



# **Hedging Policy**

***CTRL Investments Ltd***

**DECEMBER 2019**

## Introduction

You deal with CTRL Investments Ltd, ARBN 152 535 085, AFSL 414198 (**CTRL, we us or our**) as a counterparty to every position you enter into onto our platform. You will have exposure to us in relation to each position if we are unable to meet our obligations.

This policy explains the arrangements we have in place to manage our risk exposure to client positions. The policy has been developed with reference to ASIC Regulatory Guide 227.

We manage our exposure to credit, liquidity and market risks using a range of risk mitigation tools, such as our hedging counterparty arrangements, and internal risk management processes.

## Our hedging counterparty – CTRL Capital Limited

CTRL's current hedging counterparty is CTRL Capital Limited (**CTRL Capital**).

We hedge all positions that our clients enter into through our CFD products, by entering into a back-to-back transaction (i.e. we enter into an equal and opposite reciprocal transaction) with CTRL Capital.

We understand that CTRL Capital has access to a panel of third-party liquidity providers and has policies for assessing and monitoring its own counterparty risks, including concentration limits to diversify exposures once pre-determined risk limits are reached.

We have processes through which we regularly monitor the financial standing of CTRL Capital to ensure that the counterparty risk borne by us in connection with this hedging counterparty is commercially acceptable. For example, we assess the credit quality of CTRL Capital at least annually, and more frequently if there is a significant change in market conditions or unfavourable circumstances facing CTRL Capital.

If CTRL Capital's liquidity and/or solvency deteriorates, we may reduce or cease our hedging activities with CTRL Capital. This may mean that we may exercise our discretion to reject open orders, or request that clients reduce their open positions.

We reserve the right to change the hedging counterparty or add other counterparties, where we consider it necessary to do so. Where there are any changes to our hedging counterparty, we will provide the changes by updating our Hedging Policy.

Any counterparty we use for hedging will be selected by us based on a risk assessment that takes into consideration a number of factors including:

- the financial performance of the counterparty based on financial statements and other available financial information;
- its credit rating, loan activities and investment risk appetite; and
- the strength of its financial and compliance (including risk management) resources.



## **Risk management processes**

Our clients could still be exposed to the default risk of our hedge counterparties, where we are unable to withstand the losses arising from such events.

We seek to further mitigate this risk through other financial resources and processes we have in place, for example:

- CTRL is required to hold adequate financial resources and compensation arrangements as an Australian Financial Services Licensee to protect clients against losses resulting from our business activities, including our counterparty arrangements.
- To some extent, we also manage the counterparty risk to our clients through automated processes within our Trading Platforms which trigger automatic close out of open CFD positions in accordance with our Terms of Use.
- We also have a risk management framework and other relevant policies through which we seek to manage our operational risks.

However, we do not in any way guarantee that all counterparty risk to our clients are eliminated.

If you need any additional information, please feel free to contact us at [support@hftrading.com](mailto:support@hftrading.com)