

Hedging Counterparty Policy

Fortune Prime Global Capital Pty Ltd trading as Fortune Prime Global

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This policy explains the methodologies used to manage market risk and to decide upon the size of Fortune Prime Global Capital Pty Ltd.'s ("Fortune Prime Global", "we", "us", "our") exposure limits for our counterparties. This policy has been developed with consideration of the ASIC Regulatory Guide 227.

Credit risk is the risk that a counterparty to Fortune Prime Global fails to perform its obligations which results in financial loss for Fortune Prime Global. Our management of credit risk is intended to protect us and clients from any sudden changes in the liquidity, credit quality or solvency of our banks or liquidity providers.

Fortune Prime Global primarily takes on market risk to facilitate instant execution of client trades, and therefore market risk limits are generally very conservative.

This document sets out Fortune Prime Global's policy regarding:

- I. Market risk;
- II. Credit risk;
- III. Selecting and assessing counterparties; and
- IV. List of Current Hedging Counterparties

I. Market Risk Mitigation, Monitoring and Reporting

We do not take proprietary positions based on an expectation of market movements. However, since Fortune Prime Global does not hedge all client transactions, we may have a net position in any of the markets on which we offer financial products. As such, we have exposure to market risk to the extent that we have a residual un-hedged position.

We have internal market risk procedures for setting limits, for every single financial market in which our clients trade, as well as certain groups of markets which we consider to be correlated. These rules limit the net exposure arising from client activities and implement hedging consistent with our risk appetite.

Our risk management systems allow us to continually monitor our exposure against these limits in real time and on a group-wide basis. If our exposure exceeds the limits as a result of clients' activities, we will carry out sufficient hedging to bring the exposure back within the defined limit.

Changes to our internal market risk procedures require approval by the Managing Director of Fortune Prime Global.

II. Credit Risk Mitigation and Reporting

We have internal counterparty credit risk procedures for assessing credit risk and setting credit risk limits. These procedures are reviewed once every twelve (12) months and presented to the Managing Director for approval should any changes are proposed.

The Managing Director reviews the credit quality of our major counterparties on a regular basis, with a formal risk review for each counterparty performed at a minimum of once per year and more frequently if there is a significant change in market conditions or relevant news.

The exposure to each counterparty is monitored on a daily basis and reported to the Managing Director.

It is our policy to reduce the risk of counterparty failure by setting each one a risk assessed exposure limit and through diversification.

We comply with the Australian Client Money Rules and do not use client money to hedge with our liquidity providers.

III. Minimum Criteria for Accepting Hedging Counterparties

We assess a potential hedging counterparty against a list of qualifying criteria that address whether they are of sufficient financial standing.

We do not accept a potential hedging counterparty unless they meet the minimum qualification criteria, which require the hedging counterparty to:

- have adequate financial and compliance resources;
- have an adequate financial license in its jurisdiction;
- hold client funds in a reputable bank; and
- have a good reputation within the financial industry.

Addition of new hedging counterparties or changes to existing counterparty limits require approval by the Managing Director.

IV. List of Current Hedging Counterparties

Currently we cooperate with the following hedging counterparties:

- Finalto Financial Services Limited
- ISAM Securities (UK) Limited
- Equiti Brokerage (Seychelles) Limited
- OKX Australia Financial Pty Ltd

If you need any additional information, please feel free to contact us.