

CMC Markets NZ Limited

Product Disclosure Statement

An Offer of Derivative Products on the Next Generation Platform

29 March 2016

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.

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 2 November 2015.



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 the CMC Markets Next Generation Platform ("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. Capitalised terms used in this PDS are defined in the Glossary at the back of this PDS.

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 2.18 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 2.19 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 CMC Markets Next Generation platform ("Platform").

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 Next Generation platform ("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 Platform offers 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 by Units, trading from as little as 1/1000 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.

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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 Units traded, Binary Amount or Stake (as applicable);
- (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, GSLO Premiums or Commissions 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 Rate for the Trade. See section 2.19 ("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 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.

2.3 Types of Products

We offer Products based on the following Underlying Reference Instruments:

- Shares
- Indices
- Currencies
- Commodities
- Treasuries

Please refer to our Website and the Terms for more information about these Products.

2.4 Orders you can place with CMC Markets

Different types of Orders are available on the Platform. You will be able to find out information about Orders that apply on the Platform when you log in. The types of Orders available in respect of a particular Product are set out in the Product Library. The following are examples of Order types that may be available to you:

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 Target Price that is more favourable than the Trade Revaluation Price.

2.4.4 Stop Entry Order

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

2.4.5 Stop Loss Order

An instruction to buy or sell a Product at 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 Target Price. The Target Price is automatically adjusted by the Platform to trail the Trade Revaluation 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 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 (Prime Margin) and will incur a GSLO Premium.

2.4.9 Binary Order

An Order to enter into a Binary as further described in section 2.5.

2.4.10 Countdown Order

An Order to enter into a Countdown with a Stake and timeframe selected by you as further described in section 2.6.

More detailed information about the types of Orders described in sections 2.4.1 to 2.4.8 and how the Platform executes Orders is set out in the Order Execution Policy, available on our Website.

2.5 Binaries

A Binary is a Product that allows you to speculate on whether a specified event will or will not occur within or at the end of a set timeframe. Binaries are offered in respect of a range of Underlying Reference Instruments as set out on the Platform. The Amount at risk on any individual Binary (the "Binary Amount") will be deducted from the Cash in your Account at the point that Binary is opened.

If your Binary is left to run to the end of the "Binary Expiry" and your prediction is correct, your Binary Amount will be returned to your Account, along with an additional Amount (the "Maximum Binary Profit"). If your Binary is left to run to the end of the Binary Expiry and your prediction is incorrect, you will lose all of your Binary Amount. If the Binary is closed prior to the end of the Binary Expiry at a more favourable Price than the Binary Opening Price you will receive back your Binary Amount plus your Binary Profit calculated in accordance with paragraph 2.7.6 of the Terms. If the Binary is closed at a less favourable Price than the Binary Opening Price you will receive back a portion of your Binary Amount.

More information about Binaries is set out in the Terms.

2.6 Countdowns

Countdowns are a Product where your profit or loss is a fixed amount dependent on whether the Price of an Underlying Reference Instrument goes up or down over a specified timeframe. Countdowns are offered in respect of a range of Underlying Reference Instruments as set out on the Platform.

If your Countdown prediction is incorrect you will lose your Stake. If your Countdown prediction is correct, your Stake will be returned to your Account, along with the Countdown Profit which is calculated by multiplying your Stake by the Win Percentage, which is the percentage as specified in the Product Library for the relevant Product. If your Countdown prediction is neither correct nor incorrect (i.e. the Settlement Price is equal to the Countdown Opening Price when the Countdown expires) a portion of your Stake equal to the Stake multiplied by the Draw Percentage specified in the Product Library for that Product will be returned to your Account.

More information about Countdowns is set out in the Terms.

2.7 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 Terms for more information on these limits.

2.8 Prices

During the Trading Hours for any Product, the Platform will generate Prices, Settlement Prices and Countdown Opening Prices subject to section 3.3.1 ("Information technology"), the occurrence of a Corporate Action or a Circumstance Outside Our Control and the 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 Price, Price Depth, Settlement Price and/or Countdown Opening Price displayed on your device at any time will always be the actual and up-to-date value being generated by the Platform at that time.

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, 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, sell Trades are valued at the Buy Price and will be closed at the Buy Price.

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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 Order Execution Policy.

The Price at which a Binary may be executed is expressed as a Sell Price followed by a Buy Price between 0 and 100. The Settlement Price for a Binary is the reference price used to determine whether the specified event has happened and will be described or displayed on the Platform.

The Price at which a Countdown will be opened ("Countdown Opening Price") will be generated by and displayed on the Platform. All Countdowns will be settled against the Settlement Price of the relevant Product at the expiration of the relevant Countdown.

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 our Order Execution Policy and section 3.1.3 ("Gapping") for more information.

If you have enabled the Boundary feature in your Account preferences on the Platform, 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.

2.9 Term of Products

A CFD does not have a fixed term. You select the timeframe for a Binary at the time of placing the Binary Order and the timeframe for a Countdown at the time of placing the Countdown Order. You may only enter into or close Trades via the 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 Platform outside of the Trading Hours for the relevant Product.

2.10 Accessing the Platform

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

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

2.11 Orders

An Order (including a Pending Order) will only be deemed to be received by the 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. The Platform and/or we may reject your Order to enter into a Trade without any explanation. In contrast, the Platform will, subject to section 3.3.1 ("Information technology"), the occurrence of Circumstances Outside Our Control, and the Terms accept your Order to close a Trade. Each Order will need to be executed by the Platform in order for a Trade to be entered into or closed (at which time your Order will be accepted by us). The 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 Trade Margin or Prime Margin (as applicable), the Trade will not be entered into and the Order will be cancelled.

2.12 Trades

To enter into a Trade, you must place an Order on the Platform by completing an Order ticket for the type of Trade you want to enter into. For Margin Trades the Order Ticket identifies the Product and specifies whether you wish to enter into a buy Trade or sell Trade, the type of Order, the Price at which you wish to buy or sell, the number of Units and any Stop Loss Order, Trailing Stop Loss Order, Guaranteed Stop Loss Order and/or Take Profit that you wish to be the subject of that Trade. Margin Trades are designated solely by Units.

To enter into a Binary you must place an Order on our Platform that identifies the Product and specifies the type of Binary, whether you wish to enter into a buy Binary or sell Binary, the Binary Expiry, the Strike Price and the Binary Size. Your Binary Amount will be deducted from your Cash immediately upon entering into the Binary.

To enter into a Countdown you must specify how much you would like to be subject to the Countdown (known as the "Stake"), select a timeframe and select whether you think the Price of the Product will go up or down in the selected timeframe. Your Stake will be deducted from your Cash immediately upon entering into the Countdown. The change in the Price of a Product from when you open the Trade until the Trade is closed, together with the other factors noted in the Terms and the Order Execution Policy, determines the profit or loss of that Trade.

All Trades open on the same Product at the same time are aggregated and subject to netting for the purposes of calculating the size of your Position in the relevant Product. In respect of Margin Trades only, the Account Netting function sets how the Platform may combine and net your Margin Trades open at the same time in respect of the same Product. Account Netting functions as follows:

- (a) if Account Netting is enabled any Orders will, if and when executed, close out any open Margin Trades on your Account that are in the same Product but in the opposing direction. Once this process has taken place, any remaining Orders, or part of an Order in the same Product will, if and when executed, then be used to open a new Trade in the same Product; and
- (b) if Account Netting is disabled any Orders used to enter Margin Trades in the same Product will, if and when executed, open a new Margin Trade, even if there is already an open Margin Trade in the same Product in the opposing direction. If you wish to close an Open Position or Margin Trade this should be done by an Order specifically linked to that Position or Margin Trade.

Account Netting can be re-enabled at any time, provided you do not have any Margin Trades in the same Product open in opposing directions.

We may combine or consolidate multiple Trades when we take a Reserved Action.

Disabling Account Netting will affect the execution behaviour of new Buy and Sell Orders, excluding Stop Loss Orders and Take Profit Orders. It is not possible to change the default netting behaviour of Binaries or Countdowns.

2.13 Closing Trades

You may fully or partially close a Margin Trade during Trading Hours by:

- (a) using the 'close trade' function in relation to that Trade; or
- (b) unless otherwise specified (for example, by you disabling Account Netting) placing a Market Order in the opposite direction for the same Product as the relevant Trade. If you have multiple Trades in the same Product, and you do not specify which Trade(s) you wish to close, these will be closed by the Platform in the order in which those Trades were entered into (i.e. on a 'first in, first out' basis).

Except during the Pre-Close Period, you may fully or partially close a Binary during Trading Hours by:

- (c) using the 'close binary' function in relation to that Trade; or
- (d) placing a Binary Order in the opposite direction of the same type, in the same Product and with the same Binary Expiry.

In contrast, once a Countdown has been entered into, it cannot be closed by you. All Countdowns will be closed and settled by our Platform automatically on expiration of the Countdown.

The Platform will, subject to the limitations set out elsewhere in this PDS and the Terms, close any Trade in accordance with any applicable Roll-Over, Stop Loss Order, Trailing Stop Loss Order, Guaranteed Stop Loss Order, Take Profit Order, Stop Entry Order or Limit Order. In addition, the Platform may close all your Positions if the Close-Out Level is triggered. See section 2.20 ("Account Close-Out: Margin Account") for more information.

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

2.14 What is your Cash?

The Cash of an Account is calculated as follows:

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

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.

2.15 What is your Available Equity?

Your Available Equity is the amount of funds you have available to enter into Trades. Available Equity on your Account is calculated as follows:

$$\text{Available Equity} = \text{Account Revaluation Amount} - \text{Total Margin}$$

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 Position Margin as a result of that particular Margin Trade.

2.16 What is your Account Value?

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

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

2.17 What is your Account Revaluation Amount?

Your Account Revaluation Amount will be updated by the Platform in real time and is calculated as follows:

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

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.

2.18 Unrealised Profit Or Loss

The Unrealised Profit Or Loss for any individual Margin Trade is calculated in real time as follows:

On a buy Trade, Unrealised Profit Or Loss is:

$$\text{Units} \times (\text{Trade Revaluation Price} - \text{Opening Trade Price}) \times \text{CMC Currency Conversion Rate}$$

On a sell Trade, Unrealised Profit Or Loss is:

$$\text{Units} \times (\text{Opening Trade Price} - \text{Trade Revaluation Price}) \times \text{CMC Currency Conversion Rate}$$

When a Margin Trade is closed, any Unrealised Profit Or Loss becomes Realised Profit or Realised Loss and a corresponding change is made to your Cash.

The Unrealised Profit Or Loss displayed on the Platform at any time, may not accurately reflect the actual Unrealised Profit Or Loss (i.e. the Realised Profit or Realised Loss that would be gained or incurred if you closed one or all of your open Trades immediately) particularly where a Trade may be closed at a Price that differs from the Level 1 Price. The Unrealised Profit Or Loss displayed on the Platform will always be based on the current Level 1 Price.

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In respect of any particular Forward, the Unrealised Profit or Loss will become Realised Profit or Realised Loss on the Cash Settlement Date (which will normally be within one Business Day of the Expiry Date).

2.19 Margin

Margin is the security we take from in respect of Margin Trades you 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 Position Margin and/or Prime Margin required for the Position. The Position 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 Trade Margin and/or Prime 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 Position Margin 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 your Total Margin.

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>.

2.19.1 Position Margin

If you wish to place an Order to enter a Margin Trade, the increase or decrease in your Position Margin resulting from that Order is described as your Trade Margin.

Your Position Margin will be calculated using the Level 1 Mid-Price shown on the Platform and the Margin Rate(s) shown in the Product Library. Position Margin is not required in respect of the portion of any Margin Trade or Position covered by a Guaranteed Stop Loss Order, for which Prime Margin is required instead.

For certain Products different Margin Rates may apply, depending on the size of your Position or the Tier(s) any portion of your Position falls within.

The portion of your Position not covered by a Guaranteed Stop Loss Order that falls within each Tier is subject to the Margin Rate applicable for that Tier.

The Position Margin required at any given time is calculated as follows:

Position Margin = Aggregate Tier Margin x Level 1 Mid-Price x CMC Currency Conversion Rate

Where the Aggregate Tier Margin =

$$\text{Units in Tier 1} \times \text{Tier 1 Margin Rate} + \text{Units in Tier 2} \times \text{Tier 2 Margin Rate} + \text{Units in Tier 3} \times \text{Tier 3 Margin Rate} + \text{Units in Tier 4} \times \text{Tier 4 Margin Rate} + \text{Units in Tier 5} \times \text{Tier 5 Margin Rate}$$

where any Units that are covered by a Guaranteed Stop Loss Order are excluded from the calculation.

Example:

Company ABC (AUD) Margin Rates		
Tier	Position (Units) excluding Units covered by GSLOs	Margin Rate
1	1-1,000	10%
2	1,001-3,000	15%
3	3,001-5,000	20%
4	5,001-10,000	30%
5	Above 10,000	50%

Using the Margin Rates shown in this example, a Position of 6,500 Units in Company ABC (AUD), where the Level 1 Mid-Price is \$2.75 per Unit and the Account Currency is New Zealand dollars, would require a Position Margin of \$4,125.

Your Total Position Margin will be the sum of the Position Margin at any given time.

The Position Margin Rate at any given time is calculated as follows:

$$\text{Position Margin Rate} = \frac{\text{Position Margin}}{\text{sum of Units in Position} \times \text{Level 1 Mid-Price} \times \text{CMC Currency Conversion Rate}}$$

If you wish to place an Order to enter into a Margin Trade that will either 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 Position Margin required as a result of that particular Trade.

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

2.19.2 Prime Margin

In respect of any whole or portion of a Margin Trade covered by a Guaranteed Stop Loss Order ("GSLO Trade"), the Prime Margin required is calculated in real time as follows:

On a buy Margin Trade:

Prime Margin = Units in the Guaranteed Stop Loss Order x (Level 1 Mid-Price – Target Price) x CMC Currency Conversion Rate

On a sell Margin Trade:

Prime Margin = Units in the Guaranteed Stop Loss Order x (Target Price – Level 1 Mid-Price) x CMC Currency Conversion Rate

For example, if a Guaranteed Stop Loss Order had been entered into on a buy Margin Trade to sell 1,000 Units in Company ABC (AUD) with a Target Price of \$2,000 where the Level 1 Mid-Price is \$2,750 per Unit and the Account Currency is New Zealand dollars with an CMC Currency Conversion Rate of 1.2, the Prime Margin required would be \$900 (1000 Units x (2.75 – 2.00) x 1.2).

Your Total Prime Margin is the sum of the Prime Margin required for all GSLO Trades at any given time. Your Total Prime Margin will be displayed on the Platform and updated in real time.

2.19.3 Independent Margin

We may also:

(a) require you to have an additional Amount deposited in an Account to secure your future obligations to us; or

(b) reduce the Amount you are required to hold in an Account by an absolute Amount;

the relevant Amount in both cases being referred to as Independent Margin (which will be a positive figure in respect of Amounts under paragraph 2.19.3(a) and a negative figure in respect of Amounts under paragraph 2.19.3(b)).

2.19.4 Total Margin

Your Total Margin is the sum of your Total Position Margin, your Total Prime Margin and your Independent Margin at any given time. Your Total Margin does not represent your entire potential liability to us, and any Trade may result in a loss that exceeds the relevant Margin provided to us for your Positions.

2.20 Account Close-Out

2.20.1 Close-Out Level

You are required to keep sufficient funds in your Account to maintain your Account Revaluation Amount above the Close-Out Level.

Your Account Revaluation Amount is calculated as follows:

Account Revaluation Amount = Cash + Net Unrealised Profit or Loss (Mid-Price)

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

When calculating your Close-Out Level the Platform will reference either an absolute amount (an "Absolute Close-Out Level"), or percentages of your Total Margin and your Prime Margin Requirement.

Total Margin = Total Position Margin + Total Prime Margin + Independent Margin

Prime Margin Requirement = Total Prime Margin + Independent Margin

Based on these amounts, you will be subject to one or more Close-Out Levels:

Standard Close-Out Level = Total Margin x Close-Out Percentage Level

Prime Close-Out Level = Prime Margin Requirement x Prime Close-Out Percentage Level

Note that your Prime Margin Requirement, and accordingly your Prime Close-Out Level, will only be relevant if you have open Trades that require Prime Margin.

Subject to the processes described in this section, during any Account Close-Out the Platform will attempt to close Standard Trades before closing GSLO Trades.

2.20.2 Close-Out Triggering

You must ensure that your Account Revaluation Amount is at all times above your Close-Out Level, which will be displayed on the Platform.

For the purposes of triggering Account Close-Out, your Close-Out Level will be either:

(a) the greater of your Standard Close-Out Level and your Prime Close-Out Level; or

(b) an Absolute Close-Out Level.

If your Account Revaluation Amount 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.

Product Disclosure Statement

Account Close-Out will either be performed as Full Account Close-Out or (subject to the Account Close-Out preferences that you specify on the Platform) as Alternative Account Close-Out. Where you breach an Absolute Close-Out Level, Account Close-Out will be performed as Full Account Close-Out.

2.20.3 Full Account Close-Out

Unless the Platform has been instructed to perform an Alternative Account Close-Out, upon Account Close-Out being triggered Full Account Close-Out will be initiated by the Platform and, subject to sections 2.20.6 and 2.20.7, will consist of the following steps:

Step 1 - Initial Full Close-Out

- (a) each Tradable Standard Trade will be automatically closed at its Close-Out Price; and
- (b) subsequently, if either the Absolute Close-Out Level or the Prime Close-Out Level has been breached, each Tradable GSLO Trade will be automatically closed at its Close-Out Price.

Step 2 - Subsequent Full Close-Out

- (c) if your Account Revaluation Amount is below either an Absolute Close-Out Level or the Standard Close-Out Level then, as and when a Standard Trade that was not previously Tradable becomes Tradable, each such Standard Trade will be automatically closed at its Close-Out Price; and
- (d) if your Account Revaluation Amount is below either an Absolute Close-Out Level or the Prime Close-Out Level then, as and when any GSLO Trade that was not previously Tradable becomes Tradable, each such GSLO Trade will be automatically closed at its Close-Out Price.

Step 3 - Additional Subsequent Close-Outs

- (e) Subsequent Full Close-Outs will be continually repeated until there are no remaining Margin Trades on your Account.

2.20.4 Alternative Account Close-Out Methods

Subject to the Account Close-Out preferences you specify on the Platform, you may set an instruction for the Platform to conduct an Alternative Account Close-Out instead of a Full Account Close-Out. In this case the Platform will attempt to increase your Account Revaluation Amount above the Reset Level or Prime Reset Level (as applicable), either on a:

- (a) 'last in, first out' basis, which has the effect of closing first the whole or a portion of your most recent Trade, then the whole or a portion of your next most recent Trade, continuing this process as necessary;
- (b) 'largest Position Margin first' basis, which has the effect of closing first those Positions for which the Margin is largest (or for GSLO Trades, for which the Prime Margin is the largest), unless there is only one Position in which case the Trades comprising that Position will be closed on a 'first in, first out' basis. If there are two or more Positions with an identical Margin that would otherwise be closed, then the Position with the largest Position Margin Rate will be closed first, and if such Positions have identical Position Margin Rates then the Position that was most recently increased will be closed first; or
- (c) 'largest Position loss first' basis, which has the effect of closing first those Positions for which the Unrealised Loss is largest, unless there is only one Position in which case the Trades comprising that Position will be closed on a 'first in, first out' basis. If there are two or more Positions with an identical Amount of Unrealised Loss that would otherwise be closed, then those Positions will be closed on a "largest Margin first" basis as described in paragraph 2.20.4(b). Once all Positions with Unrealised Losses have been closed, where necessary, this process will continue by closing Positions with the smallest Unrealised Profits first.

Please note that in any Alternative Account Close-Out step the Platform will attempt to close Standard Trades before closing GSLO Trades.

2.20.5 Alternative Account Close-Out

Where the Platform has been instructed to perform an Alternative Account Close-Out, upon Account Close-Out being triggered, Alternative Account Close-Out in accordance with any instructions permitted under section 2.20.4 will be initiated by the Platform and, subject to sections 2.20.6 and 2.20.7, will consist of the following steps:

Step 1 - Initial Alternative Close-Out

- (a) each Tradable Standard Trade as is necessary to increase your Account Revaluation Amount above the Reset Level will be automatically closed at its Close-Out Price; and
- (b) subsequently, if the Prime Close-Out Level has been breached, each Tradable GSLO Trade as is necessary to increase your Account Revaluation Amount above the Prime Reset Level will be automatically closed at its Close-Out Price.

Step 2 - Subsequent Alternative Close-Out

- (c) if your Account Revaluation Amount is at or below the Standard Close-Out Level, as and when a Standard Trade becomes Tradable, each such Standard Trade as is necessary to increase your Account Revaluation Amount above the Reset Level will be automatically closed at its Close-Out Price; and
- (d) if your Account Revaluation Amount is at or below the Prime Close-Out Level, as and when a GSLO Trade becomes Tradable, each such GSLO Trade as is necessary to increase your Account Revaluation Amount above the Prime Reset Level will be automatically closed at its Close-Out Price.

Step 3 - Additional Subsequent Alternative Close-Out

- (e) Subsequent Alternative Close-Outs will be continually repeated until there are no remaining Positions on your Account.

2.20.6 Suspension of Account Close-Out: Standard Trades

If your Account Revaluation Amount increases above the Standard Close-Out Level following an Initial Close-Out or any Subsequent Close-Out whether as a result of:

- (a) any step in the Account Close-Out process;
- (b) any change to your Net Unrealised Profit or Loss;
- (c) you having made a payment into your Account that has been credited to your Account or the Cash in your Account increasing as a result of receiving a Binary Profit or Countdown Profit after an Initial Close-Out or any Subsequent Close-Out and before the next Subsequent Close-Out was due to commence; or
- (d) the combined effect of any of (a) to (c) above,

then, following the completion of any Initial Close-Out or Subsequent Close-Out (as applicable), the Account Close-Out in respect of Standard Trades will stop, that is, no further Subsequent Close-Outs in respect of Standard Trades will be performed. However, please note that, subject to section 2.20.7, Subsequent Close-Outs in respect of GSLO Trades may continue.

2.20.7 Suspension of Account Close-Out: GSLO Trades

If your Account Revaluation Amount increases above the Absolute Close-Out Level or the Prime Close-Out Level (as applicable) following an Initial Close-Out or any Subsequent Close-Out whether as a result of:

- (a) any step in the Account Close-Out process;
- (b) any change to your Net Unrealised Profit or Loss;
- (c) you having made a payment into your Account that has been credited to your Account or the Cash in your Account increasing as a result of receiving a Binary Profit or Countdown Profit after an Initial Close-Out or any Subsequent Close-Out and before the next Subsequent Close-Out was due to commence; or
- (d) the combined effect of any of (a) to (c) above,

then, following the completion of any Initial Close-Out or Subsequent Close-Out (as applicable), the Account Close-Out in respect of GSLO Trades will stop, that is, no additional Subsequent Close-Outs in respect of GSLO Trades will be performed. However, Please note that, subject to section 2.20.6, Subsequent Close-Outs in respect of Standard Trades may continue.

2.20.8 Large Position Close-Out

Notwithstanding sections 2.20.3, 2.20.4 and the Account Close-Out preferences you specify on our Platform, if at the point that the applicable Account Close-Out commences you have a Position that exceeds an applicable maximum Margin Trade size, our Platform will always perform an Alternative Account Close-Out on a 'last in, first out' basis. If, following completion of any Initial Alternative Close-Out or Subsequent Alternative Close-Out (as applicable) in that Alternative Account Close-Out, all remaining Positions on your Account are below the applicable maximum Margin Trade size(s):

- (a) the 'last in, first out' Alternative Account Close-Out will cease; and
- (b) if your Account Revaluation Amount is still at or below any of the applicable Close-Out Level(s), our Platform will automatically initiate Account Close-Out in accordance with sections 2.20.3, 2.20.4 and the Account Close-Out preferences you have specified on our Platform.

2.20.9 General

Please note that an increase in your Account Revaluation Amount, however caused, will not affect any Trades that have already been closed during the Account Close-Out.

We may set one or more warning levels on the Platform for your Account Revaluation Amount (the "**Close-Out Warning Level**") that is either (i) a percentage of your Total Margin; (ii) a percentage of your Prime Margin; or (iii) an absolute Amount. The Platform will then attempt to notify you if your Account Revaluation Amount falls to an amount at or below that Close-Out Warning Level and notify you of the applicable Close-Out Level and/or Reset Level (as applicable). **Any Close-Out Warning Level notification is provided as a courtesy and you must not rely on the Platform or on us to notify you of such circumstances.** If you receive such a notification you should consider closing Positions or making a payment to us in order to reduce the risk of Account Close-Out. Any failure of the Platform to notify you, or the fact that you did not see such notification, before the Close-Out Level was reached will not affect the likelihood of an Account Close-Out, our right to the Reserved Actions, or our right to terminate pursuant to the Terms.

You should also note that:

- (a) You must not rely on the Platform to close your Margin Trades if your Account Revaluation Amount falls below the Close-Out Level as we cannot guarantee that Account Close-Out will occur or the speed at which it will occur.
- (b) Account Close-Out does not and is not intended to limit your entire liability to us in respect of your Margin Trades, you can lose more than your initial investment and you may be required to make further payments. You must clear any negative Account Revaluation Amount immediately by the payment of an Amount to us, that is sufficient to return the Account Revaluation Amount to zero or to a positive value.
- (c) Any failure by you to maintain your Account Revaluation Amount above the Close-Out Level may be a Specified Event that entitles us to take a Reserved Action.

2.20.10 Close-Out – Binaries and Countdowns

For the avoidance of doubt, any open Binaries or Countdowns will not be closed during Account Close-Out.

2.21 Examples

Our website contains numerous examples showing how to trade our Products and how you could make a profit or loss by entering into Trades, including at <http://www.cmcmarkets.co.nz/en/cfd-trading/what-are-cfds/cfd-trading-examples>. The examples are for illustrative purposes only.

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 the 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 the 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 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 Platform has 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 are not 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 Platform available when required by you, but we cannot guarantee that it will be available continuously.

You are responsible for making sure that you are able to access the 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 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.

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 must stay above the Close-Out Level otherwise all your Margin Trade Positions may be closed by the 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 and you will be able to monitor your Account Revaluation Amount through the Platform. 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.

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 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 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 in accordance with section 2.20.

Any changes to Commission and GSLO Premiums will be automatically imposed by the Platform. 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. This cost applies regardless of whether you are long or short on a Trade. Whether or not a Holding Cost applies in respect of a particular Product will be stated in the Product Library. Holding Costs can be positive or negative.

The Platform will calculate the Holding Cost as follows:

On a buy Trade:

Holding Cost = (Units x Opening Trade Price x Holding Rate Buy) x CMC Currency Conversion Rate

On a sell Trade:

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

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 the Platform, you may be required to pay a market data fee. The market data fee covers fees CMC Markets must pay to its price vendors for use of market data in deriving its pricing for certain Products. 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 25 151 Queen 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)
Fax	+64 (0)9 359 1199
Email	info@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 Platform, 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 and the 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:

- written notice specifying the nature of the complaint, the desired outcome and what action you think will settle the complaint; and
- 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 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 fscl.org.nz. There is no cost to you to use the services of FSCL.

Product Disclosure Statement

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:

- **Order Execution Policy**, which summarises the process by which the Platform executes your Orders.
- **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 Terms**, which set out further terms and conditions in relation to trading 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 Platform, Products and trading strategies are available on our website at <http://www.cmcmarkets.co.nz> and also through the Platform.

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 contains a link to CMC Markets' financial statements. Those financial statements are not prepared in accordance with the Financial Markets Conduct Act 2013 for the most recently completed accounting period. Instead, those financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) for the period ending 31 March 2014. They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to profit-orientated entities.

However, on or before 31 July 2015, that link will be replaced with a link to a copy of CMC Markets' financial statements that comply with the Financial Markets Conduct Act 2013 for the period ending on 31 March 2015 (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. Before completing the Application you should consider this PDS, the Terms, the Order Execution Policy, 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 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 Terms or our Website for further information

9.3 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 Other considerations

10.1 CMC Markets Discretions

We may, acting reasonably, exercise a variety of discretions in respect of your trading in Products. These discretions together with the situations and circumstances that may trigger the exercise of the discretions and actions, including but not limited to the exercise of a Reserved Action, are described in more detail in the Terms.

10.2 Changes to this PDS

We may amend this PDS at any time by written notice to you. Any amendments to this PDS can be found on our Website. If amendments are materially adverse to you, we will issue a supplementary or replacement PDS.

10.3 Interpretation

The definitions contained in the Glossary in section 11 apply to this PDS unless the context otherwise requires.

11 Glossary

This Glossary is to be read in conjunction with this PDS.

Absolute Close-Out Level

The Amount displayed on the Platform, as further described in section 2.20.1.

Account

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

Account Close-Out

The process described in section 2.20, in which the Platform may close the whole or a portion of your Margin Trades and /or Positions and includes Full Account Close-Out and Alternative Account Close-Out.

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 the Platform.

Account Netting

The default function on your Account that automatically combines any Margin Trades on your Account that would otherwise be open at the same time in respect of the same Product into one single net Trade.

Account Revaluation Amount

The sum of your Cash and any Net Unrealised Profit Or Loss (Mid-Price), which is displayed on the Platform and updated in real time and calculated as further described in section 2.17.

Account Value

The sum of your Cash and any Net Unrealised Profit Or Loss that is displayed on the Platform and updated in real time and calculated as further described in section 2.16.

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 Terms, the Order Execution Policy any Confirmations and any additional terms and conditions issued by CMC Markets in connection with the Products and/or Services.

Alternative Account Close-Out

The closing of the whole or a portion of your Margin Trade Positions in an Account by the Platform in accordance with the Account Close-Out preferences set by you on the Platform and as further described in section 2.20.4.

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

The 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 Binary Expiries, 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 Binary

Amount and Binary Size, 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 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 the 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 Order Execution Policy.

Available Equity

The Amount that is calculated in accordance with section 2.15.

Binary

A derivative product entered into between you and us through the Platform that allows you to speculate with limited risk on whether a specific event will or will not occur within or at the end of a set timeframe.

Binary Amount

The maximum Amount that you could lose on a Binary calculated in accordance with section 2.7.6 of the Terms.

Binary Expiry

The timeframe of a Binary, as specified on our Platform.

Binary Opening Price

In respect of a Binary, the Price at which the Binary was entered into, in accordance with paragraph 2.7.3 of the Terms.

Binary Profit

The Amount calculated in accordance with section 2.7.6 of the Terms, where that Amount is positive

Binary Size

The Amount that you wish to risk per point of movement in the Price of a Binary, also referred to as Size on the Platform.

Boundary

In respect of any Market Order or Stop Entry Order, 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 or Binary is entered into and at which a sell Margin Trade or Binary 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 2.14.

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 the Platform from time to time under the Agreement.

Circumstance Outside Our Control

An event outside of CMC Market's control as described in the Terms.

Client

A client of CMC Markets.

Product Disclosure Statement

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 calculated in accordance with section 2.20.1, at which the Platform may close all or a portion of your Margin Trades, as necessary.

Close-Out Percentage Level

The percentage displayed on the Platform that is used to calculate your Standard Close Out Level (if applicable) in accordance with, section 2.20.1.

Close-Out Price

In respect of a Margin Trade being closed as a result of Account Close-Out, the first Price available for a Market Order at the relevant time for the relevant Product (taking into account the number of Units) provided that in respect of a Guaranteed Stop Loss Order, such Price shall not be worse than the Target Price for that Guaranteed Stop Loss Order.

Close-Out Warning Level

The warning level that we may set on the Platform in accordance with section 2.20.9.

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.

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 Product Library and which we may amend from time to time in accordance with the 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 the Platform. We will not send you any confirmations of Orders or Trades by any other means, including by post or e-mail.

Countdown

A Product where your profit or loss is a fixed amount dependent on whether the Price of an Underlying Reference Instrument goes up or down over a specified timeframe as further described in the Terms.

Countdown Opening Price

The reference Price applicable when a Countdown is entered into, generated by and displayed on the Platform.

Countdown Profit

The profit received on a Countdown where you have correctly predicted the outcome.

Deduction

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

Draw Percentage

The percentage specified in the Product Library that will be used to determine the amount to be returned to your Account in respect of a Countdown that expires at an unchanged level.

Error

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

FSG

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

Full Account Close-Out

The closing of Margin Trades on an Account by the Platform in accordance with the preferences set by you, as described in section 2.20.

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.

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 Premium Refund

The portion of the GSLO Premium that will be refunded to you if the relevant Guaranteed Stop Loss Order is cancelled, removed, corrected or closed (including by modifying it to another type of Pending Order) before it has been executed, as specified in the Product Library.

GSLO Minimum Distance

The minimum distance specified in the Product Library between the Target Price and the Level 1 Sell Price or the Level 1 Buy Price (as applicable) at the time of placing a Guaranteed Stop Loss Order (including by modifying another type of Pending Order) in respect of a Product, where:

- (i) in respect of a Guaranteed Stop Loss Order to buy, the Target Price is greater than or equal to the minimum distance plus the Level 1 Buy Price; and
- (ii) in respect of a Guaranteed Stop Loss Order to sell, the Target Price is less than or equal to the Level 1 Sell Price minus the minimum distance.

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 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 your Total Position Margin (a positive Independent Margin); or
- (b) reduces the Amount which you are required to hold in your Account to less than your Total Position Margin (a negative Independent Margin), at any given time, as shown on the Platform.

Index CFD

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

Initial Alternative Close-Out

The initial closing of Margin Trades by the Platform during an Alternative Account Close-Out, as described in section 2.20.5.

Initial Close-Out

The initial closing of Margin Trades by the Platform during either an Initial Alternative Account Close-Out or an Initial Standard Account Close-Out.

Initial Full Close-Out

The initial closing of Margin Trades by the Platform during a Standard Account Close-Out, as described in section 2.20.3.

Introducing Adviser

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

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 Price

The Level 1 Sell Price and/or Level 1 Buy Price, as applicable.

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 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 the 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 the Platform.

Margin Rate

With respect to any Margin Trade, the percentage rate applicable to each Tier, as specified in the 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 the Platform.

Market Order

An order placed to buy or sell a CFD in accordance with relevant conditions as set out in section 1.2.1 of the Order Execution Policy.

Maximum Binary Profit

The maximum profit on any particular Binary, which will be specified on the Platform and calculated in accordance with section 2.7.6 of the Terms.

Maximum Exposure Limit

The maximum permitted size of the exposure for CMC Markets arising from all Binaries on an Account of the same type, in the same Product and with the same Binary Expiry, as specified in the Product Library.

Maximum Total Exposure Limit

The maximum permitted size of the exposure for CMC Markets arising from all Binaries on an Account.

Maximum Trade Size

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

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.

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, where the Trade Revaluation Price is calculated by reference to the Level 1 Price. 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.

Net Unrealised Profit or Loss (Mid Price)

An Amount that is the aggregate of the Unrealised Profit Or Loss for all Margin Trades on your Account, where the Trade Revaluation Price is calculated by reference to the Level 1 Mid-Price. 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.

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 2.8 ("Prices").

Order

An offer submitted by you or on your behalf through the 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 under which we execute orders, which is available on our Website.

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

The CMC Markets Next Generation electronic investment platform as amended and varied from time to time.

Position

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

Position Limit

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

Position Margin

With respect to the whole or any portion of a Margin Trade Position that is not covered by a GSLO, the Amount calculated in accordance with section 2.18.1.

Position Margin Rate

The rate expressed as a percentage and shown on our Platform, that is calculated in accordance with section 2.19.

Pre-Close Period

The period of time (as specified on our Platform) before the Binary Expiry during which you will be unable to open, close or amend a Binary.

Product Disclosure Statement

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 the 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, as generated by the Platform from time to time.

Pricing Error

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

Prime Close-Out Level

An amount equal to your Prime Margin Requirement multiplied by your Prime Close-Out Percentage Level, as further described section 2.20.1.

Prime Close-Out Level Percentage Level

In relation to Margin Trades on an Account, the percentage displayed on the Platform that is used to calculate your Prime Close-Out Level in respect of GSLO Trades (if applicable).

Prime Margin

With respect to a GSLO Trade, the Amount calculated in accordance with section 2.19.2.

Prime Margin Requirement

With respect to GSLO Trades, an Amount equal to Total Prime Margin plus Independent Margin (if any) as further described in section 2.20.1.

Prime Reset Level

In relation to an Account with GSLO Trades, upon an Alternative Account Close-Out method being selected, the target level for your Account Revaluation Amount during any Alternative Account Close-Out which is an amount equal to the sum of your Prime Margin Requirement multiplied by the percentage displayed on the Platform at any given time.

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, Binaries and Countdowns. Details of the various Products on which we may accept Orders are listed in the Product Library 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 the 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.

Realised Loss

With respect to:

- (a) 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; and
- (b) a Binary, the Binary Loss calculated in accordance with 2.7.6 of the Terms at the time the Binary is closed.

Realised Profit

With respect to

- (a) 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; and
- (b) a Binary, the Binary Profit calculated in accordance with 2.7.6 of the Terms at the time the Binary is closed.

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 the occurrence of a Specified Event or a Circumstance Outside Our Control, as described in the Terms.

Reset Level

In relation to any Margin Trades on an Account, upon an Alternative Account Close-Out method being selected, the target level for your Account Revaluation Amount during any Alternative Account Close-Out which is a percentage of your Total Margin multiplied by the percentage displayed on the Platform at any given time.

Roll-Over

Any Auto Roll-Over or Manual Roll-Over.

Sell Price

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

Services

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

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 2.13 of the Terms.

Settlement Price

The reference price used to determine whether or not you have won or lost a Binary or a Countdown (as applicable), which is displayed or described on our Platform.

Specified Event

An event which may trigger the exercise of CMC Market's discretions, including a Reserved Action, as set out in the Terms.

Spread

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

Stake

The amount that you wish to be the subject of a Countdown.

Standard Close-Out Level

An amount equal to Total Margin multiplied by your Close-Out Percentage Level as further described section 2.20.1.

Standard Trade

Any whole and/or partial Margin Trade that is not covered by a Guaranteed Stop Loss Order.

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 Order Execution Policy.

Stop Loss Order

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

Strike Price

The target Settlement Price which is the subject of a Binary.

Subsequent Alternative Close-Out

Any closing of the whole or a portion of your Margin Trade Positions on an Account by the Platform during any Alternative Account Close-Out that is subsequent to the Initial Alternative Close-Out, as further described in section 2.20.5.

Subsequent Close-Out

Any closing of the whole or a portion of your Margin Trade Positions on an Account by the Platform during any Subsequent Full Close-Out or any Subsequent Alternative Close-Out.

Subsequent Full Close-Out

Any closing of Margin Trades by the Platform during any Standard Account Close-Out that is subsequent to the Initial Standard Close-Out, as further described in section 2.20.3.

Take Profit Order

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

Tax Act

The Income Tax Act 2007.

Product Disclosure Statement

Tier

With respect to any Product, the range(s) of Units as specified in the Product Library from time to time.

Total Margin

An Amount that is the sum of your Total Position Margin, your Total Prime Margin and any Independent Margin.

Total Prime Margin

The sum of the Prime Margin required for all GSLO Trades.

Total Position Margin

The sum of the Position Margin required for all Margin Trades on an Account at any given time.

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 the Platform. Unless specified or the context suggests otherwise, all references to Trades include Margin Trades, Binaries and Countdowns.

Trade Margin

With respect to a Margin Trade in any Product, the increase or decrease in your Position Margin resulting from a Trade.

Trade Revaluation Price

In respect of a Margin Trade, the Price at which the Trade is valued at any given time which will be the Level 1 Mid-Price where the Net Unrealised Profit or Loss (Mid-Price) is being calculated, otherwise shall be the Level 1 Sell Price in the case of a buy Trade or the Level 1 Buy Price in the case of a sell Trade.

Trading Hours

In respect of a Product, the times during which the 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 Order Execution Policy.

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 2.18. 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, particularly where a Trade may be closed at a Price that differs from the Level 1 Price. The Unrealised Profit or Loss displayed on the Platform will always be based on the current Level 1 Price.

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

Win Percentage

The percentage specified in the Product Library that will be used to determine the Countdown Profit in respect of a particular Product.

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.

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