KIWIBULL GROUP
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PRODUCT DISCLOSURE STATEMENT

2016

KIWIBULL GROUP

Contracts for difference issued by
GLOBAL DIGITAL GROUP

This document provides important information about contracts for difference to help you decide whether you want to enter into any of these derivatives. There is other useful information about this offer at www.business.govt.nz/disclose.

Many derivatives are complex and high-risk financial products that are not suitable for most retail investors. If you do not fully understand a derivative described in this document and the risks associated with it, you should not enter into it. You can also seek advice from a financial adviser to help you make your decision. You should ask if that adviser has experience with these types of derivatives.

KIWIBULL has prepared this document in accordance with the Financial Markets Conduct Act 2013.

1 Key information summary

What is this?

This is a product disclosure statement ('PDS') for contracts for difference provided by KIWIBULL. Contracts for difference are derivatives, which are contracts between you and KIWIBULL that may require you or KIWIBULL to make payments. The amounts paid or received will depend on the price or value of the underlying currencies, commodities, or indices. The contract specifies the terms on which those payments must be made.

Warning

Risk that you may owe money under the derivative

If the price or value of the underlying currencies, commodities, or indices changes, you may suffer losses. In particular, unlike most other kinds of financial products, you may end up owing significant amounts of money. You should carefully read section 2 of the PDS (key features of the derivatives) on how payments are calculated.

Your liability to make margin payments

KIWIBULL may require you to make additional margin payments to contribute towards your future obligations under these derivatives. These payments may be required at short notice and can be substantial. You should carefully read section 2 of the PDS (key features of the derivatives) about your obligations.

Risks arising from issuer's creditworthiness

When you enter into derivatives with KIWIBULL you are exposed to a risk that KIWIBULL cannot make payments as required. You should carefully read section 3 of the PDS (risks of these derivatives) and consider KIWIBULL's creditworthiness. If KIWIBULL runs into financial difficulty, the margin you provide may be lost.

About KIWIBULL

KIWIBULL ('we', 'our' or 'us') is part of an international financial services group with operations in Auckland. We offer leveraged trading, physical foreign exchange, and securities trading to our clients.

Which derivatives are covered by this PDS?

This PDS covers over-the-counter contracts for difference ('CFDs') for a range of underlying assets including a range of currency pairs, commodities such as gold, silver, and crude oil, and indices such as the Dow Jones Industrial Average, the S&P 500, and the Nikkei225.

CFDs involve two parties entering into a contract at the end of which the parties exchange the difference between the opening and closing prices of an underlying asset. No delivery of the underlying asset occurs and the CFD is cash settled, meaning that at the end of the contract you will either be required to pay money to us or we will be required to pay money to you.

As the CFDs are traded over-the-counter (‘OTC’), you (the client) and KIWIBULL (the provider) are counterparties to the CFD. They are not traded on a licensed futures market. We offer you the opportunity to trade in a wide variety of CFDs. The contracts offered by KIWIBULL will be at KIWIBULL’s discretion and the price will vary according to the prevailing market conditions. The CFDs are available via the online KIWIBULL MT-4 platform.

CFDs can be used to hedge exposure to a position in the underlying asset, as well as speculate with a view to profiting from market fluctuations (for example, changes in the price or value of underlying assets). For example, a client may be holding a portfolio of NASDAQ stocks. The performance of these NQSDAQ stocks will be closely aligned with the NASDAQ100 index. To hedge his exposure to the vagaries of the NASDAQ stock market, the client could short sell NASDAQ100 CFDs. Thereby the client can safeguard against the general market risk of their US STOCK portfolio without selling any of their stock. The client could hold these positions for a short time since they can enter or offer a CFD at any time at their own discretion. Conversely, it could also be a long term strategy, so long as they maintain sufficient margin in their trading account.

CFDs allow the client to take an exposure to a particular underlying instrument or security without the need to buy or sell the underlying instrument. You could lose large amounts if the price of the underlying asset moves significantly against you, particularly if you choose to invest on a leveraged basis. The risks of loss in dealing in CFDs can be substantial and can exceed any deposit or margin that has been provided to cover the CFD.

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2 Key features of the derivatives

Nature and effect of our CFDs

A CFD is a contract that allows a client to take a position in relation to an underlying asset (in our case, a specified currency pair, commodity, or index), under which the parties (being you, as client, and us, as provider) agree to exchange the difference between the position you have taken and the actual price or value of the underlying asset. Under a CFD, investors can go 'long' (meaning you will only profit if the price or value of the underlying asset increases, similar to if you owned the asset) or 'short' (meaning you will only profit if the price or value of the underlying asset decreases, similar to if you sold the asset on the basis that you could buy it back at a later date for a lower price).

CFDs are referred to as 'derivatives' as, amongst other things, the value of the amount to be paid by one party to the other is ultimately determined, is derived from, or varies by reference to the value or amount of something else. In the case of our CFDs, the underlying asset is a specified currency pair, commodity, or index. No delivery of the underlying asset occurs and the CFD is cash settled, meaning that at the end of the contract you will either be required to pay money to us or we will be required to pay money to you.

KIWIBULL offers a comprehensive range of CFDs based on the following underlying instruments:

(i) Metals

(ii) Forex

(iii) Indices, and
(iv) binary option

The CFD contracts offered by KIWIBULL are subject to change from time to time. Please refer to the current list of available products on our website at :-
http://www.kiwibull.com/ForeignExchange.html

Margin

One of the conditions of entering into our CFDs is that you provide us with margin in the form of cleared funds. We provide you with leverage in return for the margin contribution. When you apply to enter into CFDs with us, you can choose the level of margin applicable to your account. If you deposit USD10,000 and request 5x leverage, you can place positions of up to the equivalent of USD50,000 in value. If you request 100x leverage, and deposit USD1,000 you can trade positions of up to the equivalent of USD100,000. Similar mechanics apply to your account regardless of the account base currency. When deciding your level of margin, please note the minimum requirements for each type of underlying asset set out on the following pages.

Your obligation as client and counterparty is to maintain your margin at a minimum level in accordance with the leverage options set out below.

Leverage	**Margin Required**	**Explanation**
1:20	5%	This means that for every $1 you deposit with us, you can trade to a value of $20. Automatic close-out applies when your total equity falls below 20% of the margin required for your open positions.
1:50	2%	This means that for every $1 you deposit with us, you can trade to a value of $50. Automatic close-out applies when your total equity falls below 50% of the margin required for your open positions.
1:100	1%	This means that for every $1 you deposit with us, you can trade to a value of $100. Automatic close-out applies when your total equity falls below 50% of the margin required for your open positions.
1:200	0.5%	This means that for every $1 you deposit with us, you can trade to a value of $200. Automatic close-out applies when your total equity falls below 100% of the margin required for your open positions.

A CFD works in a similar way to the underlying product and the value of a CFD is derived from the related underlying product. However, CFD holders do not actually hold the underlying product and may not enjoy the same rights as the holders of the underlying product nor are they entitled to sell or transfer ownership to another person or entity.

Main uses and key benefits of our CFDs

Main uses

CFDs can be used to hedge exposure to a position in the underlying asset, as well as speculate with a view to profiting from market fluctuations (for example, changes in the price or value of underlying assets). CFDs allow you to take an exposure to a particular underlying instrument or security without the need to buy or sell the underlying instrument.

As you can enter into our CFDs on a leveraged basis, a relatively small initial deposit is required to invest.

Key benefits

Type of benefit	Description
Potential magnified return	Clients who enter into CFDs can potentially receive a higher return than a normal investment, due to the characteristics of leveraged trading. In addition, clients need not commit to the whole amount of their investment, as only a small portion is needed to be paid as margin. However, you could lose large amounts if the price of the underlying asset moves significantly against you. In addition, if you have chosen to invest on a leveraged basis, any losses will be magnified. The risks of loss in dealing in CFDs can be substantial and can exceed any deposit or margin that has been provided to cover the CFD.
Hedging and speculation	Clients can use CFDs to hedge exposure to a position in the underlying asset, as well as speculate with a view to profiting from market fluctuations. CFDs allow the client to take an exposure to a particular underlying instrument or security without the need to buy or sell the underlying instrument.
Diversification	We offer you a range of underlying assets to trade CFDs on. This gives you a wide variety of underlying assets to invest in, allowing you to diversify your investment risks by spreading your exposure across multiple underlying assets.
Short selling	CFDs allow you to obtain the benefits of short selling underlying assets without being subject to the restrictions and reporting requirements imposed on short selling the actual asset or the need to borrow the actual asset in order to sell it.

How to calculate the amounts payable under the CFDs

Set out below is a description of how we calculate amounts payable under the CFDs and examples of the application of this methodology.

We provide continuous online reporting to all clients of all of their positions, equity, and profit and loss. Clients are able to use this information to determine whether they wish to close their positions. Clients can see in real time their profit or loss and account activities. Each client's profit and loss results are transferred to (or from) the segregated accounts referred to in section 5 (client funds) on a daily basis. Clients can use additional equity arising from positive position movements which they receive during the day to re-invest as margin for further CFDs.

Obligation to make payments

If your trade position moves against you there are 3 possible outcomes:

- You provide us with additional margin and keep the position open.
- You close the position thereby crystallizing the loss.
- The system automatically creates an order for our dealers to manually close out the position when your total equity falls below the percentage set out in the table above. There is no guarantee that positions will be closed in periods of excess volatility as outlined in section 3 (risks).

If at any time the price moves against your position such that your margin is insufficient to cover any potential losses, we may make a margin call. Your additional deposit following the margin call allows us to keep the position open. In the event that the margin call remains unpaid, we have the right to close out any position and to recover any losses from you.

We are not obliged to make margin calls. However, we may make a margin call by doing any or all of the following:

- sending a system generating message
- emailing you
- calling you

Clients are required to monitor their margin level in order not to be 'stopped out' when the margin falls below the stop out level. It is very important that clients retain sufficient margin in their trading accounts to cover their open positions. Otherwise, we will close out the positions in their trading accounts when the margin level falls below the threshold percentage. This close-out feature is designed to limit the potential loss of the client, us, and any counterparties. However there is no guarantee that the positions can be closed, and you will be liable to us for any shortfall.

The stop-out level may be changed at any time at our absolute discretion and without prior notice.

Swap costs for holding CFDs overnight

Open positions held overnight attract a 'swap cost'. This is essentially the prevailing interest rate differential on the underlying assets bought or sold. If, for example, you buy AUD against USD, and the AUD interest rate is higher than USD, you will receive interest. If you buy USD you will pay interest. Swap rates are determined by our counterparties – see section 4 (fees) for more information.

Examples

This section provides hypothetical examples of how a CFD works. All reference prices are provided only for illustrative purposes. The examples provided should not be taken as an indication or as a commitment by KIWIBULL as to how these situations would actually apply to a specific CFD. Each provides an example of one situation only and does not reflect the specific circumstances or the obligations that may arise under a CFD entered into by you.

All currency pair prices are quoted as a bid/offer price. For example, the EUR/USD is at 1.3000/1.3002. This means that if you are buying one Euro (EUR), you will pay 1.3002 US dollars (USD). But if you are selling one EUR, you will receive USD1.3000.

Example 1: Long position and making a profit

Adam believes the Euro will strengthen against the US dollar. He therefore buys one lot (goes long), of EUR/USD at the offer price of 1.3000. Because the lot size for currencies is 100,000 of the base currency, this means that he has bought USD 100,000 of EUR/USD. Adam holds the position for one day. During that time EUR/USD has increased to 1.3150. This means that when he closes the position at that higher price, he will make a gross profit of:

Profit/Loss calculation This is the size of the position multiplied by the difference between the price when Adam entered the position and the price when he exited the position.	USD 100,000 x (1.3150 - 1.3002)
Gross Profit	= USD 1,480.00

As this position was held overnight, an interest rate differential charge (referred to as the 'swap cost') for one day will also apply to this trade. At the time Adam took his position, the swap costs were as follows:

- If he bought EUR/USD (he took a long position), he would receive 0.3 points (0.00003) per night
- If he sold EUR/USD (he took a short position), he would pay 0.4 points (0.00004) per night

This is on the basis that the Euro interest rate is higher than the US dollar interest rate. Because he went 'long' overnight, he received 0.3 points.

So, this means that he received:

USD 100,000 x 0.00003	= interest received USD3.00
Plus Gross Profit	= USD1,480.00 + USD3.00
Total profit	= USD1,483.00

Example 2: Long position and making a loss

If the Euro had weakened against the US dollar instead of strengthening, Adam would have made a loss on his position. For example, if he had made the same trade (buying USD 100,000 of EUR/USD at 1.3000 and holding for one day), but the Euro drops against the US dollar and the position is closed at EUR/USD 1.2850, he would have made a gross loss of:

Profit / Loss calculation:	USD100,000 x (1.3002 - 1.2850)
Gross Loss	= USD 1,520

As the position was held overnight there will also be a swap cost for one day that will apply to this trade:

USD100,000 x 0.00003	= interest receivable USD 3.00
Less Gross Loss	= USD 3.00 – USD 1,520.00
Total loss	= USD 1,503.00

Example 3: Short position and making a profit

Claire believes the EUR will weaken against the USD from the current level of EUR/USD 1.3000/1.3002. She therefore sells (goes short) 1 lot (100,000) EUR/USD at the bid price of 1.3000. Claire holds the position overnight and when the price has moved down to EUR/USD 1.2915 she closes the position at 1.2915, making a profit of:

Profit/Loss calculation:	USD100,000 x (1.3000 - 1.2915)
Gross Profit	USD850.00

As the position was held overnight a swap cost will also apply to this trade of 0.4 points which will be a cost.

USD100,000 x 0.00004	= interest payable USD4.00
Trading profit less swap cost	= USD850.00 – USD4.00
Total profit	= USD846.00

Example 4: Short position and making a loss

Stephen believes the EUR will weaken against the USD from the current level of EUR/USD 1.3000.

He therefore sells (goes short) 1 lot (100,000) EUR/USD at the bid price of 1.3000. Stephen holds the position for one day and when the price moves up to EUR/USD 1.3045 he closes the position at the offer price (1.3045), giving a loss calculated as:

Loss of USD	100,000 x (1.3000 - 1.3045)
Gross loss	USD450.00

As this position was held overnight, a swap cost for one day will also apply to this trade, as follows:

USD 100,000 x 0.00004	= interest payable (USD 4.00)
Trading loss plus swap cost	= USD450.00 + USD4.00
Total loss	= USD454.00

Margin costs and stop loss examples

Example 1: Stop out level

Cathy is entering into a CFD with a value equivalent to USD100,000 and deposits USD1,000 into their trading account as margin (assuming the leverage is 100x). If Cathy has a stop out level of 50%, we may close her position when the equity falls below USD500 (50% of US1,000). If a client has multiple positions, the dealer/system will close out the position with the largest loss first, and so on, until the margin level is back within required levels. Due to market volatility, we do not guarantee the close-out can be done in a timely manner, and the client may go into negative equity if the underlying position has gapped against the client position due to large movements in price. In the case of a negative equity position, the client will owe KIWIBULL the balance.

Example 2: Margin costs

William opens a standard USD margin account with the following features:

- minimum margin requirement 1%
- stop out 50%
- initial deposit of USD5,000

He buys a standard lot AUD/USD @ 0.9900

He pays margin of 1% = AUD 100,000 x 1% = AUD 1,000 = USD 990 @ AUD/USD 0.9900

If the AUD/USD rate drops, William will incur a loss due to the market movement. When his margin level is less than 60%, he will need to provide additional margin in order to secure his position.

Calculation formula: Margin level = Equity / margin

When the margin level is less than 50%, his position will be stopped out.

Stop out point* = Margin level 50%

Equity at stop out point = 990 x 50% = USD 495

Calculation details

Account details	Amount (USD)	Calculation steps
Balance:	5,000	1
P/L:	(4505)	2
Swap:	#	3
Equity:	495	4 = 1+2+3
Stop out Level:	50%	

Swap calculation method can be viewed in the previous examples.

*Stop out level 50%: our dealer will stop out positions for clients at the best available market price. For multiple open positions, the position with largest loss will be closed out first, and so on, until the margin level is back within required limits.

Entering derivative and rights to alter terms or terminate derivative

Entering derivative

Entering into a Client Services Agreement

Clients who wish to enter into CFDs with us after reading this PDS and the other information set out in our offer register entry must apply to use KIWIBULL Leveraged Trading by entering into a Client Services Agreement ('CSA') with us. You will be required to provide us with the information required for us to set up your account. There is no minimum amount required to open an account.

If you are accepted as a client:

- you will be advised where to deposit your trading funds
- an online trading platform account and password will be allocated to you
- we will process all of your trading and settlement instructions
- we will report to you 24/7 via our online trading platform.

In applying to use KIWIBULL Leveraged Trading, you must confirm that you have the ability to evaluate and understand the terms, conditions and risks of the transactions entered into via KIWIBULL Leveraged Trading. These include, but are not limited to, understanding the concepts of leverage, margins, volatility, interests or rights in the underlying asset(s) along with the processes and technologies used in trading.

You must also confirm that you are willing and able to accept those terms and conditions and to assume (financially and otherwise) those risks. You acknowledge your responsibility for monitoring and managing the risks of trading. When you enter into the CSA, you are making this confirmation.

Margin deposit

You must provide your margin to us in cleared funds before we will enter into CFDs with you. We accept telegraphic transfers, online payment as well as deposits in a variety of currencies. When you complete your application, talk with our representative who will advise you on where to deposit funds, depending on the currency involved.

When a client deposits money with KIWIBULL, the client's funds are pooled with other client's funds and held in an account (segregated accounts) on trust for our clients and separate to our business operating accounts. See section 5 (How KIWIBULL treats funds and property received from you) for more information.

If you would like to withdraw funds, please complete the apply online or speak to our representative.

Entering into a CFD

CFDs are over-the-counter derivatives contracts under which you (the client) and we (the provider) are counterparties to the CFD under which you take a position.

You can place trading instructions through our online system which allows clients to:

- Place orders with access to real time prices
- Place, modify and delete trading instructions including to take profit or stop loss
- Set alerts to monitor the market and notify clients when prices reach a certain level
- Manage existing positions or take new positions
- Access real time valuation and profit & loss reports

- Access technical analysis tools including charting
- Access full historical trading, balance and profit and loss information

We offer you a contract price based on our assessment of the prevailing market conditions. The price which you are quoted will incorporate our spread for the particular CFD. Your instructions will need to nominate the underlying asset, the amount, and whether you are buying or selling.

Any instruction you send will only be a valid instruction and/or binding contract between us and you when it has been recorded as executed by us and we send you a trade confirmation (which is sent to your online trading platform account). The transmission of an instruction by you will not in itself result in a binding contract between us and you. When positions are opened or closed, a trade confirmation is immediately forwarded to your online trading platform account.

As we do not provide discretionary investment services, you must authorise all trading instructions (including by appointing an authorised person under the CSA).

Although it is not our current practice, when you enter into transactions, we are entitled to withdraw margin from your account to cover the open position. Our practice may change in the future.

Rights to alter term

Variation due to CFDs

You are able to partially close out a position at any time during trading hours by reducing the size of your position (for example, by decreasing the number of lots held).

An existing position cannot be added to (although you can enter into a new CFD to increase your exposure to a particular underlying asset).

Corporate actions and dividends will alter the price of a CFD over an index.

Costs / payments on alteration

You will be responsible for paying any outstanding costs where you partially close out a position (for example, if you have made a loss or if you have held a position overnight and incurred swap costs).

Termination of CFDs

Due to Client Services Agreement

The CSA may be terminated at any time by one party giving written notice to the other to that effect. This does not affect the existing rights and obligations of ours and yours at termination, but we will close out all open positions unless, in accordance with your directions, those CFDs are transferred to another participant of a futures exchange in accordance with the NZX Participant Rules.

Due to CFDs

Although you cannot terminate a CFD, you can close out your position under the CFD, crystallising your profit or loss. This will be credited or debited to your account. We can also close out your position in the circumstances set out above.

Costs / payments on termination

You will be responsible for paying any outstanding costs where you close out a position (for example, if you have made a loss or if you have held a position overnight and incurred swap costs).

3 Risks of these derivatives

There are a number of risks associated with entering into CFDs, which can be divided into product risks, issuer risks, and risks when entering or settling the derivatives. Set out below are what we believe to be the significant risks associated with entering into CFDs with us.

Product risks

The use of derivatives generally can result in large gains and/or losses due to the use of leverage. Derivatives allow investors to earn large returns from small movements in the underlying asset's price or value. However, you could lose large amounts if the price of the underlying asset moves significantly against you. The risks of loss in dealing in CFDs can be substantial and can exceed any deposit or margin that has been provided to cover the CFDs. For example, a major shift in the price of an underlying commodity could result in potentially unlimited losses.

In addition, the following risks may arise:

Risk	Circumstances that may give rise to the risk / example of how it arises
Potential magnified loss	If you are borrowing the capital to fund your margin from another party, the risks associated with a CFD will be even higher. For example, with a leverage of 20 - 100 times, a 1% loss suffered from CFD trading will result in a 20% - 100% loss when trading CFDs. The loss is in addition to any other fees such as swap costs.
Risk of loss greater than amount of margin	You may sustain a loss greater than your initial margin. You will be required to pay further funds representing any additional losses and other fees on the open and closed derivative positions. For example, if the initial margin payable at the time a CFD is established in respect of AUD/USD is USD1,000 and the market moves against the client's position, the client could lose much more than the initial USD1,000 deposited to open the position.
Margin calls and involuntary close-out	We are not obliged to make a margin call but, if at any time the price moves against your position such that your margin is insufficient to cover any potential losses, we may do so. To keep the position open you must make an additional deposit. If you fail to meet a margin requirement, we have the right to close out any position and to recover any losses from you. We are also not under any obligation to make margin calls. Clients are required to monitor their margin level in order not to be 'stopped out' when the margin falls below the stop out level. If your margin falls below the stop-out level, the positions your account will be closed-out. This close-out feature is designed to limit your, our, and any counterparties' potential losses. However, due to market volatility there is no guarantee that the positions can be closed, and you will be liable to us for any

	shortfall. We may change the stop-out level at any time in our absolute discretion and without prior notice.
Illiquidity	In certain market conditions, it may be difficult or impossible to liquidate or close out your position. This can occur when there is a significant change in the price of the underlying asset over a short period of time. The liquidity of a currency pair, commodity or index may be decreased or removed from the market due to unforeseen economic, political, natural disasters or catastrophic events. You may not be able to liquidate your position to gain profits or prevent larger losses. Drastic price changes can occur in a short period of time, in an inactive or illiquid market, under severe changes in economic or political conditions, as a result of a catastrophe, or when trading of financial products is being limited by regulatory authorities, and during communication interruptions. In these conditions, even if you can liquidate your position, you may be forced to execute it at a price that may cause a substantial loss.
Gapping	The value of a CFD could move significantly in a short space of time, even where no trade in the underlying asset has occurred. This is known as 'gapping'. For example, announcements of unforeseen negative financial results by a company within an index, unforeseen economic or political events, natural disasters or catastrophic events could result in an immediate shift in value of the underlying asset and therefore the value of the CFD position. The effect of an event is likely to be greater where that event occurs outside trading hours, or where the market for the underlying asset is illiquid. The result of this could be a drop (or 'gap') of the price of your CFD, potentially below your stop-loss level, causing you significant losses.

No guaranteed orders	Stop-loss orders and limit orders may not be accepted, or may be executed at a different price to the one specified by you if the price of the underlying asset moves suddenly. In this case any loss that yields from this investment may be higher than your expectations.
Increased costs	Currencies, swap costs, interest rates and the value of the underlying assets can go up or go down. If the swap points payable increase at the time when you hold a position, you will incur a higher financial expense (in effect a holding cost). In addition, other factors such as economic cycles, the profitability of companies and different market sectors, business confidence and government policies can also affect both the underlying asset performance and interest rate movement. In addition, we generate our revenues from spreads. This is the difference between the price we can enter a position and the price we offer to you. It is generally in the vicinity of zero to 100 points. The spread will vary depending upon the index which is being traded. For example, if the Hang Seng index is trading at 20,000, our spread may be wider than that applicable to the ASX200 index which is trading at 5000. We retain the right to amend the spread for any reason and in volatile or liquid market conditions, the bid/ask spread could be amended to reflect the unpredictable market conditions. For more detailed spread information, please refer to the product specifications, which are available in the KIWIBULL platform or on the KIWIBULL website.
Unregulated markets	CFDs are OTC derivatives that allow you to take a position in relation to the underlying assets. This product is not traded or regulated by any exchange, and therefore does not provide you with any of the protections currently available to transactions made in those traditionally regulated markets.
Foreign exchange exposure	When you deal in a CFD that is denominated in a currency other than the currency of your account, all initial margin, profits, losses, credits and debits in relation to that CFD are calculated using the currency in which the account is denominated. Accordingly, your profits and losses may be affected by fluctuations in the relevant exchange rate between the time the transaction is entered into and the time the relevant conversion of currencies occur. The foreign exchange market can change rapidly and you will be exposed to foreign exchange rate volatility during the term of the CFD.

Risks when entering or settling the derivatives

The significant risks that arise from the processes by which our CFDs are entered into and settled are as follows:

System disruption

The ability to trade CFDs smoothly depends on the continued operation of the online platform (and the Internet connection and personal computers) that are used to access it. An operational failure in relation to any of these elements will result in delays or failures to place orders and execute trades. This could result in an inability to close out positions when you wish to do so.

We make every endeavour to ensure system stability but may not take any responsibility for financial losses resulting from any of the above events. Clients should contact us immediately for assistance should they encounter any problems affecting their online trading activities.

Information technology

There is a risk that information technology may fail. We have taken measures to ensure that our systems are operated in a safe and secure manner, they are regularly maintained, and we have back up procedures in place. Nevertheless, we do not guarantee that the systems will never fail.

You should regularly check your account and your open trade positions and report any discrepancies or irregularities immediately.

You should also ensure that you have the right equipment available (hardware and software) to operate our systems.

4 Fees

Most of our fees are instead generated from the spread between the buy and sell price for the CFDs – which is the difference between the price we pay and the price at which we're willing to enter into the trade with you. The spread differs depending on which underlying asset the CFD relates to. You may also incur third party bank withdrawal or interest rate fees which KIWIBULL must collect and then pass on to the relevant service provider.

Details of spreads and other fees and costs are set out in the following table:

Type of fee or charge	Amount / how it is calculated	When it is payable
Buy-sell spread The differential between our bid the to buy and offer to sell	For currency pairs – up to 5% of the value of currency pair For commodities – up to 5% of the value of the commodities For indices – up to 5% of the value of the CFD - in normal market conditions The actual spread will depend on the particular CFD and prices available at the relevant time, and will be determined when you enter into the CFD. The spread will increase the cost to you of entering into the CFD.	When the CFD is entered into.
Swap costs The swap cost is a cost incurred when a position is held open overnight. The swap cost is dependent upon the prevailing interest rate differential on the currencies or commodities bought or sold.	Swap interest rates are determined by our counterparties and are available on KIWIBULL's trading platform, The swap rate applicable is by reference to the dominant currency - that is the first in the presentation of the offer or, in the case of Commodities, our prevailing funding rate.	When the relevant position is maintained overnight
Withdrawal fee The fee on each amount you take out of your investment/account	KIWIBULL does not charge any withdrawal fee. However, the correspondent bank may charge around USD15.00 (or equivalent) for non-local currency payments. An intermediary bank may also impose a charge to a beneficiary account.	If charged by the bank, at the time the funds are transferred or received (as applicable).
Account maintenance fee	KIWIBULL will no charge to accounts which remain inactive for more than three months with balances of USD50 or less (or equivalent).	NIL

Adviser Service Fee The fee charged by your adviser for providing advice in relation to KIWIBULL	As agreed between you and your adviser.	At the time agreed with your adviser.

For interest earned on client funds held on trust (segregated accounts), we reserve the right to retain any interest earned and it will not be paid to the benefit of client accounts.

In addition, where any amount owed to us by a client under a CSA is overdue, we may charge default interest on the net amount owing in their account at the rate of 5% per annum above the overdraft rate charged by our bankers, or at a rate agreed in writing between us and the client, and that interest will accrue on a daily basis from the date when the amount was due (irrespective of any grace period) to the date of its final payment in full.

5 How KIWIBULL treats funds and property received from you

Transferring money to us

Before you can begin trading, you must transfer margin to us in cleared funds. We accept deposits in a variety of currencies, including deposits made by telegraphic transfer. We can accept deposits in the USD. We do not accept payments from a third party account. Funds will only be accepted from a bank account which is registered in your name. We also do not accept collateral as security for CFDs.

You do not need to enter into CFDs in the same currency as those held in your account. However, if you enter into a CFD in a different currency to those you hold, you are exposed to the risk of adverse exchange rate movements affecting the value of your CFD, see section 3 (risks).

When you complete your application, talk with our representative who will tell you where to deposit funds, depending on the currency involved.

How we hold and deal with your money and property

As a derivatives issuer, we are subject to the rules set out in the Financial Markets Conduct Act 2013 and Financial Markets Conduct Regulations 2014 for dealing with investor money and property. We will not use client money or property for the purposes of hedging our exposure to clients under CFDs.

Client money

When a client deposits money with us, their funds are pooled with other clients' funds and held in an account (segregated accounts) on trust for our clients. Client funds are held separate to our business operating accounts to ensure clients' funds are protected. Client funds and property are not able to be used to discharge our liabilities (including on our insolvency) other than as provided by law.

We manage the segregated accounts by matching the client equity balances in our trading system with the client funds held on trust in the bank. This means that each client's profit and loss results are transferred to (or from) the segregated accounts on a daily basis. We transfer the excess or deficiency of client accounts to the operating accounts on a daily basis.

Your monies are pooled with other client's monies. Some client positions are loss making and others are profit making. All positions are managed as a pool, so your money may be used to cover the loss making positions of other clients on an intraday basis only. Any temporary use of funds in this manner will be reversed by close of business on the following business day when we credit and debit clients' accounts to reflect the true equity position for that day.

We have implemented a daily reconciliation procedure for our trust accounts. Through this procedure we reconcile client equity in all trading positions records with the actual amount of money in the trust account. If the equity amount in clients' trading positions exceeds the actual amount of money, we are required to 'top up' the account to remove that deficit. We are also entitled to deposit an amount into the trust account that we consider reasonable to cover the risk of a shortfall arising at any time. Where we have paid money into the trust account resulting in it exceeding the amount shown in our records, we are entitled to withdraw the amount of that excess.

When you enter into transactions, we are entitled to withdraw margin from your account to cover the open position. Our practice may change in the future. We will withdraw funds to meet your trading obligations (for example, providing adequate margin and covering fees and expenses) and to implement your instructions (for example, a withdrawal request).

Unless otherwise agreed in writing, we are entitled to any interest on your money and property deposited with us and segregated and invested by us.

Set off

We are entitled at any time to retain or make deductions from and set-off amounts or credit balances which we owe to you (including, without limitation, any margin or the proceeds of any sale or closing-out transaction) in order to meet any liabilities which you may have incurred to us or which we may have incurred on your behalf under your CSA.

Withdrawal

Clients are able to withdraw excess margin at any time. Funds can only be transferred to the bank account which has been registered with us. You can apply for a withdrawal through the http://member.kiwibulls.com resource by filling out a withdrawal request online. If you have any questions regarding the withdrawal of funds, please speak to your IB or KIWIBULL representative.

6 About KIWIBULL

KIWIBULL is the issuer of the CFDs offered in this PDS. We are part of an international financial services group with operations in Auckland, Singapore, China. We offer leveraged trading, physical foreign exchange, and securities trading to our clients.

We are subject to a range of legal obligations, including those set out in the Financial Markets Conduct Act 2013 ('FMC Act'), Financial Markets Conduct Regulations 2014, Financial Advisers Act 2008, and Financial Services Providers (Registration and Dispute Resolution) Act 2008.

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Our contact details are:

KIWIBULL
Suite 3,
92 Rosedale Road,
Albany North Shore
New Zealand
Phone: 0064-9-281 2656
Email: cs@kiwibulls.com
Website: www.kiwibull.com

7 How to complain

To us

We welcome complaints so if you have a problem, concern, or complaint about any part of our service, please tell us. We have an Internal Complaints Process designed to efficiently handle these issues. Please contact us at our address:

For all our clients

Suite 3,
92 Rosedale Road,
Albany North Shore
New Zealand
Telephone: +64 9-281 2656

Alternatively, send an email to cs@kiwibulls.com

8 Where you can find more information

Further information about us and the CFDs (for example, our audited financial statements) is available from the offer register at www.business.govt.nz/disclose. Copies of that information are available on request to the Registrar of Financial Service Providers. Other information relating to us and the CFDs offered (including online reporting of all positions, equity and profit & loss for each client account, and trade confirmations) can be found on our website at www.kiwibull.com.

A monthly statement showing all transactions and the closing balance of your account will be sent to the email account you have nominated. In addition, a disclosure statement will be available from your adviser, on request and free of charge.

Information contained in this PDS is subject to change from time to time. Where the change relates to fees and charges, or is likely to have a detrimental effect on clients, we will give clients 30 days' notice of that change. Any information which is regarded as material will be updated by the issue of a supplementary or replacement PDS.

9 How to enter into client agreement

If you would like to open an account, you must read, understand, and agree to the PDS and CSA. Both documents are available on our website (www.kiwibull.com) or on request at the address outlined above.

KIWIBULL Leveraged Trading is available for clients with experience only. CFDs are high-risk investments. You must acknowledge your understanding of dealing in derivatives and CFDs, together with the risks involved, before you can become a client.

Before you can become a client, we will need you to provide information about your knowledge, experience, and level of understanding of our CFDs, including your understanding of the risk involved in trading leveraged CFDs on the underlying assets we offer, namely currency pairs (FX), commodities, indices and binary option. This will enable us to assess whether the derivative is suitable for you.

If we are not satisfied that you have the ability to understand these particular types of derivative and the risks involved, we will not accept you as a client.

If you do not provide the information to enable us to assess suitability, or you provide insufficient information, you should be aware that:

- **we are required to request information from you in order to assess whether the derivative is suitable for you**
- **without this information there is a strong risk we will not be able to assess whether you have the necessary ability to understand the derivative and the risks involved.**

Glossary

Bid price
The price at which the market is prepared to buy a product. Prices are quoted two-way as bid/ask.

Derivative
A financial contract whose value is based on the value of an underlying asset. Some of the most common underlying assets for derivative contracts are indices, equities, commodities and currencies.

Gap / Gapping
A quick market move in which prices skip several levels without any trades occurring. Gaps usually follow economic data or news announcements.

Hedge
A position or combination of positions, often contrary positions, that reduces the risk of your primary position.

Leverage
The percentage or fractional increase you can trade from the amount of capital you have available. It allows traders to trade notional values far higher than the capital they have.

Long position
A position that appreciates in value if market price increases. For currency pairs, when the base currency in the pair is bought, the position is said to be long. This position is taken with the expectation that the market will rise.

Lot
A unit to measure the amount of the deal. The value of the deal always corresponds to an integer number of lots.

Margin
The required funds that an investor must deposit to hold a position.

Margin call
A request from a broker or dealer for additional funds (or other collateral) on a position that has moved against the customer. Currently, we only accept funds as margin.

Minimum trade lot
The minimum CFD size that can be traded.

Over the counter (OTC)
Used to describe any transaction that is not conducted via an exchange.

Pips
The smallest unit of price for any foreign currency, pips refer to digits added to or subtracted from the fourth decimal place, i.e. one pip is equivalent to 0.0001.

Roll-over
A roll-over is the simultaneous closing of an open position for one day’s value date and the opening of the same position for the next day's value date at a price reflecting the interest rate differential between the two currencies.

Short position
An investment position that benefits from a decline in market price. For currency pairs, when the base currency in the pair is sold, the position is said to be short.

Slippage
The difference between the price that was requested and the price obtained typically due to changing market conditions.

Speculate
The act of trading in an asset, or conducting a financial transaction, that has a significant risk of losing most or all of the initial outlay, in expectation of a substantial gain.

Spread
The difference between the bid and offer prices.

Stop out
Where a client's margin reaches a specified level and their positions are closed out to restore their margin to the required levels. This is carried out through a stop order, which is an order to buy or sell once a pre-defined price is reached. When the price is reached, the stop order becomes a market order and is executed at the best available price. It is important to remember that stop orders can be affected by market gaps and slippage, and will not necessarily be executed at the stop level if the market does not trade at this price. A stop order will be filled at the next available price once the stop level has been reached. Placing contingent orders may not necessarily limit your losses.

Swap
A currency swap is the simultaneous sale and purchase of the same amount of a given currency at a forward exchange rate.

Tick (size)

A minimum change in price, up or down.