

CMC Markets NZ Limited

## Product Disclosure Statement

### An Offer of Derivative Products

22 December 2022

This document provides important information about derivative products issued by CMC Markets (Products) to help you decide whether you want to enter into any Products. There is other useful information about this offer at [www.cmcmarkets.co.nz](http://www.cmcmarkets.co.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 replaces the CMC Markets PDS for derivative products dated 18 May 2020.



# 1 Key Information Summary

## 1.1 What is this?

This is a product disclosure statement (“PDS”) for derivative products provided by CMC Markets NZ Limited on its Platforms (“Products”). 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 2.17 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 2.18 about your obligations.

### 1.2.3 Risk arising from issuer’s creditworthiness

When you enter into Products 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 margin 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.

## 1.4 Which derivatives are covered by this PDS?

This PDS is issued by CMC Markets NZ Limited (referred to in this PDS as “CMC Markets”, “we”, “us” or “our”) in connection with Products issued by us and traded through the CMC Markets’ Platforms including the Next Generation Platform, the MT4 Platform, the Prime FX Platform and the CFD Direct Platform.

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, no capital. Please remember to understand your total exposure to market movements as leverage magnifies both profits and losses.
- (c) Products offer a simple and effective means to trade in rising markets but also to take advantage of volatile or falling markets.
- (d) CFDs allow fractional ownership letting you buy and sell CFDs in units smaller than a single unit of the Underlying Reference Instrument.
- (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 terms used in this PDS are defined in the Glossary at the back of this PDS.

<b>1</b>	<b>Key Information Summary</b>	<b>2</b>
1.1	What is this?	2
1.2	Warning	2
1.3	About CMC Markets	2
1.4	Which derivatives are covered by this PDS?	2
<b>2</b>	<b>Key Features of the derivatives</b>	<b>4</b>
2.1	What are the Products offered under this PDS?	4
2.2	Trading with CMC Markets	4
2.3	Types of Products	4
2.4	Orders you can place with CMC Markets	4
2.5	Product Limit, Position Limits and Order Cluster Limits	5
2.6	Prices	5
2.7	Term of Products	5
2.8	Accessing the Platform	5
2.9	Orders	5
2.10	Trades	6
2.11	Closing Trades	6
2.12	What is your Cash?	6
2.13	What is your Available Equity?	6
2.14	What is your Account Value?	6
2.15	What is your Account Revaluation Amount?	6
2.16	What is your Guaranteed Loss Value or GLV?	6
2.17	Unrealised Profit Or Loss	6
2.18	Margin	6
2.19	Account Close-Out	7
2.20	Examples	7
2.21	Corporate Actions and Adjustments	7
2.22	Insolvency	8
2.23	Voting rights	8
2.24	Trading halts and suspensions	8
<b>3</b>	<b>Risks of these derivatives</b>	<b>8</b>
3.1	Product Risks	8
3.2	Issuer Risks	9
3.3	Risks when entering or settling Products	9
<b>4</b>	<b>Fees</b>	<b>9</b>
4.1	Spread Costs	9
4.2	Commissions and GSLO Premiums	9
4.3	Holding Costs	10
4.4	Market data fees	10
4.5	Interest	10
4.6	Administration charges	10
<b>5</b>	<b>How CMC Markets treats funds and property received from you</b>	<b>10</b>
5.1	Introduction to client money	10
5.2	Investment and administration of client money	10
<b>6</b>	<b>About CMC Markets</b>	<b>11</b>
6.1	How to contact CMC Markets	11
6.2	What are CMC Markets' Trading Hours?	11
6.3	Who is the issuer of the PDS and the Products?	11
6.4	CMC Markets does not give personal advice	11
<b>7</b>	<b>How to Complain</b>	<b>11</b>
7.1	Internal complaints handling system	11
7.2	External dispute resolution process	12
<b>8</b>	<b>Where you can find more information</b>	<b>12</b>
<b>9</b>	<b>How to enter into the client agreement</b>	<b>12</b>
9.1	Applying to trade with CMC Markets	12
9.2	Account opening process	12
9.3	Joint Accounts.	12
9.4	Authorised Persons	13
9.5	How do you close an Account?	13
<b>10</b>	<b>Glossary</b>	<b>14</b>

## 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 2.18 ("Margin") for more information.

The Products are not traded on an exchange. This means they are over-the-counter (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 Platform. 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 Platform directly, then you may be able to contact our Client Management Team by telephone to request that we access the Platform 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:

- Shares
- Indices
- Currencies
- Commodities
- Treasuries
- Cryptocurrencies

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

### 2.4 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:

#### 2.4.1 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.

#### 2.4.2 Roll-Over

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

#### 2.4.3 Limit Order

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

#### 2.4.4 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.

#### 2.4.5 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.

#### 2.4.6 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 Platform 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.

#### 2.4.7 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.

#### 2.4.8 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 set out in the applicable Terms.

### 2.5 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.

### 2.6 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 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 our Risk Warning Notice for further information.

In respect of Margin 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 and the Prime FX 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 and the Prime FX 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 Order Execution Policy.

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.

### 2.7 Term of Products

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 Platform being available.

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

### 2.8 Accessing the Platform

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.

### 2.9 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 section 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.

# Product Disclosure Statement

---

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.

## 2.10 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 and Order Execution Policy for further information on the types of trades that are available on each Platform.

## 2.11 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.

## 2.12 What is your Cash?

The Cash of an Account is calculated as follows:

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

Where:

A = the sum of any successful payments made by you to us in respect of the Account, plus any Realised Profits, plus the Amount of any other 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.

## 2.13 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 Margin 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 Margin Trade. Please refer to the applicable Terms for further information.

## 2.14 What is your Account Value?

Your Account Value will be updated by a Platform in real time and is calculated as follows:

$$\text{Account Value} = \text{Cash} + \text{Net Unrealised Profit or Loss}$$

On the MT4 Platform your 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 Value is at all times above the Close-Out Level.

## 2.15 What is your Account Revaluation Amount?

Your Account Revaluation Amount is a figure used on the Next Generation Platform and the Prime FX Platform. It will be updated by the applicable Platform in real time and is calculated as follows:

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

On the Next Generation Platform and the Prime FX Platform your Account Revaluation Amount 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 is at all times above the Close-Out Level.

## 2.16 What is your Guaranteed Loss Value or GLV?

Your Guaranteed Loss Value (or GLV) is used by the CFD Direct Platform and is calculated as follows:

$$\text{GLV} = \text{Cash} + \text{Net Unrealised Profit or Loss}$$

On the CFD Direct Platform your GLV is the figure used in determining whether your Account has breached the Close-Out Level and accordingly you must ensure that your GLV is at all times above the Close-Out Level.

## 2.17 Unrealised Profit Or Loss

The Unrealised Profit Or Loss for any individual Margin 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.

## 2.18 Margin

Margin is the security we take from you in respect of Margin Trades to cover our exposure as counterparty to your CFD trading.

When you enter into a Margin 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 Margin 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 the 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 Margin Trades are available on our Website including at <http://www.cmcmarkets.co.nz/en/cfd-trading/cfd-trading-costs/margin>.

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.

## 2.19 Account Close-Out

### 2.19.1 Close-Out Level

You are required to keep sufficient funds in your Account to maintain your Account Revaluation Amount (in the case of the Next Generation Platform and the Prime FX Platform), Account Value (in respect of the MT4 Platform) or GLV (in respect of the CFD Direct Platform) above the Close-Out Level.

Your Account Revaluation Amount, Account Value or GLV 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.

### 2.19.2 Close-Out Triggering

If your Account Revaluation Amount (in the case of the Next Generation Platform and the Prime FX Platform), Account Value (in respect of the MT4 Platform) or GLV (in respect of the CFD Direct Platform) for an Account falls to an Amount at or below the Close-Out Level at any point in time, the Platform 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.

## 2.20 Examples

The following is an example of how you could make a profit or loss by entering into a Margin 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 <http://www.cmcmarkets.co.nz/en/cfd-trading/what-are-cfds/cfd-trading-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.

## 2.21 Corporate Actions and Adjustments

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 will take appropriate action to:

- (a) replicate the effect on your Order(s) or Margin Trade(s) or Position(s) that the Corporate Action or Adjustment Event will have on the Underlying Reference Instrument; and/or
- (b) 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
- (c) preserve the economic equivalent of the rights and obligations of you and us under the relevant Margin Trade or Position immediately prior to the Corporate Action or Adjustment Event.

We will give you notice on the applicable Platform of any applicable 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 2.21.

If we determine that any calculations, adjustments, credits or debits under this section 2.21 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 Specified Event. 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.

## 2.22 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 within one month of such insolvency, dissolution or event 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 2.22 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).

## 2.23 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.

## 2.24 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 the General Terms 2.1 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 Margin 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 our Risk Warning Notice, 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 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.

#### 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 (sometimes known as an over-the-counter, 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.

#### 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 Platform to execute a Pending Order at a Price between those two levels.

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

When you trade with us, you risk losing more than the amount that you deposited with us (unless Shield Mode, where available on a Platform, has been activated). This is different to investing in other types of financial instruments, for example shares, where generally you only stand to lose the amount you pay for the asset that you buy.

Although the Platforms have features that are designed to minimise your risk of loss, none of these are guaranteed and you should not rely on them.

#### 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 will be converted to your Account Currency at the CMC Markets Conversion Rate. Depending on the CMC Currency Conversion Rates and currency fluctuations, this may have an impact on your Account.

## 3.2 Issuer Risks

### 3.2.1 Counterparty risk

As CMC Markets is the Product issuer, 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.

### 3.2.2 We act as a market maker

Although the Prices generated by the Platform 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.

### 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.

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 Platform 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 Platform on your behalf.

CMC Markets does not accept any liability in respect of the operation of the Platform, except to the extent that it is caused by the negligent act or omission, fraud or dishonesty on the part of CMC Markets or its employees, agents or representatives, or any other matter that cannot be excluded under Applicable Law.

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

At all times, your Account Revaluation Amount, Account Value or GLV (as applicable) must stay above the Close-Out Level otherwise all your Margin Trade 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 Platform or correct an Error.

For more information on the risks applicable to each Platform please refer to the Risk Warning Notice.

## 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 FSG 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

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.

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

# Product Disclosure Statement

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 Margin 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:

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

On a sell Trade:

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

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 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 Platform.

## 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 Platform and on our Website.

## 4.5 Interest

In accordance with section 5.2, 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.

## 4.6 Administration charges

Please refer to our FSG 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 this Agreement in relation to Products are unsecured obligations, meaning that you are an unsecured creditor of CMC Markets.

## 5.2 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 this 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 this 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 this 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 this Agreement and Client Funds Regulations, with all such amounts belonging to CMC Markets under this Agreement;
- (e) deal with any property, other than money, given to us in accordance with the terms and conditions of this Agreement, including, without limitation:
- dealing with such property in connection with the adjusting or settling of dealings in Products entered into by you; or
  - 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;
- (f) deal with any property, other than money, given to us as permitted by this Agreement.

## 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 St 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 888 874 (only in New Zealand)
Email	<a href="mailto:info@cmcmarkets.co.nz">info@cmcmarkets.co.nz</a>
Web	<a href="http://cmcmarkets.co.nz">cmcmarkets.co.nz</a>

### 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 General Terms 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

# Product Disclosure Statement

---

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

If the complaint is not resolved within 40 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 40 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 [fscf.org.nz](http://fscf.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 <http://www.business.govt.nz/disclose>. 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 <http://www.cmcmarkets.co.nz/en/legal> and are incorporated by reference into this PDS:

- **Risk Warning Notice**, which contains more detailed information on the risks set out in section 3 of this PDS.
- **Financial Services Guide**, which sets out more information about fees and charges.
- **The General Terms**.
- **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 <http://www.cmcmarkets.co.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 the 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 General Terms, the applicable Terms, the applicable Order Execution Policy, the Risk Warning Notice, the CMC Markets Rates Schedule and our FSG (and the disclosure documents of your Introducing Adviser where applicable) and the other documents that make up the Agreement. The Application is available on our website at <http://www.cmcmarkets.co.nz>.

If CMC Markets, in its discretion, accepts your Application, CMC Markets will open the Account.

### 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.

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.

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

### 9.3 Joint Accounts.

If you open a Joint Account:

- (a) references to you, our client, your and yourself are references to any one or all persons in whose name the Joint Account is held;
- (b) we may act upon instructions received from any one person who is, or reasonably appears or purports to be, named on that Joint Account;
- (c) 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;
- (d) 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;

- (e) 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 this 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 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. 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.

## 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.

## 10 Glossary

### Account

Your account(s) on a Platform which you use to trade with CMC Markets.

### Account Close-Out

The process by which a Platform may close the whole or a portion of your Margin Trades and /or Positions and as further described in the applicable Terms.

### Account Currency

The currency in which your Account is denominated and in which all Deductions and credits will be made in accordance with this PDS. The Account Currency is the currency selected by you from the options specified by CMC Markets at the time you open the Account.

### Account History

The history of Orders, Trades and other adjustments to your Account available on a Platform.

### Account Revaluation Amount

The sum of your Cash and any Net Unrealised Profit Or Loss (Mid-Price), which is displayed on the Next Generation Platform and the Prime FX Platform and updated in real time and calculated as further described in section 2.15.

### Account Sign In Details

The email address and password you use to login to your Account on a Platform.

### Account Value

The sum of your Cash and any Net Unrealised Profit Or Loss that is displayed on a Platform and updated in real time and calculated as further described in section 2.14.

### Adjustment Event

In respect of an Index CFD, any change to the index or the announcement of a successor index.

### Agreement

The various documents setting out the terms on which CMC Markets will provide Products and Services to you, including the PDS, the FSG, the CMC Markets Rates Schedule, the Product Library, CMC Markets Privacy Statement, the General Terms, the relevant Terms, any Confirmations and any additional terms and conditions issued by CMC Markets in connection with the Products and/or Services.

### Amount

An amount of money in the Account Currency.

### Applicable Laws

- (a) Applicable provisions of laws and regulations including all relevant rules of government agencies, exchanges, trade and clearing associations and self-regulatory organisations, that apply to You and CMC Markets, this Agreement, our Website and the Platform, and the transactions contemplated by this Agreement;
- (b) Applicable laws, procedures, standards and codes of practice that apply in relation to You and CMC Markets, this Agreement and the transactions contemplated by this Agreement, including the Companies Act 1993, the Financial Markets Conduct Act 2013, the Anti-Money Laundering and Counter-Financing of Terrorism Act 2009 and any successor legislation; and
- (c) Applicable rules, regulations, customs and practices from time to time of any exchange, licensed financial market, clearing house, licensed clearing and settlement facility, or other organisation or market involved in the conclusion, execution or settlement of a Trade or CFD and any exercise by any such exchange, clearing house or other organisation or market of any power or authority conferred on it.

### Application

Any Application and Account opening documentation completed by you and submitted to CMC Markets whether electronically or in hard copy.

### Associate

- A Person who is an officer, employee, agent, representative or Associate of a party;
- a 'related body corporate' (as defined in the Companies Act 1993) of a party such as an Introducing Adviser; or
- a Person who is an officer, employee, agent, representative or Associate of a related body corporate of a party.

### Attributes

The various limitations and restrictions (as applicable) that apply to Orders and Trades in respect of each Product, including Commission, Draw Percentage, Expiry Dates, GSLO Premiums, GSLO Premium Refunds, GSLO Minimum Distances, GSLO Limits and GSLO Cluster Limits, Key Dates, Independent Margin, Margin Rates, Maximum Exposure Limit, Maximum Total Exposure Limit, minimum and maximum Margin Trade Size, minimum and maximum Stake size, Tier Threshold, Maximum Trade Size, Trading Hours, permitted Trade direction, Order Cluster Limits, Position Limits, Product Limits and Win Percentage, which we may amend from time to time in accordance with the applicable Terms. Capitalised Terms above not defined in this PDS are defined in the General Terms and/or the applicable Terms.

### Authorised Person

Any one or more person(s) appointed by you in accordance with the PDS and the applicable Terms.

### Auto Roll-Over

The process by which a Margin Trade on a particular Forward (and any Pending Order on that Forward) is closed automatically by a Platform and an equivalent Margin Trade is automatically entered into (and an equivalent Pending Order, except any Limit Order or Stop Entry Order, is placed) on a Forward with the same Underlying Reference Instrument(s) and the next arising Expiry Date, as described more fully in the applicable Order Execution Policy.

### Available Equity

The Amount that is calculated in accordance with section 2.13.

### Boundary

In respect of any Market Order or Stop Entry Order, where permitted by a Platform, the price level specified by you when placing the Order which would result in the Order being automatically cancelled by the Platform if the Price of the relevant Product at the time the Order would otherwise be executed is:

- (a) in the case of an Order to buy, greater than the price level specified by you; or
- (b) in the case of an Order to sell, less than the price level specified by you.

## Business Day

Means:

- (a) in relation to Orders and Trades, any day on which the Platform is generating Prices in relation to the relevant Product; and
- (b) for all other purposes, any day that is not a Saturday, Sunday, public holiday or bank holiday in Auckland, New Zealand.

## Buy Price

The Price at which a buy Margin Trade is entered into and at which a sell Margin Trade is valued and closed.

## Calendar Day

Each day of the year ending at 5pm New York time.

## Cash

An Amount calculated in accordance with section 2.12.

## Cash Settlement Date

The date and time at which any Margin Trade in relation to a particular Forward which has reached its Expiry Date, will be closed and settled by an Amount becoming due and payable by you to us or by us to you.

## CFD

A contract for difference, including any cash settled contract which is valued by reference to an Underlying Reference Instrument that CMC Markets offers to its Clients through a Platform from time to time under the Agreement.

## CFD Direct Terms

The CFD Direct Terms and Conditions of Trading in respect of Products traded on the CFD Direct Platform.

## CFD Direct Platform

The electronic trading system used for placing trades as described in the CFD Direct Terms, as amended and varied from time to time.

## Circumstance Outside Our Control

The actual existence of, or our reasonable belief of the existence or imminence of, any circumstance that is beyond our reasonable control which prevents us performing any of our obligations under the Agreement and includes:

- (a) changes in Applicable Law or any action taken by an appropriate authority;
- (b) events or circumstances that impair or remove the ability of the Trading System to operate on a normal and orderly basis, including the acts or omissions of any third party for whatever reason and any errors, failures or disruptions in our systems or any other infrastructure (including infrastructure controlled by third parties);
- (c) acts or omissions of any third party for whatever reason, including where we are unable or it is impractical for us, after using reasonable efforts, to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any trade or asset we deem necessary or appropriate to hedge our price risk relating to Trades;
- (d) errors, failures or disruptions in our systems or any other infrastructure (including infrastructure under the control of third parties) on which we are substantially dependent, including where we receive incorrect data, or we do not receive relevant data;
- (e) natural disasters, emergencies (natural and man-made), and acts of God; or
- (f) man-made emergencies, including, but not limited to fire, explosions, criminal acts, riots, war, armed conflict, imposition of sanctions and terrorist attack;
- (g) third-party default, including but not limited to any labour dispute, strike, industrial action or dispute, lockout, and non-performance by suppliers or subcontractors; or
- (h) any other exceptional event or circumstance over which we have no control.

## Client

A client of CMC Markets.

## Client Management Team

The CMC Markets team which answers Client queries. The Client Management Team can be contacted by calling 0800 888 874 (only in New Zealand) or at the contact details set out in section 6.1.

## Close-Out Level

The level at which a Platform may close all or a portion of your Trades, as necessary, as further described in the applicable Terms.

## CMC Currency Conversion Rate

The relevant currency exchange rate at which values in a Product Currency will be converted into the Account Currency.

## CMC Markets

CMC Markets NZ Limited. Company registration number 1705234.

## CMC Markets Group

CMC Markets Plc (Registered number 05145017) and its associated entities.

## CMC Markets Privacy Statement

The Privacy Statement explains how the CMC Markets Group collects, maintains, uses and discloses your personal information. The CMC Markets Privacy Statement can be found at [cmcmarkets.co.nz](http://cmcmarkets.co.nz).

## CMC Markets Rates Schedule

CMC Markets Rates Schedule includes information such as overnight financing rates and is available on our Website.

## Commission

The rate of commission (which may include a minimum commission amount) applicable to a Trade in a particular Product (as applicable), as set out in the relevant Product Library and which we may amend from time to time in accordance with the applicable Terms.

## Complaints Officer

Our internal complaints officer, as described in section 7.1. All complaints should be marked to the attention of the Complaints Officer and sent to us using the contact details in section 6.1.

## Confirmation

A form of notification, which will be provided through a Platform. We will not send you any confirmations of Orders or Trades by any other means, including by post or e-mail.

# Product Disclosure Statement

---

## Corporate Action

Any action or event, whether temporary or otherwise, in relation to an Underlying Reference Instrument of a Product, or in relation to the issuer of such Underlying Reference Instrument, which would have an effect on the value, legal characteristics or ability to trade the Underlying Reference Instrument or a financial derivative based on or referencing such Underlying Reference Instrument, including: distributions or the grant of entitlements to existing holders of rights in the Underlying Reference Instrument, dividend payments, the granting of rights to purchase, subscribe or receive any asset(s) (whether for free, on preferential payment terms or otherwise) or cash, placings, rights issues, bonus/scrip issues, capitalisation issues and similar issues, mergers or takeovers relating to the issuer of the Underlying Reference Instrument, sub-divisions, splits, reductions (including share buy-backs), consolidations, reclassifications, restructurings, cancellation or suspension of listing of the Underlying Reference Instrument or the issuer of the Underlying Reference Instrument, and any action or event analogous to any of the foregoing or otherwise that may have a diluting or concentrative effect on the value of the Underlying Reference Instrument, as further described in section 2.21.

## Deduction

Any money due to us under the Agreement, or required to be deducted by an Applicable Law (including for tax purposes).

## Error

Material errors, mistakes and omissions that are, or should be reasonably obvious to you in your capacity as our Client. Please see the applicable Terms for more information.

## Expiry Date

The last possible date and time at which any Margin Trade or Pending Order in relation to a particular Forward will automatically expire, as specified in the Product Library.

## Forward

A Product with a fixed Expiry Date.

## FMA

The Financial Markets Authority.

## FSG

CMC Markets' Financial Services Guide for Products issued under this PDS, including any supplementary or replacement Financial Services Guide.

## Gapping

The exposure to loss from failure of market prices or rates to follow a 'smooth' or continuous path due to external factors such as world, political, economic and specific corporate events.

## General Terms

The General Terms and Conditions of Trading applicable to trading with us, available on the Website.

## GSLO Cluster Limit

The maximum permitted size of an Order Cluster where the relevant Pending Orders contain Guaranteed Stop Loss Orders, as specified in the Product Library.

## GSLO Limit

The maximum buy or sell Position (as applicable) covered by any Guaranteed Stop Loss Order(s) in respect of the relevant Product, as specified in the Product Library.

## GSLO Premium

The Amount required to be paid to us to place a Guaranteed Stop Loss Order (including by modifying another type of Pending Order) in respect of a Product, calculated as specified in the Product Library.

## GSLO Trade

Any whole or partial Margin Trade that is covered by a Guaranteed Stop Loss Order.

## Guaranteed Stop Loss Order or GSLO

An instruction to place an Order in accordance with the relevant conditions set out in the Next Generation Order Execution Policy.

## Hedge/Hedged/Hedging

An investment made in order to reduce the risk of adverse price movements in a financial instrument, by taking an offsetting position in a related financial instrument.

## Holding Cost

The Amount calculated in accordance with section 4.3. Historic Holding Costs can be found in the Product Library.

## Holding Rates

Together, the Holding Rate Buy and Holding Rate Sell, which may be amended from time to time in accordance with the Terms.

## Holding Rate Buy

With respect to a Product for which a Holding Cost applies, the rate that is applied in respect of buy Margin Trades that are held at the Holding Time, specified in the Product Library.

## Holding Rate Sell

With respect to a Product for which a Holding Cost applies, the rate that is applied in respect of sell Margin Trades that are held at the Holding Time, specified in the Product Library.

## Holding Time

With respect to any particular Product, the time at which any Holding Cost will be calculated and charged to your Account, as specified in the Product Library from time to time.

## Independent Margin

The Amount specified by us from time to time which:

- (a) you are required to hold in your Account over and above the sum of all Margin required to maintain Positions on a Platform (a positive Independent Margin); or
- (b) reduces the Amount of Margin which you are required to hold in your Account to less than the sum of all Margin required to maintain Positions on a Platform (a negative Independent Margin),  
at any given time, as shown on a Platform.

## Index CFD

A CFD where the Underlying Reference Instrument relates to a share index future.

## Insolvency Event

Means:

- (a) the appointment of a receiver, administrator, manager, administrative receiver or similar officer in relation to you;
- (b) if any encumbrancer takes possession of or sells, all or any part of your assets or business;
- (c) you are deemed unable to pay your debts as they become due;
- (d) an application is made for an interim order, or a proposal is made for you to enter into a voluntary arrangement, or you enter into a deed of arrangement, or a bankruptcy petition is presented to the court in respect of you;
- (e) if you are a body corporate, a resolution is passed or an order is made for your winding up, dissolution or administration; or
- (f) if you become bankrupt or insolvent or any event that is analogous to those set out in paragraph (a) to (e) of this definition applies to you.

If you are a partnership or have a Joint Account, the occurrence of any of the events listed in (a) to (f) above in relation to any one partner or Joint Account Holder shall constitute an Insolvency Event.

## Introducing Adviser

Any intermediary who offers a financial service to enable you to trade with CMC Markets.

## Joint Account

An Account held in the name of two or more persons.

## Joint Account Holder

Any one or all persons (as applicable) in whose name a Joint Account is held.

## Key Dates

Any Expiry Date, Last Roll-Over Date or Last Trade Opening Date in relation to Orders and Margin Trades on a particular Forward, as specified in the Product Library.

## Last Roll-Over Date

The last possible date and time at which a Margin Trade or Order on a particular Forward may be subject to a Manual Roll-Over or de-selected (or re-selected) for an Auto Roll-Over, as specified in the Product Library.

## Last Trade Opening Date

The last possible date and time at which you can enter into or extend a Margin Trade or modify an existing Order (including a Pending Order) on a particular Forward, as specified in the Product Library. For the avoidance of doubt, Orders (including Pending Orders) and Margin Trades in the relevant Forward may be cancelled or closed after this date.

## Level 1 Buy Price

The first Buy Price displayed on the Price Ladder, in relation to a Product.

## Level 1 Mid Price

The Level 1 Buy Price and Level 1 Sell Price of a Product at any given time added together and divided by two (2).

## Level 1 Sell Price

The first Sell Price displayed on the Price Ladder in relation to a Product.

## Limit Order

An order to buy or sell a specified amount of a Product by entering into a Margin Trade at a specified price in accordance with relevant conditions as set out in the applicable Order Execution Policy.

## Manual Roll-Over

The process by which a Margin Trade on a particular Forward (and any Pending Order on that Forward) is closed by a Platform at your specific request and an equivalent Margin Trade is entered into (and an equivalent Pending Order is placed) on a Forward with the same Underlying Reference Instrument(s) but with the next available Expiry Date.

## Margin

The value of your funds which you allocate towards Margin Trades you open and may continue to hold on a Platform.

## Margin Rate

With respect to any Margin Trade, the rate that may be specified in a Product Library from time to time.

## Margin Trade

A CFD on a Product, which seeks to confer similar economic benefits to an investment in the relevant Underlying Reference Instrument, entered into between you and us through a Platform.

## Market Order

An order placed to buy or sell a CFD in accordance with relevant conditions as set out in the applicable Order Execution Policy.

## Maximum Trade Size

In respect of a Product is the maximum Units you may buy or sell in a single Trade.

## MT4 Terms

The MT4 Terms and Conditions of Trading in respect of Products traded on the MT4 Platform.

## MT4 Platform

The MT4 electronic trading system used for placing trades as described in the MT4 Terms, as amended and varied from time to time.

## Net Unrealised Loss

An Amount that is the aggregate of Unrealised Profit Or Loss for all Margin Trades on your Account and which would be payable by you to us if those Trades were closed at that time.

# Product Disclosure Statement

---

## Net Unrealised Profit

An Amount that is the aggregate of Unrealised Profit Or Loss for all Margin Trades on your Account and which would be payable by us to you if those Trades were closed at that time.

## Net Unrealised Profit or Loss

An Amount that is the aggregate of the Unrealised Profit Or Loss for all Margin Trades on your Account. This will be a negative figure in the event of a Net Unrealised Loss and a positive figure in the event of a Net Unrealised Profit.

## Next Generation Terms

The Next Generation Terms and Conditions of Trading in respect of Products traded on the Next Generation Platform.

## Next Generation Platform

The electronic trading platform used for placing trades as described in the Next Generation Terms, as amended and varied from time to time.

## NZD, NZ\$ or \$

New Zealand dollars, unless specified otherwise in this PDS.

## Offset

The adjustment that may be made to the Holding Rates applicable to Products for the purposes of section 4.3.

## Offset Threshold

The Cash level above which an Offset may be applied.

## Opening Trade Price

In respect of a Margin Trade, the Price at which such Trade was entered into, in accordance with section 2.6.

## Order

An offer submitted by you or on your behalf through a Platform to enter into or to close a Trade. Unless specified or the context suggests otherwise, all references to Orders include Pending Orders.

## Order Cluster

One or more Pending Orders in the same direction on a particular Product which all have a Target Price within the Order Cluster Range.

## Order Cluster Limit

The maximum permitted size of an Order Cluster, as specified in the Product Library.

## Order Cluster Range

The range of Target Prices for Pending Orders in the same direction relating to a particular Product, as specified in the Product Library, which may be expressed as a percentage and/or as an absolute value.

## Order Execution Policy

The policy in respect of a Platform under which we execute orders on that Platform, each Order Execution Policy as set out in the relevant Terms.

## OTC

Over the counter. OTC products are not traded on an exchange but are negotiated between two parties. Please see section 3.1.2 for further information.

## Pending Order

An Order with a Target Price that has not been executed since that Target Price was specified.

## Person

Reference to a Person includes body corporate, unincorporated associations, partnerships and individuals.

## Platform

As the context requires, The Next Generation Platform, the MT4 Platform, the Prime FX Platform and/or the CFD Direct Platform, each as amended and varied from time to time.

## Position

The net sum of all current (or open) Trades in a particular Product on a Platform at any given time.

## Position Limit

The maximum buy or sell Position (as applicable) permitted by a Platform for the relevant Product, as specified in the Product Library.

## Price

The Buy Price or Sell Price of a Product, which is generated by the Platform from time to time, including for Margin Trades only, by reference to the Price Depth.

## Price Depth

The feature of the Platform that quotes multiple Prices for a particular Product, to reflect the different Prices for different sized Orders in that Product, which may be displayed on a Platform.

## Price Ladder

The portion of an Order ticket that displays multiple Buy Prices and Sell Prices for a Product, to reflect the Price Depth for different sized Orders in that Product, that may be generated by a Platform from time to time.

## Pricing Error

An event in relation to the underlying asset(s) of a Product which prevents a Platform from determining a valid Price.

## Prime FX Terms

The Prime FX Terms and Conditions of Trading in respect of Products traded on the Prime FX Platform, as amended and varied from time to time.

## Prime FX Platform

The electronic trading system used for placing trades as described in the Prime FX Terms.

## Privacy Statement

The Privacy Statement of CMC Markets, which explains how we collect personal information and maintain, use and disclose that information. It also includes some information about your rights.

## Product

An instrument generated by us upon which you enter into Trades including Margin Trades. Details of the various Products on which we may accept Orders are listed in the Product Library of the applicable Platform from time to time.

## Product Currency

The currency in which a particular Product is denominated.

## Product Limit

The maximum number of open Trades, Positions and/or Pending Orders that could result in opening a new Position that you can have on your Account at any given time, as specified in the Product Library.

## Product Library

The section of a Platform and the CMC Markets Website that contains the list of Products and key information in relation to each Product, including their Attributes and any relevant Variable Rates that are available on a Platform.

## Realised Loss

With respect to a Margin Trade, an Amount equal to the Unrealised Profit Or Loss at the time at which such Trade is closed, where the Amount is negative.

## Realised Profit

With respect to

a Margin Trade, an Amount equal to the Unrealised Profit Or Loss at the time at which such Trade is closed, where the Amount is positive.

## Reduce Only

A restriction placed on an Account or Product (as applicable) which prevents you from increasing your Positions. You will be permitted only to place Orders to close Trades and/or cancel any Pending Orders.

## Relevant Interest Rate

The interest rate calculated with reference to the interbank overnight cash borrowing rate applicable to the currency that a Product is valued in.

## Reserved Action

An action taken by CMC Markets under our discretions in response to a certain event, including:

- (a) combining or closing any Trades or cancelling or suspending any Orders on an Account;
- (b) prohibiting you from accessing or using an Account;
- (c) suspending or in any way limiting or restricting your ability to place any Order or Trade or declining to action any instruction received from you in relation to an Account;
- (d) refusing or delaying to give effect to your request for a withdrawal of money from your Account;
- (e) amending any Margin, spread between the Bid Price and Ask Price for a Product, Attributes, Prices and Rates, including those relevant to your Trades and/or Orders;
- (f) cancelling any Trades (as if they had never been entered into in the first place) and the effect of such Trades on your Account;
- (g) imposing special terms in relation to any Order or Trade which, by virtue of its size, is deemed by us to be abnormal by reference to the relevant Product, its volatility or its liquidity;
- (h) closing any Account, making an Account Unauthorised To Trade or setting an Account to Reduce Only in accordance with the applicable Terms and this PDS;
- (i) exercising any right of set-off, making a Deduction or credits, or charging interest, under the Agreement or Applicable Law;
- (j) retaining any sum owed by you to us or any of our Associates;
- (k) suspending the generation and/or quotation of Prices and/or the execution of Orders on a Platform in respect of any Product; and/or
- (l) removing any Product from a Platform and/or removing your ability to place Orders and/or enter Trades on a particular Product from an Account.

## Risk Warning Notice

The risk warning notice available on our website or from the Client Management Team setting out the risks associated with trading Products.

## Roll-Over

Any Auto Roll-Over or Manual Roll-Over.

## Sell Price

The Price at which a sell Margin Trade is entered into and at which a buy Margin Trade is valued and closed.

## Services

The services to be provided by CMC Markets under the Agreement.

## Set-Off

Has the meaning set out in section 2.7 of the General Terms ("Our right of Set-Off between your Accounts and obligations").

## Share CFD

A CFD where the Underlying Reference Instrument is a security of a company.

## Shield Mode

An Account setting that ensures that you will not lose more than the Amount you have deposited in your Account by restricting your trading to GSLO Trades only as further described in section 2.22 of the Next Generation Terms.

## Specified Event

An event which may trigger the exercise of CMC Market's discretions, including a Reserved Action, as set out in the applicable Terms, which includes, but is not limited to, if:

- (a) you, or any Authorised Person appointed by you are the subject of or have been found guilty or at fault in any criminal proceedings or relevant investigation carried out by the appropriate authorities in any jurisdiction of any offence involving dishonesty, financial crime, terrorist financing or a similar offence;
- (b) you are the subject of an Insolvency Event;
- (c) you are an individual and you die or become of unsound mind or your capacity, as far as it is relevant to the Agreement, is otherwise impaired;

# Product Disclosure Statement

---

- (d) you breach any of the terms of this Agreement;
- (e) an Error occurs; or
- (f) any other circumstance exists where we reasonably believe that it is necessary or desirable to protect you or us, including any breach or potential breach by you of Applicable Law or the Agreement or where you do not respond as reasonably required to any notice, communication or request for further information from us in relation to your Account.

## Spread

The difference between the Buy Price and the Sell prices of a CFD.

## Stop Entry Order

An order to buy or sell a specified amount of a Product at a specified price in accordance with the relevant conditions as set out in the applicable Order Execution Policy.

## Stop Loss Order

An instruction to place an Order in accordance with the relevant conditions set out in the applicable Order Execution Policy.

## Take Profit Order

An instruction to place an Order in accordance with the relevant conditions set out in the applicable Order Execution Policy.

## Target Price

The Price at which you wish to enter into or close a Margin Trade (as appropriate) as specified in a Stop Loss Order, Trailing Stop Loss Order, Limit Order, Stop Entry Order or Take Profit Order.

## Terms

Means, as the context requires, in respect of Products on the Next Generation Platform, the Next Generation Terms and Conditions of Trading, in respect of Products on the MT4 Platform, the MT4 Terms and Conditions of Trading, in respect of Products on the Prime FX Platform, the Prime FX Terms and Conditions of Trading, and in respect of Products traded on the CFD Direct Platform, the CFD Direct Terms and Conditions of Trading, or any or all of them.

## Tradable

In respect of any Product, or any Trade in respect of that Product, means that the relevant Product is within its applicable Trading Hours and is not otherwise suspended.

## Trade

A trade entered into between you and us through a Platform. Unless specified or the context suggests otherwise, all references to Trades include Margin Trades.

## Trading Hours

In respect of a Product, the times during which the relevant Platform generates Prices and during which you may place Orders for Trades on that Product, as specified in the Product Library from time to time. For any particular Forward, the Trading Hours shall apply subject to the Key Dates for the relevant Product set out in the Product Library.

## Trailing Stop Loss Order

An instruction to place an Order in accordance with the relevant conditions set out in the applicable Order Execution Policy.

## Unauthorised To Trade

A restriction placed on an Account which suspends your ability to place any Order, Trade or to give any instruction in relation to that Account

## Underlying Market

The Underlying Market in which the Underlying Reference Instrument is traded.

## Underlying Reference Instrument

The asset, security, commodity, futures contract, index or sector, with reference to which the value of a Trade is determined.

## Units

The number of CFDs that are the subject of a Margin Trade.

## Unrealised Profit or Loss

The Amount calculated in accordance with section 2.17 and the applicable Terms. The Unrealised Profit or Loss displayed on the Platform, at any time, may not accurately reflect the Realised Profit or Realised Loss that would be gained or incurred if you closed one or all of your Trades immediately. Please refer to the applicable Terms for how each Platform calculates Unrealised Profit or Loss.

## Variable Rates

The rates that vary automatically from time to time without notice being given to you, and which apply to Trades entered into on that Product, that is, the Relevant Interest Rate, the CMC Currency Conversion Rate, Holding Rates, the Offset Threshold and any Offset.

## We, us or our

References to 'we', 'us' or 'our' should be treated as references to CMC Markets NZ Limited.

## Website

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

## You

References to 'you' and 'your' should be treated as references to the Client (or his or her representative, where applicable) and includes individuals, companies or other entities that we may permit to open Accounts from time to time.

Level 39  
23 Albert Street  
Auckland 1010  
New Zealand

PO Box 106645  
Auckland 1143  
New Zealand

P +64 (0)9 359 1200  
F +64 (0)9 359 1199  
E [info@cmcmarkets.co.nz](mailto:info@cmcmarkets.co.nz)

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

