

CMC Markets NZ Limited

Financial Services Guide (FSG)

1 July 2019

Company Registration Number 1705324



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01 CMC Markets NZ Limited

CMC Markets NZ Limited is a member of the CMC Markets group of companies. ('**CMC Markets Group**')

Our details are set out below. 'We', 'us', 'our' or '**CMC Markets**' in this Financial Services Guide ('**FSG**') refers to CMC Markets NZ Limited.

CMC Markets NZ Limited	
Registered & business address	Client Management Team CMC Markets NZ Limited Level 25 151 Queen Street Auckland 1010 New Zealand
Postal address	Client Management Team CMC Markets NZ Limited PO Box 106645 Auckland 1143 New Zealand
Phone	0800 888 874 (only in New Zealand) +64 (0)9 359 1230 (direct)
Fax	+64 (0)9 359 1199
Email	info@cmcmarkets.co.nz
Web	cmcmarkets.co.nz

02 Purpose and content of this FSG

This FSG is dated 1 July 2019. It is designed to help you to decide whether or not to use any of the services we offer in this FSG. It aims to clearly define the role and responsibility of CMC Markets when it provides retail clients with the financial services described in section 5. Those financial services relate to the derivative products ('**Products**') that you trade in with CMC Markets on our various platform ('**CMC Markets' Products**').

This FSG contains important information about:

- the financial services we offer;
- how we and other relevant persons are paid for those services;
- the capacity in which we act when we provide financial services;
- our internal and external dispute resolution procedures and how you can access them; and
- how you can contact us.

The key information is set out in answers to the questions below. If you need more information or clarification, please contact us.

03 Product Disclosure Statement and other documents

This FSG only relates to Products traded on the Next Generation platform or accounts which you can open from the Next Generation Platform, which are considered separate trading accounts on a different platform ('**Platform**') in accordance with the Product Disclosure Statement ('**PDS**'), the General Terms and Conditions of

Trading ('**General Terms**') and relevant Terms and Conditions of Trading ('**Terms**'), and the Risk Warning Notice. Together with this FSG and the other documents listed in item 1 of Schedule 1, we refer to these documents as the ('**CMC Markets Documents**').

The CMC Markets Documents contain information about the CMC Markets' Products, including risks and benefits, costs, fees and charges, how to trade in CMC Markets' Products, dispute resolution, significant characteristics and features of CMC Markets' Products, and tax considerations. The CMC Markets Documents are available from our website or by phoning us.

The CMC Markets Documents are important documents and should be read in their entirety before deciding whether to acquire or to continue to hold the relevant CMC Markets' Products.

Before you can open an account with us to trade CMC Markets' Products, you must have received and read the relevant CMC Markets Documents.

04 Trading in CMC Markets' Products

4.1 CMC Markets' Products

In general terms, CMC Markets Products are instruments that allow you to make a profit or loss from fluctuations in the price of the underlying reference instrument. The price of a Product is based on the price of an underlying reference instrument (for example, a share on an exchange). See the CMC Markets Documents for further details on CMC Markets' Products.

4.2 Trading in CMC Markets' Products

Your trading in CMC Markets' Products is governed by the CMC Markets' Documents.

4.3 Consult your financial adviser

Before trading in CMC Markets' Products you should give consideration to your objectives, financial situation, needs and the risks of loss associated with trading in CMC Markets' Products in order to assist you in deciding whether CMC Markets' Products are suitable for your purposes.

CMC Markets recommends that potential customers seek advice from an appropriately qualified independent financial adviser before deciding to make an application to open an account with CMC Markets.

4.4 Who regulates CMC Markets?

CMC Markets is regulated in New Zealand by the Financial Markets Authority, and under the Company's derivatives issuer licence ('**Licence**'). The FMA's role in licensing is limited and does not imply approval or endorsement of the business, trading or solvency of the Company. In addition the FMA has not approved any agreements or any disclosure documents of the Company. The company is not regulated under the Financial Advisers Act 2008.

4.5 CMC Markets Privacy Statement

The CMC Markets Privacy Statement ('**Privacy Statement**') explains how we collect personal information about you and how we maintain, use and disclose that information. All information that CMC Markets collects about you will be treated in accordance with our Privacy Statement. The Privacy Statement can be found online at cmcmarkets.co.nz

05 What financial services does CMC Markets provide?

CMC Markets is authorised under its Licence to carry on the business of dealing in derivatives products.

CMC Markets' policy is to not give personal advice.

Any discussions with CMC Markets employees about their view of current or future market conditions or prospects for a particular CMC Markets' Product should not be seen as **personal advice**, as they will not have taken into account your particular financial circumstances, objectives or needs. Rather, it should be regarded as general information for your consideration prior to making any decision to trade in any CMC Markets' Product.

5.1 How do I trade in CMC Markets' Products?

You may place orders to trade in CMC Markets' Products by using the Platform.

You can also place orders on any CMC Markets Product by phoning our Client Management Team whose contact details are found in section 1 ("Client Management Team").

There are special types of orders that you can place when trading in CMC Markets' Products. Some of those orders are described in detail in the CMC Markets Documents. If you require further information about the types of orders that you can place when trading CMC Markets' Products, ask a CMC Markets employee.

The Platform has different features that allow you to view the status of your account, please consult the CMC Markets Documents or ask a CMC Markets employee for more information on these features.

In the first instance you should use the Platform to confirm all trades undertaken with CMC Markets and to monitor your obligations.

5.2 What is CMC Markets' position when trading in CMC Markets' Products with you?

CMC Markets is a market maker and an issuer of CMC Markets' Products, not a broker. CMC Markets therefore acts as a principal on our own behalf when providing financial services to you. We do not act as your agent.

06 How will I pay for the financial services?

CMC Markets will not charge any specific fee for giving you information and general advice about CMC Markets' Products.

CMC Markets as issuer of the CMC Markets Products will receive the amounts described in item 3 of Schedule 1, all of which are described in more detail in the CMC Markets Documents. This FSG only contains a general summary of the common fees, costs and charges. You should refer to the CMC Markets Documents for further details. All fees, costs and charges and other amounts payable are subject to change from time to time.

The fees and charges that you pay to CMC Markets may ultimately benefit other members of the CMC Markets group and their associates.

Where any amount of remuneration or other benefits referred to in this FSG is not able to be ascertained as at the date of this FSG, you may contact us to request particulars of the remuneration or other benefits. Your request for particulars must be made within a reasonable time after you receive this FSG and before we provide you with any of the financial services referred to in this FSG.

The fees in this section apply where you trade directly with CMC Markets. If you trade with CMC Markets through an introducing adviser or referrer, that introducing adviser or referrer may have its own schedule of fees. Refer to your introducing adviser or referrer's

financial services guide, website or contact your introducing adviser or referrer for further information. In those circumstances, if there are differences in the introducing adviser or referrer's fees for a particular service, the introducing adviser or referrer's fees will apply, not the fees for the service outlined in this FSG.

6.1 What are the common fees, costs and charges that I will pay when trading Products on the Platform?

Please refer to item 3 of Schedule 1 for a full description of all fees, costs and charges you may pay when trading Products on the Platform.

6.2 What administration charges will I pay?

CMC Markets will also charge administrative charges in respect of CMC Markets' Products. The administration charges relevant to each CMC Markets' Product are described in full in item 4 of Schedule 1. Administration charges are subject to change from time to time and are deducted from your account on or shortly following occurrence of the relevant event.

All charges are inclusive of GST (where applicable).

6.3 What benefits are paid by/to CMC Markets to/by introducing advisers, referrers and third parties?

CMC Markets may pay all or a portion of the fees, costs and charges charged by CMC Markets as described in item 3 of Schedule 1, or provide other benefits to introducing advisers and referrers for the introduction or referral of customers to us. We may receive commission from third parties where a CMC Markets customer utilises the third party's product in connection with their trading with us. We may also pay commission to third parties where a product or service of the third party is used in connection with an account held by a customer with us.

Any amount paid to introducing advisers and referrers is negotiated on an individual basis and is typically based on a sliding scale which takes into account:

- the number of customers the introducing adviser or referrer introduces or refers to CMC Markets; and
- the number of trades made by customers introduced or referred to CMC Markets.

In addition to the above, CMC Markets may pay a fixed fee to introducing advisers and referrers for each customer they refer to CMC Markets. This referral fee will typically be NZ\$50, although a referral fee of up to NZ\$500 per customer may be paid to referrers. Unlike the variable commission and benefits outlined above, this fixed fee is not based on the amounts charged by CMC Markets as described in item 3 of Schedules 1.

6.4 Can I ask for further information about fees and charges?

You may request particulars of the remuneration (including commission) or other benefits described in this FSG. That request must, however, be made within a reasonable time after you are given this FSG and before any financial service identified in this FSG is provided to you.

Contact your introducing adviser or referrer for further information on the benefits they receive.

07 What should I know about the risks of trading CMC Markets' Products?

You should carefully consider whether trading in Products is appropriate for you in the light of your financial circumstances.

In deciding whether or not you wish to become involved in trading Products with CMC Markets, you should be aware that Products are speculative products. CFDs are highly leveraged and carry significantly greater risk than non-leveraged investments such as share trading, and you could both gain and lose large amounts of money. You may sustain losses in excess of the moneys you initially deposit and also in excess of the margin required to establish and maintain a CFD position with CMC Markets. In certain circumstances, CMC Markets may exercise its discretion to close out your CFD position.

You should not invest in Products unless you understand and are comfortable with the risks of trading in Products. You should refer to the PDS and the Risk Warning Notice.

way of salary and other employee benefits. A discretionary cash bonus may be paid to employees and directors as part of their remuneration, based on their performance, the performance of their business unit and/or the performance of CMC Markets Group as a whole.

You can request further information regarding remuneration, commission and other benefits received by CMC Markets Group employees by contacting our compliance department. Your request, however, must be made within a reasonable time after you are given this FSG and before any financial service identified in this FSG is provided to you.

08 If you have any complaints

8.1 Who can I complain to if I have a complaint about CMC Markets' financial service?

CMC Markets is committed to providing a high standard of service to its customers. If you have a query about the quality or level of service, or if we have failed to meet your expectations, we would like to hear from you.

Firstly, contact CMC Markets and speak to an employee. Explain carefully the nature of your problem and tell us how you would like us to fix the problem. Usually problems can be quickly rectified and the sooner you refer the issue to us the better.

If your complaint cannot be resolved at the first point of contact, you should write to:

Complaints Officer
CMC Markets NZ Limited
PO Box 106645
Auckland 1143
New Zealand

If CMC Markets does not resolve your complaint to your satisfaction, you may lodge a complaint with the Financial Services Complaints Limited ('FSCL'), which is an independent disputes resolution scheme of which CMC Markets is a member.

Before FSCL deals with your complaint you must have first lodged a formal complaint with us and given us time to resolve the complaint internally. This generally takes 40 days.

You may refer the matter to FSCL by emailing info@fscl.org.nz or by calling FSCL on 0800 347 257. Full details of how to access the FSCL scheme can be obtained on their website at fscl.org.nz. There is no cost to you to use the services of FSCL.

8.2 Records of phone conversations with CMC Markets' employees

CMC Markets may record phone conversations between you and its employees. Such recordings, or transcripts from such recordings, may be used as evidence in any dispute or anticipated dispute between CMC Markets and you.

09 CMC Markets' representatives

9.1 How does CMC Markets provide its financial services in relation to CMC Markets' Products?

CMC Markets provides its financial services to you through its employees.

9.2 How are CMC Markets' Group employees and directors paid?

CMC Markets' Group employees and directors are remunerated by

Schedule 1 – Platform Products & Fees

Capitalised terms in this Schedule 1 are defined in the CMC Markets Documents and have the same meaning unless the context otherwise requires.

01 CMC Markets' Documents

The CMC Markets' Documents consists of the following:

- the PDS;
- the General Terms;
- the relevant Terms;
- the Risk Warning Notice;
- this FSG;
- the CMC Markets Rates Schedule;
- the Product Library;
- any Confirmation; and
- any other terms and conditions published by us from time to time on the Platform or on our website.

02 Products

We offer Products to you based on the following Underlying Reference Instruments:

- shares;
- indices;
- commodities;
- treasuries;
- currencies; and
- such other products as are notified by CMC Markets to clients from time to time.

03 Fees

3.1 Spread Costs

When trading Products on the Platform you will notice that each Product that you request a Price in has a lower price and a higher price at which you can place your Order. These two Prices are termed the Sell or Bid Price (represented by the lower figure) and the Buy or Ask Price (represented by the higher figure).

3.2 Commissions

When trading on the Platform you will be charged Commission each time you enter into a Transaction in respect of certain Products. There may be a minimum Commission as well as a Commission based on the size of the Transaction. Details of any applicable Commission for a Product are set out in the Attributes for that Product which you can view in the Product Library on the Platform.

3.3 Holding Costs

For certain Products, in respect of each Trade that remains open at the end of each Calendar Day (i.e. 5pm New York time, with the local time equivalent varying depending on daylight savings), a Holding Cost will be calculated and applied. This cost applies regardless of whether you are long or short on a Trade. Whether or

not a Holding Cost applies in respect of a particular Product will be stated in the Product Library. Holding Costs can be positive or negative.

The Platform will calculate the Holding Cost as follows:

On a buy Trade

$$\text{Holding Cost} = \frac{(\text{Units} \times \text{Opening Trade Price} \times \text{Holding Rate Buy}) \times \text{CMC Currency Conversion Rate}}{365}$$

On a sell Trade

$$\text{Holding Cost} = \frac{(\text{Units} \times -1 \times \text{Opening Trade Price} \times \text{Holding Rate Sell}) \times \text{CMC Currency Conversion Rate}}{365}$$

Any Holding Cost will be applied to your Account at the Holding Time for the relevant Product, details of which are displayed in the Product Library. You must have sufficient Cash in your Account at the relevant Holding Time to meet any Holding Cost.

If the Cash in your Next Generation Account is above the Offset Threshold, we may, in our sole discretion, apply an Offset to reduce the amount of any Holding Cost(s) due from you. Details of any applicable Offset Threshold will be shown on the Next Generation Platform.

Please refer to the CMC Markets Documents and the Product Library for further details on the Holding Costs.

3.4 Market Data Fees

If you activate certain Products on the Platform, you may be required to pay a market data fee. The market data fee covers fees CMC Markets must pay to its price vendors for use of market data in deriving its pricing for certain Products.

Please note that CMC Markets provides market data for non-professional use only. Please contact the Client Management Team to discuss your options if you are a professional investor.

Please refer to CMC Markets Rates Schedule for details about applicable market data fees.

3.5 Other amounts

You may also be required to pay certain other amounts to us in respect of Products traded on the Platform as described below.

3.5.1 Corporate Action and Adjustment Events

If a Corporate Action or Adjustment Event occurs, we will, in our commercially reasonable discretion, make any appropriate calculations, adjustments (including adjustments to the Price at which Orders to enter into the affected Products were executed), credits or debits. If we determine that any calculations, adjustments, credits or debits cannot be made in a commercially reasonable manner or at all, we may close the affected Products. Please consult the relevant Terms for further information.

3.5.2 Margin

Margin is payable on acceptance of your Order. The amount of Margin Requirement for each CFD is calculated using the Margin Rate for each CFD and the method of calculation of Margin is set out in the CMC Markets Documents and in the Product Library on the Platform. Margin also varies depending on the type of CFD and the underlying market.

Fees and charges that you pay in connection with a CMC Markets' Product will be shown in your Account on the Platform.

3.5.3 Premiums for Guaranteed Stop Loss Orders

You will be charged a GSLO Premium in respect of any Guaranteed Stop Loss Order, placed through the Next Generation Platform. The premium rate applicable for each Product will be displayed on the Next Generation Platform. The GSLO Premium is calculated by multiplying the premium rate displayed on the Platform by the number of Units. The GSLO Premium will be applied to your Account when the Guaranteed Stop Loss Order is placed, including when modifying an existing Pending Order or Trade.

04 Administration charges

The administration charges relevant to each CMC Markets' Product traded on the Platform are detailed below.

Administration service	Fee
Receipts	
Electronic Funds Transfer (NZD)	No charge
POLi (NZD)	No charge
Credit card (Visa/MasterCard) (NZD)	2.32%
Debit card (Visa/MasterCard) (NZD)	0.60%
Withdrawals	
Electronic Funds Transfer (NZD)	No charge
Telegraphic transfers (NZD)	\$35
RTGS (NZD)	\$35
Other	
Dormant Account fees (applicable if there has been no activity on your Account for a continuous period of 12 months)	\$15 monthly
Transcripts of phone conversations	Upon application
Audit certificates	Upon application

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