



Finsa Markets Counterparty Risk – Adequate Financial Resources Policy

Finsa 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. Finsa regularly conducts stress testing to ensure it holds sufficient liquid funds to withstand significant adverse market movements in relation to market risk.

Finsa employs a high level of corporate governance. 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.