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# CMC Markets NZ Limited

## Product Disclosure Statement

An Offer of Derivative Products

10 December 2024

This document provides important information about derivative products issued by CMC Markets to help you decide whether you want to enter into such derivative products. There is other useful information about this offer at [www.cmcmarkets.com/en-nz/](http://www.cmcmarkets.com/en-nz/).

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.

CMC Markets NZ Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013.

This PDS is dated and is effective from the date noted on this front cover. It replaces the CMC Markets PDS for derivative products dated 22 December 2022.

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## 1 Key information summary

### 1.1 What is this?

This is a product disclosure statement for derivative products provided by CMC Markets NZ Limited (“**CMC Markets**”). CMC Markets' Products are derivatives, which are contracts between you and CMC Markets that may require you or CMC Markets to pay an amount of money. The value of the contract will depend on the price, value, or level (as the case may be) of the Underlying Reference Instrument, which may be a commodity, currency, share, index, or treasury. The contract specifies the terms on which those payments must be made..

### 1.2 Warning

#### 1.2.1 Risk that you may owe money under the derivative

If the price of the Underlying Reference Instrument 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 2.23 (“What is your Account Revaluation Amount or Account Value?”) on how payments are calculated.

#### 1.2.2 Your liability to make margin payments

CMC Markets may require you to make additional payments of Margin to contribute towards your future obligations under a CFD. These payments may be required at short notice and can be substantial. You should carefully read section 2.25 (“Margin”) about your obligations.

#### 1.2.3 Risk arising from issuer’s creditworthiness

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

### 1.3 About CMC Markets

CMC Markets is an issuer of Products through the Platforms it offers the ability to trade through. CMC Markets is regulated in New Zealand by the Financial Markets Authority (“**FMA**”) under our derivatives issuer licence in accordance with the Financial Markets Conduct Act 2013. The FMA’s role in licensing is limited and does not imply approval or endorsement of the business, trading or solvency of CMC Markets. In addition, the FMA has not approved any agreements or any disclosure documents of CMC Markets.

### 1.4 Which derivatives are covered by this PDS?

This PDS is issued by CMC Markets in connection with Products issued by us and traded through the CMC Markets’ Platforms including the Next Generation Platform and the MT4 Platform.

When you enter into Trades in any of our Products, you will be entering into an off-exchange (sometimes known as an ‘over-the-counter’, or ‘OTC’ contract), which is non-transferable. This means you will enter into Trades in any of our Products directly with us, and also that those Trades can only be closed with us. This involves greater risk than investing in a transferable financial instrument traded on an exchange or other regulated market, because your ability to place Orders with us is solely dependent on our Platform and/or our Client Management Team being in a position to accept Orders from you and to execute them. In certain circumstances it may not be possible to open or close Trades in our Products, including as set out in section 3.1.1 (“Trading may be affected by certain factors”).

The Products offered under this PDS are instruments that allow you to make a profit or loss from fluctuations in the price of an 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. However, you do not own or acquire any rights, title or interest in that Underlying Reference Instrument or trade it on an exchange by trading a Product.

By entering into a Trade, you are either entitled to be paid an amount of money, or required to pay an amount of money, depending on movements in the price of the Product.

Some of the benefits of trading in Products include:

- (a) The Platforms offer you the opportunity to trade and invest in Products in global markets all from a single account.
- (b) CFDs are a leveraged investment. This means that you can take a position using a smaller amount of capital than you may need when investing in more traditional products like securities, or no capital. Please remember to understand your total exposure to market movements as leverage magnifies both profits and losses.

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- (c) Products offer a simple and effective means to trade in rising markets but also to take advantage of volatile or falling markets.
  - (d) Some CFDs allow fractional ownership letting you buy and sell CFDs in a fraction of a Unit.
  - (e) You pay no account opening fees or ongoing fees (other than exchange fees, trading costs and certain account administration fees that may be applicable in certain circumstances).
  - (f) Products can be traded a variety of ways, including through iPhone, iPad and Android applications.

Capitalised words and expressions used in this PDS have the meaning given to them as set out the Glossary in the Other Material Information, unless the context requires otherwise.

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## 2 Key features of the derivatives

### 2.1 What are the Products offered under this PDS?

The Products offered under this PDS are instruments that allow you to make a profit or loss from fluctuations in the price of an 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. However, you do not own or acquire any rights, title or interest in that Underlying Reference Instrument.

By entering into a Trade, you are either entitled to be paid an amount of money, or required to pay an amount of money, depending on movements in the Price of the Product.

The amount of any profit or loss made on a Trade may be determined by:

- (a) the change in the Price of the Product from when you open the Trade until the Trade is closed;
- (b) the size of the Trade;
- (c) any adjustments made in respect of the Product, for example where a dividend is paid on an underlying share; and
- (d) any Holding Costs, or other fees relating to the CFD.

The balance of your Account will also be affected by other amounts you must pay to us in respect of your Account such as market data fees.

Your percentage return (profit or loss) on any Trade will also be affected by any applicable Margin for the Trade. See section 2.25 ("Margin") for more information.

The Products are not traded on an exchange. This means they are OTC Products, and you are trading with CMC Markets as the counterparty to all Trades you undertake. In addition, all Trades must be closed with us.

### 2.2 Trading with CMC Markets

It is important to note that CMC Markets acts as the counterparty for your Trades. You cannot trade with another provider to close any existing Position opened with CMC Markets.

We enter into all Trades with you as principal using Prices quoted by us through the Platforms. Our Prices may not be identical to prices for similar financial instruments or their underlying financial instruments quoted on an exchange or other regulated market. Therefore we and/or our Associates may profit from these Trades. Neither we nor our Associates are liable to account to you for such profits.

The Products and Services are primarily provided online, however if you cannot access the Platforms directly, then you may be able to contact our Client Management Team by telephone to request that we access the Platforms on your behalf. However please see section 3.3.1 ("Information technology") for more information. When trading on the Next Generation Platform and the MT4 Platform you are trading an OTC Product. CMC Markets will have regard to the price of the Underlying Market. However, when you trade you will be trading on the CMC Markets price and not the Underlying Market price. Please refer to the applicable Terms for further information on prices.

### 2.3 Types of Products

We currently offer Products based on the following Underlying Reference Instruments:

- (a) Shares
- (b) Indices
- (c) Currencies
- (d) Commodities
- (e) Treasuries
- (f) Cryptocurrencies

The Products we offer may change from time to time. Please refer to our Website for more information about these Products.

## 2.4 Option CFDs

Options are financial derivative instruments which allow investors to speculate on rising or falling prices (or volatility) in an Underlying Reference Instrument.

An Option CFD is an OTC cash-settled option contract which provides its holder with the right, but not the obligation, to buy or sell the relevant Underlying Reference Instrument without the usual costs and rights associated with an investment in that Underlying Reference Instrument, provided any Attributes necessary for the exercise of that Option CFD are satisfied at the Expiry Date. However, other costs and rights will apply to an Option CFD. An Option CFD (given it is cash settled only) will not entitle you or us to any rights in relation to the Underlying Reference Instrument of that Option CFD and exercise of an Option CFD cannot and does not result in the acquisition or disposal of any Underlying Reference Instrument by you.

An Option CFD may only be exercised by you on the Expiry Date. Where an Option CFD is not capable of exercise at the Expiry Date, because the relevant Attributes have not been satisfied, that Option CFD will have no worth and will automatically expire at the Expiry Date. In such circumstances, you will lose the entire value of your Premium as explained further in section 4.8.8 of the Next Generation Terms.

You are able to trade two types of Option CFDs: a long Option CFD and a short Option CFD. When you enter into a long Option CFD, you will be the person with the right to exercise that long Option CFD on the Expiry Date if the Attributes are satisfied at that date. When you enter into a short Option CFD, we will be the person with the right to exercise that short Option CFD on the Expiry Date if the Attributes are satisfied at that date. It is important to note that, for a long Option CFD, your potential loss is capped at the amount of the Premium for that particular long Option CFD. However, when you enter into a short Option CFD, the value of your potential loss is unlimited. We may require you to post Margin when you enter an Option CFD in accordance with section 4.8.8 of the Next Generation Terms.

### 2.4.1 Long Option CFDs

You can enter into two types of long Option CFDs, either:

- a Call Option, which provides the holder (buyer) with a right (but not an obligation) to buy an Underlying Reference Instrument at the Strike Price or, where an option is cash-settled, receive a cash payment if the Underlying Reference Instrument price is above the Strike Price, at a specified Expiry Date and Expiry Time. If you are the writer (seller) of a Call Option you have the obligation to sell an Underlying Reference Instrument, or where a Call Option is cash-settled, make a cash payment if the holder exercises the option; or
- A Put Option provides the holder (buyer) with a right (but not an obligation) to sell an Underlying Reference Instrument at the Strike Price or, where an option is cash-settled, receive a cash payment if the Underlying Reference Instrument price is below the Strike Price, at a specified Expiry Date and Expiry Time. If you are the writer (seller) of a Put Option, you have the obligation to buy an Underlying Reference Instrument, or where a Put Option is cash-settled, make a cash payment if the holder exercises the option.

The price of a long Option CFD is subject to the value of the Underlying Reference Instrument or Underlying Market, the relevant Strike Price, the moneyness (i.e. proximity of the Strike Price to the Underlying Reference Instrument/Underlying Market), interest rates, volatility and the time to the Expiry Date.

You pay a Premium for the right to exercise the option for your long Option CFD. The calculation of that Premium is outlined on the Platform.

Your long Option CFD will automatically come to an end at the specified time on the Expiry Date.

If the relevant Attributes are met on the Expiry Date (in respect of the Strike Price), you will be 'in the money' and your Option CFD will be automatically exercised.

If the relevant attributes are not met on the Expiry Date (in respect of the Strike Price), you will be 'out of the money', so your Option CFD will not be exercised and will automatically expire.

#### *Objectives*

The objective of a long Option CFD is to allow an investor to express a view on volatility or direction, and the movement in the value of the Underlying Reference Instrument (whether up or down), but without having a guaranteed obligation to buy or sell the Underlying Reference Instrument at the Strike Price.

Your losses for a long Option CFD are limited to the amount of the Premium paid and any losses you may suffer from movements in the CMC Currency Conversion Rate between the Product Currency and Account Currency (if applicable).

We retain the ability to unilaterally terminate any long Option CFD where we deem that the terms of that Option CFD have been breached.

## 2.4.2 Short Option CFDs

You can enter into two types of short Option CFDs, either:

- a Call Option, which provides the holder (buyer) with a right (but not an obligation) to buy an Underlying Reference Instrument at the Strike Price or, where an option is cash-settled, receive a cash payment (the Premium) if the Underlying Reference Instrument price is above the Strike Price, at a specified Expiry Date and Expiry Time. If you are the writer (seller) of a Call Option, you have the obligation to sell an Underlying Reference Instrument, or where a Call Option is cash-settled, make a cash payment if the holder exercises the option; and
- a Put Option which provides the holder (buyer) with a right (but not an obligation) to sell an Underlying Reference Instrument at the Strike Price or, where an option is cash-settled, receive a cash payment (the Premium) if the Underlying Reference Instrument price is below the Strike Price, at a specified Expiry Date and Expiry Time. If you are the writer (seller) of a Put Option you have the obligation to buy an Underlying Reference Instrument, or where a Put Option is cash-settled, make a cash payment if the holder exercises the option.

The value of a short Option CFD is subject to the value of the Underlying Reference Instrument or Underlying Market, the relevant Strike Price, the moneyness (i.e. proximity of the Strike Price to the Underlying Reference Instrument value), interest rates, volatility, and the time to the Expiry Date.

You will receive a Premium for providing us with the option that we may exercise under the short Option CFD. However, you must pay to us, or hold, Cash in your Account as Margin (as calculated in accordance with the Margin Rate and described in the OMI) to cover any potential losses that you may incur from your exposure under the short Option CFD.

Your short Option CFD will automatically come to an end at the specified time on the Expiry Date. If the relevant Attributes are not met on the Expiry Date (in respect of the Strike Price), the option will not be exercised, and will automatically expire. You will retain the Premiums you received for being exposed to the option.

If the relevant Attributes are met on the Expiry Date (in respect of the Strike Price), the option will be automatically exercised, and you will be 'in the money'. In this scenario, you will owe us an amount linked to the value of the option on the Expiry Date depending on the Underlying Reference Instrument price on the Expiry Date (you may owe significantly more than the Premiums you received for providing the option to us).

Selling options carries inherent risks and your losses under a short Option CFD are potentially unlimited. A worst-case scenario for a Call Option seller is a strong market rally far greater than the Premium received. A worst-case scenario for a Put Option seller is a downward market move far greater than the Premium received.

We calculate the value of a short Option CFD during the relevant Trading Hours for the Underlying Reference Instrument on an ongoing basis for the purposes of determining when we may have to close-out your short Option CFD before the Expiry Date.

### *Objectives*

The objective of a short Option CFD is to allow an investor to express a view on volatility or direction, and the movement in the value of the Underlying Reference Instrument (whether up or down). A short Option CFD provides an investor with a guaranteed Premium for providing the option right, but in return the investor is exposed to movements in the value of the option.

Short Option CFDs have a pre-defined Expiry Date and automatically either expire or are cash settled at the specified time on the Expiry Date. Short Option CFDs may be closed before the Expiry Date if you do not deposit additional funds as Margin in the case of a negative price movement.

We retain the ability to unilaterally terminate any short Option CFD where we deem that the terms of that Option CFD have been breached.

## 2.5 Orders you can place with CMC Markets

Different types of Orders are available on the Platforms. You will be able to find out information about Orders that apply on the Platforms when you log in. The types of Orders available in respect of a particular Product on a Platform are set out in the Product Library for that Platform. Not all Order types are available on all Platforms, please refer to each Platform's Order Execution Policy for further information. The following are examples of Order types that may be available on a Platform:

### 2.6 Market Order

An instruction to buy or sell a Product at the first available Buy Price or Sell Price. Market Orders can be used to open or close a Trade.

### 2.7 Roll-Over

The process of closing a Trade on a particular Forward and entering into an equivalent Trade on a Forward with the same Underlying Reference Instrument and the next arising Expiry Date.

### 2.8 Limit Order

An instruction to buy or sell a Product at a Price that is equal to or more favourable than a Target Price.

### 2.9 Stop Entry Order

An instruction to buy or sell a Product at a Price that is equal to or less favourable than a Target Price.

### 2.10 Stop Loss Order

An instruction to buy or sell a Product at a Price that is equal to or less favourable than a Target Price. Stop Loss Orders are linked to a Trade and can only be used to close a Trade, not open a new one.

### 2.11 Trailing Stop Loss Order

An instruction to buy or sell a Product at a Price that is equal to or less favourable than a Target Price. The Target Price is automatically adjusted by the Platforms to trail the Price in the direction of your Trade at a distance set by you. Trailing Stop Loss Orders are linked to a Trade and can only be used to close a Trade, not open a new one.

### 2.12 Take Profit Order

An instruction to buy or sell a Product at a Price that is equal to or more favourable than a Target Price. A Take Profit Order is linked to a Trade and can only be used to close a Trade, not open a new one.

### 2.13 Guaranteed Stop Loss Order

A Stop Loss Order that will only be executed at the Target Price but will have different Margin requirements (referred to as "Prime Margin") and will incur a GSLO Premium. Please refer to the Next Generation Terms for further information.

More detailed information about the types of Orders available on each Platform and how a Platform executes Orders is set out in the Order Execution Policy in respect of each Platform.

### 2.14 Product Limit, Position Limits and Order Cluster Limits

Orders (including Pending Orders) and Trades in respect of any Product may be subject to Position Limits and/or Order Cluster Limits. Guaranteed Stop Loss Orders are also subject to GSLO Cluster Limits and GSLO Limits. These limits are set by us in our sole discretion. Please refer to the applicable Terms for more information on these limits.

### 2.15 Prices

During the Trading Hours for any Product, a Platform will generate prices subject to section 3.3.1 ("Information technology"), the occurrence of a Corporate Action, Adjustment Event or a Circumstance Outside Our Control and the applicable Terms. Certain factors, such as the quality of your computer or internet connection may affect the speed at which information is displayed and refreshed. Therefore, we cannot guarantee that the any price displayed on your device at any time will always be the actual and up-to-date value being generated by a Platform at that time. Market data displayed on a Platform is based upon the market data you subscribe for. Market data is displayed to you for indicative purposes only and may not match the Prices at which we enter into Trades with you. See section 3.1 (Product Risks) below for further information.



In respect of Trades, Prices are expressed as a Sell Price (represented by the lower figure) and a Buy Price (represented by the higher figure).

The direction of your Trade (buy or sell) determines which of the Buy Price or Sell Price your Trade will be entered into or closed at, as follows:

- (a) if you are trading in the expectation that the Price of the relevant Product will go up (known as “going long”), your Trade should be entered into at the Buy Price. Except in relation to calculating your Account Revaluation Amount on the Next Generation Platform, buy Trades are valued at the Sell Price and will be closed at the Sell Price; or
- (b) if you are trading in the expectation that the Price of the relevant Product will go down (known as “going short”), your Trade should be entered into at the Sell Price. Except in relation to calculating your Account Revaluation Amount on the Next Generation Platform, sell Trades are valued at the Buy Price and will be closed at the Buy Price.

On some Platforms, the Price Depth displays multiple Buy Prices and Sell Prices for the applicable Product on a Price Ladder, which may be applicable depending on the size of a Trade. The implications of Price Depth on an Order are described in more detail in the applicable Platform Terms.

You should note that, due to a variety of factors, the Price at which your Order is executed may not be exactly the Price at which you submitted your Order. Please see the relevant Order Execution Policy and section 3.1.3 (“Gapping”) for more information.

If you have enabled the Boundary feature in your Account preferences on a Platform that has the setting, when you place a Market Order or a Stop Entry Order, at the time of placing the Order you will be able to set a price level outside of which your Order will be cancelled should the Price vary from what you see on the screen.

## 2.16 Term of Products

Except in relation to Option CFDs, a CFD does not have a fixed term. You may only enter into or close Trades via a Platform during the Trading Hours specified in the Product Library for the relevant Product, subject to the Platforms being available.

Some, but not all, types of Orders may be submitted through the Platforms outside of the Trading Hours for the relevant Product.

## 2.17 Accessing the Platforms

We will do our best to make the Platforms available when required by you, but we cannot guarantee that any Platform will be available continuously.

You will be able to access information on each Product, including its Attributes, through the Product Library on each Platform or on our Website.

## 2.18 Orders

An Order will only be deemed to be received by a Platform at the time at which the Platform actually receives it, which may not be immediately after you submit that Order (for example, due to poor internet connectivity) see section 3.3.1 (“Information technology”) for more information.

Placing an Order does not guarantee that a Trade will be entered into. A Platform and/or we may reject your Order to enter into a Trade without any explanation. In contrast, a Platform will, subject to sections 2.28 (“Corporate Actions and Adjustments”), 3.3.1 (“Information technology”), the occurrence of Circumstances Outside Our Control, and the applicable Terms, accept your Order to close a Trade. Each Order will need to be executed by a Platform in order for a Trade to be entered into or closed (at which time your Order will be accepted by us). A Platform will record any execution of your Orders, and you can access the relevant information on executed Orders in your Account History.

You and/or we may modify or cancel a Pending Order at any point until that Order has been executed.

If the conditions of an Order are met, but at that time your Account has insufficient Available Equity to meet the Margin required, the Trade will not be entered into and the Order will be cancelled.

## 2.19 Trades

To enter into a Trade, you must place an Order on the relevant Platform by completing an Order ticket for the type of Trade you want to enter into. Please refer to the relevant Terms for further information on the types of trades that are available on each Platform.

## 2.20 Closing Trades

You may close a Trade during Trading Hours. Please refer to the relevant Terms for further information on how to close Trades on each Platform.

We reserve the right to instruct a Platform to close any Trade when we take a Reserved Action or exercise our termination rights as set out in the applicable Terms, in accordance with the Agreement.

## 2.21 What is your Cash?

The Cash of an Account is calculated as follows:

$$\text{Cash} = A - B$$

Where:

*A = the sum of any successfully received money paid by you to us, plus all Realised Profits, plus the Amount of any money credited by us to the Account; and*

*B = the sum of any Realised Losses (whether due and payable or not), plus the Amount of any Deductions, plus the Amount of any money withdrawn by you.*

Please note that your Cash does not represent the funds that are available for you to withdraw. This Amount is the lesser of your Available Equity and your Cash. You must clear any negative Cash value immediately by the payment of an Amount to us that is sufficient to return the Cash value to zero or to a positive value.

## 2.22 What is your Available Equity?

Your Available Equity is the amount of funds you have available to enter into Trades.

You should remember that in respect of Trades in order to create a new Position or increase an existing Position in a particular Product, the Available Equity in your Account must be sufficient to cover the Margin for that Position as a result of that particular Trade. Please refer to the applicable Terms for further information.

## 2.23 What is your Account Revaluation Amount or Account Value?

Your Account Revaluation Amount (for Next Generation Platform) or Account Value (for MT4 Platform) is a figure used on the applicable Platform. It will be updated by the applicable Platform in real time and is calculated as follows:

$$\text{Account Revaluation Amount} = \text{Cash} + \text{Net Unrealised Profit or Loss (Mid-Price)}$$

$$\text{Account Value} = \text{Cash} + \text{Net Unrealised Profit or Loss (calculated using the first Bid Price or Ask Price)}$$

Account Revaluation Amount or Account Value is the figure used in determining whether your Account has breached the Close-Out Level and accordingly you must ensure that your Account Revaluation Amount or Account Value is at all times above the Close-Out Level.

## 2.24 Unrealised Profit Or Loss

The Unrealised Profit Or Loss for any individual Trade is calculated in real time on the applicable Platform in accordance with the information provided on the applicable Platform and is based on the current relevant Buy Price or Sell Price.

## 2.25 Margin

Margin is the security we take from you in respect of Trades to cover our exposure as counterparty to your CFD trading. The Margin requirements in respect of any Trade may fluctuate and you may incur losses from any Trade that exceed the Margin you have provided to us for your Positions.

When you enter into a Trade with CMC Markets that will either create a new Position or increase an existing Position you need to have sufficient Available Equity to satisfy the Margin required for the Position as set out on the applicable

Platform. Margin will be calculated using the Margin Rates for the Product (which may be broken into tiers depending on the size of the Position).

In respect of a Roll-Over of a Trade on a Forward, it is your responsibility to ensure that your account has sufficient cleared funds to meet the Margin required on any relevant new Trade to be entered into as part of a Roll-Over.

You should note that Margin is not part payment for an Underlying Reference Instrument. There is no capacity for a Position to be converted into the Underlying Reference Instrument. For example, you cannot pay the difference between your Margin in respect of a Position and your total exposure on a Share CFD Position and take ownership of the underlying shares.

Through a Platform, you will be able to access your Account which contains sufficient information to enable you to calculate the amount of Margin you require. Examples of how Margin is calculated for Trades are available on our Website including at <https://www.cmcmarkets.com/en-nz/cfds-margins>

We may require you to have an additional Amount deposited in your Account to secure your future obligations to us, referred to as Independent Margin.

Margin is implemented differently on each Platform, please refer to the applicable Terms for further details.

## 2.26 Account Close-Out

### 2.26.1 Close-Out Level

You are required to keep sufficient funds in your Account to maintain your Account Revaluation Amount (in respect of the Next Generation Platform) or Account Value (in respect of the MT4 Platform) above the Close-Out Level.

Your Account Revaluation Amount or Account Value will be displayed on the relevant Platform and updated in real time.

Further information on how your Close-Out Level is calculated on a Platform is available in the relevant Terms.

### 2.26.2 Close-Out Triggering

If your Account Revaluation Amount (in respect of the Next Generation Platform) or Account Value (in respect of the MT4 Platform) for an Account falls to an Amount at or below the Close-Out Level at any point in time, the Platforms will automatically initiate Account Close-Out.

Account Close-Out will close Positions in the order as specified in the applicable Terms. On certain Platforms you may be able to select Account Close-Out preferences allowing you to select a Close-Out method.

Please refer to the applicable Terms for further details on Account Close-Out in respect of each Platform.

## 2.27 Examples

The following is an example of how you could make a profit or loss by entering into a Trade:

*XYZ is trading at 50.01/50.02. You want to buy 1,000 share CFDs (units). XYZ has a margin rate of 5%. Your position margin will be \$2,501 (5% x (1,000 (units) x 50.02 (buy price)).*

*Outcome A - profitable trade: The price rises to 50.51/ 50.52. You close your position by selling at 50.51 (the current sell price). The price has moved 49 cents (50.51 – 50.02) in your favour. Multiply this by the number of units (1,000) to calculate your profit which is \$490.*

*Outcome B - losing trade: The price of XYZ drops to 49.51/49.52. You close your position by selling at 49.51 (the current sell price). The price has moved 51 cents (50.02 - 49.51) against you. Multiply this by the quantity (1,000 units) to calculate your loss which is \$510.*

Our Website contains additional examples showing how to trade our Products including at <https://www.cmcmarkets.com/en-nz/learn-cfd-trading/cfd-examples>. The examples are for illustrative purposes only and each example provides an example of one situation only and does not reflect the specific circumstances or the obligations that may arise under a derivative entered into by you.

## 2.28 Corporate Actions and Adjustments Events

A Corporate Action or Adjustment Event may from time to time occur in relation to an Underlying Reference Instrument. Where such a Corporate Action or Adjustment Event occurs, we will determine whether it has or will have a material effect either on the market value of the Underlying Reference Instrument or on the value of the Trade or Position. If a Corporate Action or Adjustment Event occurs, we may, but are not obliged to take appropriate action (in our reasonable opinion) to:

- (a) replicate the effect on your Order(s) or Trade(s) or Position(s) that the Corporate Action or Adjustment Event will have on the Underlying Reference Instrument;
- (b) adjust and/or cancel your Order(s);
- (c) reflect any action taken by counterparties to Trades in respect of the Underlying Reference Instrument that we have entered into in order to Hedge or offset our exposure to you; and/or
- (d) preserve the economic equivalent of the rights and obligations of you and us under the relevant Trade or Position immediately prior to the Corporate Action or Adjustment Event.

We will give you notice on the applicable Platform of any action that we decide to make as soon as reasonably practicable, which for the avoidance of doubt may be after the relevant Corporate Action or Adjustment Event or after the relevant action which we may take in our discretion under this section 2.28.

If we determine that any calculations, adjustments, credits or debits under this section 2.28 cannot be made in a commercially reasonable manner or at all, we may suspend or close the affected Positions, cancel or suspend any Order, or require additional Margin or Independent Margin. A Corporate Action or Adjustment Event may constitute a Circumstance Outside Our Control. CMC Markets also reserves the right to request any reasonably foreseeable associated costs incurred by CMC Markets in connection with any suspension of a Product or its Underlying Reference Instrument.

With regards to Share CFDs, to qualify for a Corporate Action or Adjustment Event you must hold the Product at the close of that Product's Trading Hours on the day immediately preceding the ex-date, that is, the date on which a dividend is declared or distributed. With Index CFDs, you must hold the Product at the end of the calendar day immediately preceding the ex-date of the relevant constituent of the Index.

Whilst a Corporate Action or Adjustment Event is processed, a Platform will not generate Prices or accept Orders for the relevant Product.

CMC Markets is under no obligation to adjust the terms of any Trade in connection with a Corporate Action or to monitor Corporate Actions or bring them to your attention. You should remain aware of Corporate Actions that have occurred and that may impact your Positions.

## 2.29 Insolvency

If any issuer whose shares form the basis of a Product becomes insolvent, is otherwise dissolved or is subject to any event which has an analogous effect, we reserve the right to close any Position on that Product and you agree that we may do so. If you have a Position on any such Product, we shall provide you with notice in writing of that insolvency or dissolution.

The Price at which Positions shall be closed under this section 2.29 is in general zero. However, the Position will be closed at a higher Price if the underlying shares can still be sold on a liquid market at such higher Price. We will notify you in writing of the date and Price that your Position shall be closed.

CMC Markets reserves the right to request additional Margin, Independent Margin and/or any reasonably foreseeable associated costs incurred by CMC Markets in connection with any suspension of a Product or its relevant Underlying Reference Instrument(s).

## 2.30 Voting rights

You are not entitled to voting rights or other rights held by the registered holders of Underlying Reference Instruments in respect of any Trade.

## 2.31 Trading halts and suspensions

You will not be able to enter into any new Trades where there is a trading halt in the Underlying Reference Instrument or trading in respect of the Underlying Reference Instrument has otherwise been suspended. Where trading in a Product

has been halted or suspended CMC Markets may exercise certain discretions, see clause 2.1 of the OMI for more information.

Subject to our other rights under this PDS and the relevant Terms, if a Product or its Underlying Reference Instrument is suspended for any reason, the Price of all Trades connected with that Product shall generally be zero. CMC Markets reserves the right to request additional Margin, Independent Margin and/or any reasonably foreseeable associated costs incurred by CMC Markets (or any of our Associates) in connection with any suspension of a Product or its relevant Underlying Reference Instrument.

## **3 Risks of these derivatives**

This section is a summary of the major risks that can apply to trading Products. For more detailed information you should refer to section 3 (Risks) of the OMI, available on our Website. You should spend time reading and understanding the risks and then working out how this applies to your personal circumstances, including your trading strategy.

### **3.1 Product Risks**

#### **3.1.1 Trading may be affected by certain factors**

The Prices of Products are derived from the prices in the Underlying Markets, which can be highly volatile. The Prices of Products and the Underlying Reference Instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by you. The Prices of Products may be influenced by, among other things, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events, interest rate fluctuations, changes in currency valuations, suspensions in trading in the Underlying Market and the prevailing psychological characteristics of the relevant marketplace.

The ability of a Platform to correctly generate Prices and execute Orders is also dependent on the availability of prices and liquidity in the exchanges, markets and other venues from which we gather data. Therefore, market circumstances may impact on your ability to place an Order or close a Trade with us. In contrast, if we enter into a corresponding trade to Hedge our risk, this may have an influence on the Underlying Market conditions and consequently also on the Prices we quote on the Platforms and your Account.

Finally, if trading in the Underlying Market is affected by Circumstances Outside Our Control, we may take certain discretionary action as set out in the relevant Terms.

#### **3.1.2 Risks associated with OTC derivatives**

When you enter into any Trade with us through a Platform, you will be entering into an off-exchange (or 'OTC') derivative, which is non-transferable. This means you will enter into Trades directly with us, and also that those Trades (or 'Positions') can only be closed with us.

OTC derivatives involve greater risk than investing in a financial instrument such as a share which is transferable, or dealing in an exchange-traded derivative because your ability to open and close Trades is dependent on the Platforms being in a position to accept Orders from you and to execute them. You are not able to cancel a Trade once it has been entered into.

#### **3.1.3 Gapping**

Financial markets may fluctuate rapidly and Prices of our Products are no exception. Any movements in our Prices will have a direct effect on your Account. Sometimes markets move so quickly that Gapping occurs. Gapping occurs where there is a sudden shift in price from one level to another. There may not always be an opportunity for you to place an Order between the two Price levels, or for the Platforms to execute a Pending Order at a Price between those two levels.

If Gapping occurs in the Underlying Market, it may also occur in the Price of the relevant Product and may mean you are unable to close out your Trade or open a new Trade at the Price at which you have placed your Order or may have liked to place your Order. In addition, there is no predetermined amount by which the adjusted Price of a Product can vary. Please see the relevant Order Execution Policy for more information.

In addition, where you have a Stop Loss Order or Trailing Stop Loss Order, these may not be executed at the Target Price you have selected and as a result your Realised Loss could exceed the loss you anticipated when these Orders were placed.

## 3.1.4 Potential loss caused by Spread

Because of the difference between the Buy Price and Sell Price of a Product (where applicable), the relevant Price must move favourably before you can break even. Furthermore, the Spread may be larger at the time you close out the Position than it was at the time you opened it.

## 3.1.5 You may suffer losses in excess of the money you deposit with CMC Markets

### *Losses from your trades*

The amount of any loss for an individual Trade will be the amount that you owe us when that Trade is closed or, in respect of Option CFDs, when that Option CFD is closed or exercised. Even over a short space of time this amount may exceed the amount of any Margin that you used to enter into the Trade. This is a feature of leveraged (also known as 'geared' or 'margin'd') instruments, meaning you can lose more than your initial payment.

Opening a leveraged Trade means that you are only required to deposit a proportion of the total trade value to open that Trade. This means you are able to take a larger Position than your capital otherwise would enable you to. The remaining portion of the total trade value is leverage. The higher the leverage the greater the impact that market fluctuations will have on your profits and losses. Consequently, the higher the leverage, the higher the risk involved.

Therefore, the impact of any Price movement on your Account will depend on the Trade size as well as the leverage of your Trade, rather than the amount of your Position Margin. A small movement in price may have a large impact on your Account if you have entered into a highly leveraged Trade. In addition, when entering into a short Trade (i.e. a 'sell' Trade) it is possible to lose significantly more than the opening trade value, since the amount by which the price could increase may be greater than the initial price at which you opened the Trade. Therefore, short Trades can be riskier than long Trades.

For example, if you invest \$1000 in a Trade on a product with a leverage of 50:1, you would have a position size equivalent to \$50,000. A 1% negative move in the value of that product could then expose you to a loss of \$500. In contrast, if you invested \$1000 in a Trade on a product with a leverage of 500:1, your effective position size would be \$500,000 and therefore a 1% negative move in the value of that product could expose you to a loss of \$5,000.

Certain Trades have no Margin requirements (i.e. have 100% leverage). This carries high risk as without any Margin you will owe us the full value of your Position when your Trade is closed and you will be expected to meet any trading losses immediately. You should therefore ensure that you (i) carefully consider the size of your Position; (ii) closely monitor the potential loss that you may suffer (as your losses may increase significantly even over a short period of time); and (iii) have sufficient available funds to cover any such losses. To minimise losses, you should consider using Stop Loss Orders so that Trades are closed before your losses exceed a certain level (please note that Stop Loss Orders are not guaranteed). However, although the Platforms have features that are designed to minimise your risk of loss, none of those are guaranteed and you should not rely on them.

### *Costs incurred through trading*

Depending on the Trades you enter into, and how long you hold them for, we may require you to pay Holding Costs. These Holding Costs will be incurred on a daily basis when you keep a Trade on our Products open overnight. In some cases, and particularly where you keep Trades open for a long time, the aggregate of these Holding Costs may exceed the amount of any profits or increase your loss. Section 4.3 below sets out how Holding Costs are calculated.

## 3.1.6 Account Currency

Your Account is maintained in your Account Currency. If you are trading in a Product that is denominated in a currency different to your Account Currency, any amounts (including any Margin, Premiums, Holding Costs, Deductions, credits, adjustments, Realised Profits, Realised Losses and Unrealised Profits or Losses) will be converted to your Account Currency at the CMC Currency Conversion Rate. Depending on the CMC Currency Conversion Rate (which may be different to those available elsewhere) and currency fluctuations, this may have an impact on your Account Revaluation Amount or Account Value (as applicable) on an ongoing basis (and therefore on whether or not your Trades might be automatically closed), and on any eventual profits that you make or losses that you incur.

## 3.2 Issuer Risks

### 3.2.1 Counterparty risk

As CMC Markets is the issuer of Products, you are exposed to the financial and business risks, including the credit risk associated with trading with CMC Markets. If CMC Markets becomes insolvent, CMC Markets may be unable to meet its

obligations to you. CMC Markets' creditworthiness has not been assessed by an approved rating agency. This means that CMC Markets has not received an independent opinion of its capability and willingness to repay its debts from an approved source.

CMC Markets has risk management and compliance systems in place to manage its risks including but not limited to financial, operational and credit risks. Funds are held with reputable financial institutions. CMC Markets has policies around monitoring client positions and close-out levels. The CMC Markets Group monitors market risk on a daily basis against set limits.

Before entering a relationship with a new hedging counterparty, the CMC Markets Group undertakes a due diligence process. This process will include a review of a number of key factors that relate to the risk of dealing with the counterparty. These include the counterparty's credit rating, reputation, market presence, funding arrangements, stock availability, trading platforms, reporting processes and fees and charges.

CMC Markets will transfer monies owed to clients (which may include client gains) to the segregated trust account (daily), from our operating cash account. Prior to segregation, you are an unsecured creditor in respect of monies owed which you should be aware of in the (unlikely) event that CMC Markets were to become insolvent.

CMC Markets maintains a written policy to ensure it maintains adequate financial resources and complies with the financial requirements of its authorisation. The steps that are taken to ensure this include:

- performing a daily adjusted surplus liquid funds calculation, ensuring that we meet the minimum liquid capital requirement set by the FMA; and
- performing a daily client cash segregation calculation, ensuring that we hold adequate cash in our client trust account in order to meet our obligations to clients. All client funds are maintained in fully segregated trust accounts separate to CMC's operating account.

If you require further information about CMC Markets' financial position, please contact our Client Management Team and request a copy of our audited financial statements. These will be provided free of charge.

### **3.2.2 We act as a market maker**

Although the Prices generated by the Platforms will take into account current exchange and market data from various sources, they may not be taken directly from any source. This means that our Price may be different to any current exchange or market price, or another financial product provider's price, for the relevant Underlying Reference Instrument.

### **3.2.3 Conflicts of interest**

CMC Markets, its Associates or other Persons connected with CMC Markets may have an interest, relationship or arrangement that is material in relation to any Product entered into with us. In addition, we may provide services to third parties whose interests may be in conflict or competition with your interests. You agree that we may conduct such business without your prior consent.

We are a product issuer, not a broker. Accordingly, you will be trading Products directly with us, and not on any financial market. As a product issuer, we set the prices that refer to, but may not always be the same as, those in the Underlying Market. We will always act as a principal, not as an agent, for our own benefit in respect of all Trades with you.

We may also conduct Trades as principal in the Underlying Reference Instruments on which Products are based, including shares and futures. In particular, we may at our sole discretion, Hedge our liability to you in respect of your Positions by undertaking Trades in the Underlying Reference Instruments in the Underlying Markets. However, we have no obligation to do so and are under no obligation to inform you as to whether or not we have done so. These trading activities may affect (positively or negatively) the prices at which you may trade Products.

### **3.2.4 Risks of trading on credit**

If you fund your Trades with us on credit, your risk will be significantly increased and if you make a loss using that money, you will still have to repay your credit including interest. Therefore, you must not rely on being able to redeem borrowed funds with any profits from Trades with us.

## 3.3 Risks when entering or settling Products

### 3.3.1 Information technology

We will do our best to make the Platforms available when required by you, but we cannot guarantee that any Platform will be available continuously.

From time to time a Platform may not be available because:

- (a) errors and/or failures may occur in respect of technology, the internet may be subject to faults or events which may affect your access and your systems, our systems or the systems of a third party, which you or we rely on, may fail to work properly;
- (b) we may need to suspend availability of the Platforms for maintenance, repairs, upgrades or any development-related issues. We will normally seek to carry out these works outside Trading Hours. If this occurs during Trading Hours relevant to any of your Trades we will, where reasonably practicable, provide you with prior notice of such suspension and, if necessary, suggest alternative ways for you to access your Account; or
- (c) we may need to suspend availability of our Client Management Team, for example, due to maintenance, repairs or upgrades to the offices and/or systems used by our Client Management Team. We will normally seek to do this outside of Trading Hours. If we need to suspend the availability of our Client Management Team during Trading Hours we will, where reasonably practicable, provide you with prior notice of such suspension and, if necessary, suggest alternative ways for you to place or modify Manual Orders.

You are responsible for making sure that you are able to access a Platform when you need to and when it is available. This responsibility includes having access to a device that can connect to the Platforms and maintaining the device so that it functions properly. If you cannot access a Platform directly, then you may be able to contact our Client Management Team by telephone to request that we access the Platforms on your behalf. Except in relation to Manual Orders, our service is primarily provided online, therefore this facility is likely to be a much slower method of placing Orders or giving us other instructions than if you access the Platforms yourself and you must not rely on our Client Management Team being available nor can we guarantee that our Client Management Team will be available to assist you to enter into or close Trades (e.g. because (i) our Client Management Team is busy helping other clients, (ii) members of our Client Management Team who speak your language are busy helping other clients, (iii) there is a technical problem with the telephone system, or (iv) you call outside our opening hours). In relation to Manual Orders, we will do our best to make the Client Management Team available when required by you, but during periods of high demand and due to other Circumstances Outside Our Control we cannot promise that you will always be able to access our Client Management Team immediately. This may prevent you from taking quick actions and increase the risks associated with those products. Where we need to suspend the availability of the Client Management Team, we will attempt to suggest alternative ways for you to place or modify Manual Orders.

Where a Platform or any other content generated by us contains links to other sites and resources provided by third parties, these links are provided for your information only. We generally have no control over the content of those sites or resources and we accept no responsibility for them or for any loss or damage that may arise from your use of them.

### 3.3.2 Your Trades are at risk of being closed automatically

At all times, your Account Revaluation Amount or Account Value (as applicable) must stay above the Close-Out Level otherwise all your Positions may be closed by a Platform. However, we do not guarantee such closure and you must not rely on it. It is your responsibility to monitor your Positions and your Account closely. Closely monitoring your Positions is very important because you might need to make immediate additional payments to avoid a Close-Out by the Platforms or correct an Error.

If we have set a Close-Out Warning Level for your Account, the Platforms will attempt to notify you when your Account Revaluation Amount (for Next Generation Platform) or Account Value (for MT4 Platform) falls below the Close-Out Warning Level, although you should not rely on the Platforms giving you this warning. To prevent closure of your Positions, you should deposit a sufficient amount of money into your Account to cover any potential losses or costs from your Trades. It is important to note that even an amount that you previously deposited and which appeared to be more than sufficient at the time, can very quickly become insufficient due to rapidly changing market conditions.

## 3.4 Risks associated with negative Independent Margin

If we allow a negative Independent Margin on your Account, this is not a credit facility or a loan. It does not restrict your losses or financial liability and you are still liable to pay all losses to us that are due and payable. We may amend or remove any negative Independent Margin at any time in accordance with the applicable Terms.



## 4 Fees

This section is about the different fees and costs that may be applicable when trading Products. These can include costs incurred at the time of trading and other costs in respect of each Trade that remains open at the end of each calendar day. All of these fees and costs can impact the cost of doing business with us.

You must pay each fee and cost applicable to your Account and any Trade and/or Position at the time, in the amounts and in the manner specified in the Agreement. Please refer to the applicable Terms and the OMI for more information.

### 4.1 Spread Costs

When trading in certain Products with CMC Markets each Product has a lower price and a higher price at which you can place your Order. These two Prices are termed the Sell Price (represented by the lower figure) and the Buy Price (represented by the higher figure).

At any time, the Sell Price and the Buy Price represent the current Price to sell Products and the current Price to buy Products at that time in a Trade with CMC Markets. When your Order is executed at one of these Prices, in order for you to break even or realise a profit or loss, the Price you exit your Trade at needs to be at least equal to the original Sell Price or Buy Price that you entered in at. This can be seen as a cost of trading and should be factored into your trading decisions.

### 4.2 Commissions and GSLO Premiums

Where applicable, you will be charged Commission each time you enter into a Trade in certain Products. There may be a minimum Commission as well as a Commission based on the size of the Trade. Details of any applicable Commission for a Product are set out in the Product Library.

You will be charged a GSLO Premium each time you place a Guaranteed Stop Loss Order (including by modifying another type of Pending Order) in respect of a Product. Details of GSLO Premium rates are specified in the Product Library. The GSLO Premium is calculated by multiplying the premium rate displayed on the Next Generation Platform by the number of Units.

If applicable, the Commission for a Trade will be debited from your Account at the time the Order is executed. GSLO Premiums are due and payable and will be debited from your Account immediately upon placing a Guaranteed Stop Loss Order (including by modifying another type of Pending Order). Commissions and GSLO Premiums are charged in the relevant Product Currency before being converted into your Account Currency at the CMC Currency Conversion Rate and applied to your Account. It is your responsibility to ensure you have sufficient Cash in your Account to pay any Commission and/or GSLO Premium in full. Failure to ensure that you have sufficient Cash in your Account to pay any Commissions and/or GSLO Premium will be a Specified Event and may result in Account Close-Out.

Any changes to Commission and GSLO Premiums will be automatically imposed by the Platforms. You will have the choice as to whether or not you place an Order based on the Commission and/or GSLO Premium applicable to your Order at that time.

### 4.3 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, with the exception for Products that relate to shares listed on the New Zealand Exchange, where the Holding Cost will be calculated based on Positions held at 9am (NZST) and applied to your Account at the end of each calendar day. 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.

A Platform will calculate the Holding Cost as follows:

**On a buy Trade:**

$$\text{Holding Cost} = \frac{(\text{Units} \times \text{Level 1 Mid Price}^* \times \text{Holding Rate Buy}) \times \text{CMC Currency Conversion Rate}}{365}$$

## On a sell Trade:

$$\text{Holding Cost} = \frac{(\text{Units} \times -1 \times \text{Level 1 Mid Price}^* \times \text{Holding Rate} \times \text{CMC Currency Conversion Rate})}{365}$$

\*Level 1 Mid Price is not required for Trades in Products where the Underlying Reference Instrument relates to a currency.

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. Where an Underlying Market will be closed on any calendar day, such that you would be unable to close a Trade, we may charge you the Holding Cost for the calendar day in advance. You must have sufficient Cash in your Account at the relevant Holding Time to meet any Holding Cost.

If the Cash in your 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 Platforms.

### 4.4 Market data fees

If you activate certain Products on a 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. Details about applicable market data fees can be found on the Platforms and on our Website.

### 4.5 Interest

In accordance with section 5.3, CMC Markets retains any interest on client monies held in the segregated client bank account. This may be considered a fee and should be taken into consideration when depositing funds with us.

You agree not to rely on any payment of interest by us to prevent an Account Close-Out, satisfy any Margin requirements or set-off any payment obligation that you may have under this Agreement.

### 4.6 Administration charges

Please refer to our OMI for information on administration charges.

## 5 How CMC Markets treats funds and property received from you

### 5.1 Introduction to client money

Any money that you deposit with CMC Markets, or that is deposited on your behalf, will be segregated from CMC Markets' money and held and invested by us in one or more client bank accounts with a registered bank or banks in New Zealand in accordance with this PDS and the Financial Markets Conduct Regulations 2014. We may establish and maintain one or more segregated client bank accounts outside New Zealand with one or more registered banks. Client money will be held and disbursed in accordance with the applicable law.

All client money held by CMC Markets is fully segregated. This means that all client money, including any Margin, is held on trust in a segregated client bank account. We do not use client money for the purpose of meeting obligations incurred by us when Hedging with other counterparties. Any obligations incurred by us in connection with such transactions are funded by CMC Markets from our operating cash account. In addition, client money is not used to meet the trading obligations of other Clients.

CMC Markets is also obliged to pay any moneys due to you in relation to dealings in Products into a segregated account. Those obligations to you under the Agreement in relation to Products are unsecured obligations, meaning that you are an unsecured creditor of CMC Markets.

### 5.2 Counterparty hedging

CMC Markets undertakes authorised hedging activity by entering into, securing, or settling offsetting derivatives with a hedging counterparty. For these purposes, the counterparty that CMC Markets hedges with is CMC Markets UK plc. All contracts CMC Markets enters into are hedged, via back-to-back or covering transactions, with CMC Markets UK plc. CMC Markets UK plc has its own arrangements with counterparties it enters into from time to time.

Further information regarding general counterparty arrangements is set out in the OMI.

### 5.3 Investment and administration of client money

You authorise CMC Markets to invest your money held in any segregated client bank account in any of the types of property permissible under Applicable Laws.

Unless otherwise agreed in writing with you:

- (a) CMC Markets will be solely entitled to any interest derived from the moneys being deposited in a segregated client bank account or invested by us in accordance with the Agreement with such interest or earnings being payable to CMC Markets from the relevant segregated client bank account or investment account, as the case requires, as and when CMC Markets determines; and
- (b) upon realisation of an investment of the customer's moneys, the initial capital invested must either be invested in another investment permitted by the Agreement or deposited by CMC Markets into a segregated client bank account.

In addition you, among other things, authorise us to:

- (c) withdraw, deduct or apply any amounts payable by you to CMC Markets, its Associates or other Persons connected with CMC Markets under the Agreement from your moneys held in any segregated account or invested by us, including, without limitation making a payment for, or in connection with, the adjusting or settling of dealings in Products entered into by you or the payment of finance charges, Commissions or interest to CMC Markets;
- (d) pay, withdraw, deduct or apply any amounts from your moneys held in any segregated account or invested by us as permitted by the Agreement and Client Funds Regulations, with all such amounts belonging to CMC Markets under the Agreement;
- (e) deal with any property, other than money, given to us as permitted by the Agreement; and
- (f) deal with any property, other than money, given to us in accordance with the terms and conditions of the Agreement, including, without limitation:
  - (i) dealing with such property in connection with the adjusting or settling of dealings in Products entered into by you; or
  - (ii) selling or charging in any way any or all of your property which may from time to time be in our possession or control following the happening of a Specified Event.

## 6 About CMC Markets

### 6.1 How to contact CMC Markets

CMC Markets NZ Limited	
Registered office & business address	Client Management Team CMC Markets NZ Limited Level 39 23 Albert Street Auckland 1010 New Zealand
Postal address	Client Management Team CMC Markets NZ Limited PO Box 106645 Auckland 1143 New Zealand
Phone	Client Management Team and Account opening queries: 0800 26 26 27 (only in New Zealand)
Email	support@cmcmarkets.co.nz
Web	cmcmarkets.co.nz

### 6.2 What are CMC Markets' Trading Hours?

Trading Hours depend on the relevant Underlying Market's hours of operation. You will find the details of various Trading Hours in the Product Library, which will be updated from time to time. Trading Hours may also be affected by public holidays. It is your responsibility to monitor the Trading Hours of any Product that you wish to trade.

## 6.3 Who is the issuer of the PDS and the Products?

CMC Markets is the issuer of this PDS, and the issuer of Products referred to in this PDS.

## 6.4 CMC Markets does not give personal advice

We will not give you personal advice. However, related entities or Introducing Advisers may give you such personal financial product advice. To find out more about the services they may be able to offer, you will need to refer to their relevant disclosure documents.

Information we provide is general information only. Any information provided to you on our Website, through the Platforms, via e-mail, at any training events or otherwise is generic and must not be treated as advice that is suitable for you or based on a consideration of your personal financial circumstances. Such information is provided merely to assist you in exercising your own judgment when trading with us and we are not responsible for the investment decisions that you make. Accordingly, before applying to trade with us, you must consider your objectives, financial situation and needs and the significant risk of loss which accompanies the prospects of profit associated with trading Products. We recommend that you read this PDS, the OMI and the relevant Terms carefully and obtain independent financial, taxation and other professional advice concerning this PDS and the other parts of the Agreement before you apply to open an Account and/or place any Trade or Order with us. We cannot guarantee specific results from trading in Products.

## 7 How to complain

### 7.1 Internal complaints handling system

On receipt of a complaint, the CMC Markets employee that receives the complaint will make every effort to resolve the issue, and, if they are unable to do so, the matter will be referred to a senior member of the relevant CMC Markets division for further investigation.

If you are dissatisfied with the outcome, you will be requested to provide:

- (a) written notice specifying the nature of the complaint, the desired outcome and what action you think will settle the complaint; and
- (b) all relevant material to support the complaint.

Complaints should be addressed to the Complaints Officer and sent to CMC Markets.

If the complaint is not resolved within 20 Business Days following the receipt of written notice, the Complaints Officer will inform you of the reasons for the delay.

### 7.2 External dispute resolution process

Financial Services Complaints Limited (FSCL)

Level 4, 101 Lambton Quay

Wellington 6145

Phone: 0800 347 257

CMC Markets is a member of an independent dispute resolution scheme operated by FSCL and approved by the Ministry of Consumer Affairs. Under the scheme we have 20 Business Days to respond to your complaint. If you are not satisfied by our response, you may refer the matter to FSCL. Full details of how to access the FSCL scheme can be obtained on their Website [fscl.org.nz](https://fscl.org.nz). There is no cost to you to use the services of FSCL.

Please refer to our dispute handling policy on our Website for further information.

## 8 Where you can find more information

Further information relating to CMC Markets and the Products is available from the offer register online at <https://disclose-register.companiesoffice.govt.nz/> A copy of this information is available on request from the Registrar.

In addition to information on the offer register, the following documents are available from CMC Markets website at <https://www.cmcmarkets.com/en-nz/legal-documents> and are incorporated by reference into this PDS:

- **The OMI**, which contains additional information supplementing disclosures made under this PDS.
- **The Terms in respect of each Platform**, which set out further terms and conditions, including the Order Execution Policy, in relation to trading on a Platform with CMC Markets.
- **CMC Markets Privacy Statement.**
- **Dispute Handling Policy.**

More information about Products, including examples of how a Trade works, details about the complete list of Products, and ongoing education about the Platforms, Products and trading strategies are available on our website at <https://www.cmcmarkets.com/en-nz/> and also through the Platforms.

All of the information set out in this section is available free of charge on our website or on request from CMC Markets. Request may be made to any of the contact details set out in section 6.1.

The offer register also contains a link to CMC Markets' financial statements (together with a link to an auditor's report on those statements).

## 9 How to enter into client agreement

### 9.1 Applying to trade with CMC Markets

Before you begin trading with CMC Markets you must complete an Application in respect of the applicable Platform on which you wish to trade. Before completing the Application you should consider this PDS, the OMI, the applicable Terms, the applicable Order Execution Policy and the other documents that make up the Agreement. The Application is available on our website at <https://www.cmcmarkets.com/en-nz/>.

### 9.2 Account opening process

When we receive a completed Application from you, we may use your information to conduct any further enquiries about you as we in our sole discretion determine are necessary or appropriate in the circumstances.

We use any information we have about you to make an assessment of whether or not investing in Trades and/or operating an Account with us is appropriate for you.

Applications are accepted by us in our absolute discretion. If we accept your Application and open an Account for you, we will confirm this in writing and provide you with details on how to access your Account through the relevant Platform.

In certain circumstances we may require additional documentation prior to opening your Account such as the provision of a guarantee in respect of Accounts opened by non-individuals.

The Products available may vary depending on the Account type and/or feature. Please see the relevant Platform for details of which Products are available.

Please refer to the applicable Terms or our Website for further information.

### 9.3 Joint Accounts.

If you open a Joint Account:

- references to you, our Client, your and yourself are references to any one or all Persons in whose name the Joint Account is held;
- we may act upon instructions received from any one Person who is, or reasonably appears or purports to be, named on that Joint Account;
- we may disclose information (including, for the avoidance of doubt, personal information) provided by one Joint Account Holder to one or all of the other Persons in whose name the Joint Account is held;
- we may give any notice or communication to any one or all Persons in whose names that Joint Account is held and any notice or communication, made to any one Person, shall be deemed as having been made to all Joint Account Holders;
- each Joint Account Holder shall be jointly and severally liable for any financial obligations (including losses, fees or charges) arising on their Joint Account. This means that any monies owed to us in relation to the Agreement shall be payable in full by one or any of the other Persons in whose names that Joint Account is held;

- (f) the death of any Joint Account Holder will be a Specified Event and the Joint Account will be closed and the balance paid equally to the survivor(s) and the relevant Joint Account Holder's estate; and
- (g) our rights under the Agreement, including but not limited to our rights to take a Reserved Action shall apply in respect of all Joint Account Holders and the occurrence of a Specified Event in respect of one Joint Account Holder will allow us to exercise any rights we may have under the Agreement.

After a Joint Account has been opened, you may not add or remove Persons named on that Joint Account. If you wish to change the Joint Account Holders, you must close the Joint Account and open a new one.

### 9.4 Authorised Persons

If you are a body corporate, unincorporated association, trust or partnership, client of an Introducing Advisor or an individual who wants to appoint an attorney, you must notify us in writing of any Person who is authorised to act on your behalf (an "**Authorised Person**") in relation to the Agreement and your Account. You and/or the Authorised Person will be required to complete such further documentation as we may reasonably require (including the Authorised Person completing an Application) and we may require evidence that the Authorised Person has authority and is appropriate to act on your behalf.

We may revoke or refuse to accept the appointment of an Authorised Person if we know or reasonably suspect that such appointment would result in a breach of the Agreement and/or Applicable Law. You must immediately notify us in writing of any changes to the appointment and/or authority of any Authorised Person.

We shall be entitled to act upon the oral, electronic or written instructions of any Authorised Person or any person who reasonably appears or purports to be an Authorised Person, notwithstanding that the Person is not, in fact, so authorised. In particular, we shall be entitled to act upon any instructions or Orders transmitted using your Account Sign In Details unless you have notified us in accordance with the Agreement that you know or suspect that an unauthorised Person has or may have access to your Account.

Any action in relation to the Agreement taken by an Authorised Person you have appointed in accordance with the Agreement or any person who reasonably appears or purports to be an Authorised Person will be deemed to be your action.

Any information provided by us to an Authorised Person appointed by you or any Person who reasonably appears or purports to be an Authorised Person will be deemed to have been provided by us to you.

Notwithstanding our right set out above to rely and act on any communications and/or instructions from an Authorised Person appointed by you, we will not be under any duty to open or close any Trade or accept any Order or other communication or instructions from such Authorised Person if we reasonably believe that the Authorised Person may be acting in excess of their authority. Nothing in this section will be construed as placing us under a duty to enquire about the authority of any Authorised Person who reasonably appears or purports to represent you.

Where you have appointed an Introducing Adviser, discretionary investment manager or a similar person as an Authorised Person to act on your behalf and that Person also acts on behalf of other clients of CMC Markets then the Authorised Person may decide to place a single, aggregated order with us in respect of a Product and allocate the order amongst you and its other clients. In such circumstances, the portion of the order allocated to you will represent your Order, which will have been executed at the corresponding Price on the Price Ladder for the size of the aggregated order. The Authorised Person may decide to place such orders for various reasons, for example, to ensure timely execution which may be to your benefit. We are not responsible for the aggregation and allocation of such orders, which shall be the sole responsibility of the Authorised Person, but you should note that such aggregation and allocation may operate to your disadvantage. If the Authorised Person aggregates such orders, the Price you obtain may be inferior to the Price you could have obtained had you placed a separate Order yourself at that time.

### 9.5 How do you close an Account?

You can close your Account by contacting our Client Management Team (see contact details in section 6.1). Please see the Terms for more information about how your Account can be closed.

Level 39  
23 Albert Street  
Auckland 1010  
New Zealand

PO Box 106645  
Auckland 1143  
New Zealand

P +64 (0)9 359 1200  
E [support@cmcmarkets.co.nz](mailto:support@cmcmarkets.co.nz)

[cmcmarkets.co.nz](http://cmcmarkets.co.nz)

