ASIC Regulatory Guide 227 Disclosure Benchmarks

ASIC Regulatory Guide 227 requires issuers of over-the-counter (OTC) derivatives to publish certain information addressing a range of disclosure benchmarks. Synergy's compliance with each of the 7 benchmarks is addressed in the below table:

Benchmark description	How does Synergy meet this benchmark?
1. Client Qualification	Synergy maintains and applies a written policy which sets out the minimum qualification criteria that prospective retail investors will need to demonstrate before we will open a Account for you. Synergy also maintains a written policy/procedure to ensure such criteria are properly applied, and unsuitable investors are not accepted. We also maintain records of our assessments. Please note that we do not provide personal advice regarding the suitability of trading in these products for your personal financial circumstances and objectives. However, Synergy does not accept retail investors unless they are able to qualify to the satisfaction of Synergy that they: In order to be deemed sufficiently qualified to trade with us, you must provide that you are able to pass a multiple choice quiz designed to test the extent of your knowledge in trading and financial markets. In order to qualify, you must record a pass score. The quiz consists of 10 multiple choice questions, with at least one correct answer required from each of the following sections: - have previous experience trading in FX and Metal Contracts; - have an understanding of the concepts of leverage, Margins and volatility; - have an understanding of the key features of the product; - have an understanding of the trading process and relevant technology; - are able to monitor and manage the risks of trading; and - understand that only risk capital should be traded. If you pass the multiple-choice quiz, then you will be deemed qualified to trade through us. If a pass grade is not achieved, they you will not be deemed qualified to trade. To the extent permitted by law we do not accept liability for your choice to invest in any Contracts so you should read all of this PDS carefully, consider your own needs and objectives for investing in FX and Metal Contracts and take independent advice as you see fit.
2. Opening Collateral	Synergy only permits Clients to open an Account and trade with cleared funds (i.e. transfer of cash from your banking Account to your Account). Credit card deposits are limited to a maximum equivalent of AUD $1,000 per for the first opening deposit. Synergy does not accept other financial products as collateral for opening or trading an Account, due to the potential for 'double leverage' in such circumstances. Synergy does not encourage the use of leverage products with borrowed funds and do not accept "cash equivalents" as opening collateral.
3. Counterparty Risk – Hedging	Synergy maintains and applies a written policy to manage our exposure to market risk from Client positions. This includes strict risk management controls to assess and monitor our hedging counterparties (to ensure they are of sufficient financial standing, are licensed by a comparable regulator, and are of sound reputation). Synergy ensures all hedging counterparties meet the following criteria:

	- must have a good reputation and be a leader in the industry; - must have a detailed understanding of the foreign exchange business; - must have financial resources sufficient to offer the requisite margin and leveraging supports; - must have sufficient front and back office systems; - it must be regulated by the relevant authority in the countries that it operates. For further information please refer to section 8 – Hedging Counterparty Risks.
4. Counterparty Risk – Financial Resources	Synergy maintains and applies a written policy to ensure the ongoing maintenance of adequate financial resources. We further maintain a detailed Risk Register, in which the key risks of our business are addressed and reviewed. Part of this process involves considering the effect of various scenarios on liquidity and credit risk of a severe market rise or a severe market fall to determine the stress that Synergy can withstand. Please note that we have compliance officer to monitor compliance with our AFSL conditions and ASIC Regulatory Guide 166 (financial) obligations, as well as review and input from our independent external legal and accounting advisers. Our capital requirements and exposure are monitored on a daily basis using real-time software tools and reported formally on a monthly basis. Further, our external independent auditor conducts an audit at the conclusion of every financial year, a copy of which can be provided to you upon written request.
5. Client Money	Synergy maintains and applies a clear policy with regard to the use of Client money. Please note that money you deposit into your Account is co-mingled with other Client money in our Client money trust account. Such monies are only applied to Client trades/settlement obligations and to pay agreed fees etc., in line with the Corporations Act requirements. Please note that monies deposited into your Account to meet Margins, deposits, fees, Transaction settlements, or other costs shall be immediately on-forwarded (where applicable) to our Hedging Counterparties, and applied against your Margin, exchange, fee and settlement obligations. Client monies, which are held pending future Transactions and payments, are retained in our Client money trust account in accordance with the Corporations Act. It is important to note that holding your money in one or more Client money trust accounts may not afford you absolute protection. Synergy enters into arrangements with Hedging Counterparties for the facilitation of Transactions and settlements, and avails monies received for Margin calls and settlements to such providers for this purpose. Accordingly Clients are indirectly exposed to the financial risks of our counterparties and organisations with whom Synergy holds Client funds. If the financial condition of Synergy or assets of our counterparties or the parties with which we hold Client assets deteriorate, then Clients could suffer loss because the return of the Client capital could become difficult. Client trades can only be placed when there are cleared funds in the Client's Account. Accordingly, no scenario is anticipated which would result in a shortfall in the Client money trust account, and one Client's money is not used to cover the obligations of another.
6. Suspended or halted underlying assets	An underlying financial product may be placed in a trading halt on the relevant market in various circumstances. Additionally, it may be suspended in certain circumstances. Should our Hedging Counterparties stop providing pricing and clearing in a certain product or underlying asset due to a suspension or trading halt, then Synergy will be unable to process Orders which have not yet been opened, and will suspend trading on Open Positions until such time as pricing becomes available again.
7. Margin Calls	Synergy maintains and applies a written policy detailing our Margining practices in section of 3 this PDS. This details how we monitor Client Accounts to ensure you receive as much notice as possible regarding Margin Calls, our rights regarding the levying of Margin Calls and Closing Out of positions when such calls are not met in a timely manner, and what factors we consider when exercising such Close-Out rights. All Contracts will be subject to Margin obligations. Accordingly, you are responsible for meeting all Margin payments required by Synergy. It is your sole responsibility to monitor and manage your Open Positions and exposures, and ensure Margin Calls are met as required.

	We reiterate that trading in FX and Metal Contracts carries a high level of risk and returns are volatile. The risk of loss in trading can be substantial, and you can incur losses in excess of the capital you have invested. Accordingly, you should only trade with risk capital i.e. money you can afford to lose, and which is excess to your financial needs/obligations.