.

The following are acceptable qualifications for accountants to provide this certificate.	
<i>Australian Professional Bodies</i>	<i>Declared Membership Designations</i>
Chartered Accountants Australia and New Zealand	CA, ACA, FCA
CPA Australia	CPA, FCPA
Institute of Public Accountants (IPA)	AIPA, MIPA, FIPA

B. Sophisticated Investor

In 2007, a definition of '**Sophisticated Investor**' was introduced to Chapter 7 of the Corporations Act (section 761GA) in recognition of the fact that there are investors who have

² Sections 761G(7A) and (7B) of the Act, inserted by regulation 7.6.02AC of the Regulations, compared with sections 708(9B) and (9C) of the Act

³ Section 761G(7)(ca) of the Act, inserted by regulation 7.6.02AB of the Regulations, compared with section 708(8)(d) of the Act

⁴ Section 50AA of the Act

⁵ Section 64A of the Act

⁶ Section 761G(7)(c) of the Act, as modified by regulation 7.6.02AF of the Regulations

the necessary experience to access wholesale products and services but not the wealth required by the Individual Wealth Test set out above.

Section 761GA allows a client to be categorised as a Wholesale Client in relation to a specified financial product or financial service if VT Markets is satisfied on reasonable grounds that the client has previous experience in using financial services and investing in financial products that allow the client to assess:

- (i) The merits of the product or service; and
- (ii) The value of the product or service; and
- (iii) The risks associated with holding the product; and
- (iv) The client's own information needs; and
- (v) The adequacy of the information given by VT Markets.

For VT Markets to make these determinations about the client:

- I. They must pass a quiz - the Sophisticated Investor Quiz made available during the application process.
- II. Demonstrate their experience in Margin Forex and CFDs by providing VT Markets with the necessary documents to prove:
 - a. They have placed at least 20 trades per quarter (for any 4 quarters in the last 3 years) and traded at least \$500,000 notional value in each of the 4 quarters;
 - or**
 - b. They have worked in the financial sector for at least one year in a professional position which requires knowledge of FX or CFDs

The Sophisticated Investor Quiz comprises of 10 questions, which are randomly generated from a compilation of questions. The Quiz tests the client's knowledge and experience on the following topics:

- 1- General knowledge about CFD trading;
- 2- Leverage;
- 3- Margin;
- 4- Position sizing; and
- 5- Risk management.

An applicant must answer all 10 questions correctly to pass, i.e., they must achieve a score of 100%. Each application under the Sophisticated Investor test is assessed individually. VT Markets must satisfy that the client is experienced in using financial services and investing in financial products, having carefully assessed the applicant's previous experience and that the client successfully completed the Quiz.

VT Markets must provide the client with a written statement stating why VT Markets considers that the client satisfied the above criteria, which the client must then acknowledge in writing.

To be classified as a Wholesale Client under the Sophisticated Investor test, you cannot use our products in connection with a business.

Wholesale Client Money Treatment

Individual Wealth test

If VT Markets classifies a Wholesale Client under the Wealth test, any money we receive from this type of client will also be treated by the ASIC Client Money Reporting Rules 2017.

Sophisticated Investor

Suppose VT Markets classifies a Client as a Wholesale Client under the Sophisticated Investor test in accordance with section 761GA of the Corporations Act. In that case, it will treat any money it receives from this type of Client or holds on their behalf as “**client money**” in a segregated account under the Corporations Act.

Changes in Regulatory Protections

As a Wholesale Client, you will forego certain statutory protections afforded to Retail Clients, including:

- protections under ASIC’s ASIC Corporations (Product Intervention Order – Contracts for Difference) Instrument 2020/986, including leverage restrictions and negative balance protection (commencing on 29 March 2021);
- you may not be eligible to access the dispute resolution services offered by AFCA;
- you will not receive a PDS or FSG;
- if you are classified as a wholesale client under the Sophisticated Investor test, we will segregate your money and assets in accordance with the client money provisions of the Corporations Act 2001. If we classify you as a wholesale client under the Wealth test, your client money will also be dealt with in accordance with the ASIC Client Money Reporting Rules 2017.
- where we assess whether a product or service is appropriate for you, we can assume that you have the necessary knowledge and experience to understand the risks involved and protect your interests. Note that you are responsible for informing VT Markets by writing to support@vtmarkets.com.au if you no longer meet the eligibility criteria to be considered a Wholesale Client.