Product Disclosure Statement

For Margin Foreign Exchange and Contracts for Difference
Issued by TF Global Markets (Aust) Pty Ltd

11 April 2023

This document provides important information about Margin Foreign Exchange and Contracts For Difference (CFD) to help you decide whether you want to enter into these types of derivatives. There is other useful information about this offer at *www.disclose-register.companiesoffice.govt.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 it.

You can also seek advice from a financial advice provider to help make your decision. You should ask if that adviser has experience with these types of derivatives.

TF Global Markets (Aust) Pty Ltd (FSP623289), trading as **ThinkMarkets** has prepared this document in accordance with the Financial Markets Conduct Act 2013.

1. Key Information Summary

What is this?

This is a Product Disclosure Statement (**PDS**) for Margin Foreign Exchange and CFDs provided by TF Global Markets (Aust) Pty Ltd (**ThinkMarkets**).

Margin Foreign Exchange and CFDs are derivatives, which are contracts between you and ThinkMarkets that may require you or ThinkMarkets to make payments.

The value of the contract will depend on the value of the underlying share, share index, commodity, or foreign currency.

The contract specifies the terms on which those payments must be made.

Warning

Risk that you may owe money under the derivative.

If the value of the underlying share, share index, commodity, or foreign currency changes, you may suffer losses. In particular, unlike most other kinds of financial products, you may end up owing significant amounts of money. You should carefully read section 2 of this PDS (*Key features of these derivatives*) on how payments are calculated.

Your liability to make margin payments.

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

Risks arising from issuer's creditworthiness.

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

About ThinkMarkets

ThinkMarkets is a derivatives issuer providing Margin Foreign Exchange Contracts and CFDs through our online trading platform. *ThinkMarkets* is a trading name of TF Global Markets (Aust) Pty Ltd (*www.ThinkMarkets.com/nz*), an Australian-incorporated company.

ThinkMarkets Ltd is a registered Financial Service Provider **(FSP623289)** and holds a Derivative Issuer Licence issued by the Financial Markets Authority in New Zealand. We are also registered with the Australian Securities and Investments Commission under ABN 69 158 361 561, and we are the holder of Australian Financial Services Licence 424700.
Further information about ThinkMarkets is available on our website (*www.Thinkmarkets.com/nz*).

Which derivatives are covered by this Product Disclosure Statement?

This PDS covers Margin Foreign Exchange, and over-the-counter CFDs for shares, share indices, commodities and foreign currencies (**Underlying Assets**).

A Margin Foreign Exchange contract is an agreement under which you may make a profit or incur a loss, depending on the movement of underlying currencies. A CFD is an agreement to pay or receive the change in value of a share, a share index, a commodity, or a foreign currency depending on whether the prices rise or fall.

By using CFDs, you can replicate the risks and benefits of the Underlying Assets without owning them. You can use CFDs to speculate on price movements in relation to the Underlying Assets. You can also use CFDs to hedge your exposure to the Underlying Assets. Each CFD is cash-settled, based on the change in price, value, or level (as applicable) of the Underlying Asst. No delivery of the Underlying Asset takes place.

As CFDs are traded over the counter ('OTC'), you are entering into a contract with us. Our CFDs are not traded on a licensed derivatives market. The CFDs we offer from time to time are at our discretion and the prices and our margin requirements will vary to reflect changing market conditions.

If you invest on a leveraged basis (that is where you only deposit a fraction of the total value of the CFD in order to open a position (i.e. enter into a CFD)), your profits and losses will be magnified on the basis that they are calculated on the full value of the CFD. You can also trade CFDs on a non-leveraged basis.

Section 2 (Key features of the derivatives) of this PDS discusses in further detail key uses and key benefits of CFDs.

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2. Key features of the derivatives

Number	Significant Features	Summary
1	**Who is the issuer of this PDS and the Margin FX Contracts and CFDs?**	ThinkMarkets is both the issuer of this PDS and the provider of Margin FX Contracts and CFDs.
2	**What financial products do we provide?**	Margin FX Contracts and CFDs.
3	**What are Margin FX Contracts?**	A Margin FX Contract is an agreement under which you may make a profit or incur a loss, depending on the movement of underlying currencies. A Margin FX Contract derives its value from underlying currencies (usually referred to as a **Currency Pair**). However, you do not own, or have a right to receive delivery of, an underlying currency. Rather, your rights are attached to the Contract itself. The money you receive will depend on whether the Currency Pair you choose moves in your favour. If it does, then you will make a gain and your Account will be credited. If it does not, then you will make a loss and your Account will be debited. The amount of profit or loss made on a Margin FX Contract will be the net of: • the difference between the price of the Contract when the position is opened and the price of the Contract when the position is closed; • any Margin adjustments in respect of the Contract; and • any swap charges and swap benefits relating to the Contract. The balance in your Account will also be affected by other amounts you must pay to us, such as fees and interest on debit balances. Margin FX Contracts only require a deposit, which is much smaller than the Contract size (therefore the Contract is “Margined” or “Leveraged”).
4	**What is a CFD?**	A CFD is an agreement to pay or receive the change in value of a share, a share index, a commodity, or a foreign currency depending on whether the price rises or falls. However, you do not own, or have a right to receive delivery of, the underlying share, share index, commodity, or foreign currency. Rather, your rights are attached to the Contract itself. When trading CFDs, you and ThinkMarkets agree to exchange the difference in value of the CFD between when the CFD is opened and when it is closed. You will either be entitled to be paid an amount of money into your Account (if the value of the Underlying Asset has moved in your favour) or you will be required to pay an amount of money from your Account (if the value of the asset has moved against you). Your Account will also be affected by other amounts you must pay to us, such as fees and interest on debit balances. CFDs are speculative products, and their Leverage places a significantly greater risk on your investment than unleveraged investment products, such as conventional share trading.

5	**What are the main uses of the derivatives?**	People who trade in derivatives may do so for a variety of reasons. Some trade for speculation; that is, with a view to profiting from fluctuations in the price or value of the Underlying Asset. For example, traders may have no need to sell or purchase the Underlying Asset itself but may instead be looking to profit from market movements in the asset. Others trade in derivatives to hedge their exposures to the Underlying Asset. For example, a commodity derivative can be used as a risk management tool to enable those with physical holdings of an underlying commodity to lock in an effective sale price for that commodity. Then, if the price of the underlying commodity the client holds falls, the derivative position may wholly or partly offset the losses incurred on the physical holding.
6	**What is a position?**	A position is a Margin FX Contract or CFD entered by you under our Terms and Conditions.
7	**A Margin FX Contract is issued "over-the-counter". What does this mean?**	Over-the-counter ("OTC") means that you do not trade in Margin FX Contracts or CFDs through an exchange or market; rather, it is a transaction between you and us. This means you can only enter Contracts in relation to our products with us. You do not have the protections normally associated with trading on a regulated market. It is not possible to close a Contract by giving instructions to another provider, broker or New Zealand derivatives issuer.
8	**What charges are payable when dealing in Margin FX Contracts and CFDs?**	The common fees and charges you will incur when dealing in Margin FX Contracts and CFDs may incorporate any or all the following: • Payment of Margin; • Margin adjustments; • Swap charges and Swap Benefits at the applicable swap rates; • Financing charges and financing benefits applied to balances in your Account; • Administration charges. In addition, we will apply a bid / offer spread in respect of derivatives, which will also affect the profits or losses you make when dealing with these Contracts. See further information in section 4 of this PDS (*Fees*).
9	**How do I open an Account?**	Read this PDS and our Terms and Conditions, and then complete an application form. You may obtain these documents by: • telephoning us on 64800000979 – NZ toll-free or 6448867946 (within New Zealand) • going to our website at *www.Thinkmarkets.com/nz* • writing to support at *support@Thinkmarkets.com* See further information in section 9 of this PDS (*How to enter into client agreement*).

10	**What is the minimum balance to open an Account?**	There is no minimum balance to open an Account.
11	**How do you deal in Contracts with us?**	You may place orders to deal in Contracts in two ways: • by phone on +64800000979 – NZ toll-free or +6448867946 (within New Zealand) • using our trading platforms. We will not accept orders or instructions from you through any other means, such as email, unless we have previously agreed with you to do so. It is possible for a third party to place orders on your behalf provided that a written power of attorney or authority has been received and accepted by us.
12	**What are "long" and "short" positions?**	You go "long" when you buy a Margin FX Contract or CFD or place an order to open a position in the expectation that the price of the underlying instrument will increase, which would have the effect that the position's price will increase. You go "short" when you sell a Margin FX Contract or CFD or place an order to open a position in the expectation that the price of the underlying instrument will decline, which would have the effect that the position's price will decline.
13	**What is the term of a Contract and how do I close-out a position?**	Certain Contracts do have a specified term (i.e., a fixed end date). Unless the Contract has a specified term, open positions continue until closed out. You may close an Open Position v*ia our trading platform.* You can choose to close all of an open position or partially close where applicable.
14	**How do we deal with your money?**	Money that you deposit with us will be regulated in accordance with the requirements of the Financial Markets Conduct Regulations 2014. See further information in section 5 of this PDS (*How ThinkMarkets treats funds and property received from you*).
15	**What is my "Equity"**	Your "Equity" means the sum of the cleared Monies available in your Account and Unrealised Profits and Losses. Equity is stated on the Trading Platform
16	**What is Margin?**	"Margin" is the amount that you must have in your Account to enter a Margin FX Contract or CFD with us. The level of Margin required to open and maintain these Contracts is called the "Initial Margin Requirement". The sum of your Margin requirements for all your open positions is called the "Total Margin Requirement". Margin requirements will fluctuate with the value of the Underlying Asset on which the Contract is based. Further, where you deal in a Contract that is denominated in a currency other than the Base Currency of your Account, your Margin requirement may also be affected by fluctuations in the relevant foreign exchange rate.

17	**What is my "Available Margin"?**	Your "Available Margin" is your Total Equity less your current Total Margin Requirement. The Available Margin is the amount that you may withdraw from your Account or use to cover additional Margin requirements.
18	**What is a Margin Call by us?**	A Margin Call is an alert that additional funds may need to be deposited into your Account to meet your Total Margin Requirement because of adverse price movements on your open positions that have resulted in a Margin Call as defined by our Margin Call policy on our website. You should be aware that ThinkMarkets can only facilitate additional fund deposits on your behalf within normal banking hours.
19	**How are payments made into and out of my Account?**	You may deposit funds by bank wire and other available payment methods listed on our website. All funds must be cleared funds in your Account before they are treated as satisfying your Total Margin Requirement including any Margin Call or can be made available for you to use in dealing in Contracts.
20	**Do I receive interest on moneys held in my Account or pay interest on moneys I owe to you?**	ThinkMarkets does not pay interest on credit balances in your Account. You will pay interest on any unpaid sums due to us. Interest will accrue daily from the due date until the date on which payment is received in full at a rate not exceeding 3%p.a. above our applicable reference rate from time to time and will be payable on demand. The applicable reference rate is available from us on request.
21	**Do I pay any financing charges or swap charges?**	You may be required to pay a financing charge or swap charge on positions that remain open overnight. However, you should note that, on occasions when you have positions in Margin FX Contracts or CFDs, you may receive swap benefits. Swap rates are visible within the trading platform.
22	**Do I receive Dividend payments on my positions?**	Dividend Adjustments are applied (credited or debited) to CFD positions you hold open in an Equity that announces a Dividend. ThinkMarkets will register Dividend Adjustments on the Ex-dividend date before the exchange where the equity is traded opens. For Dividend payments in long positions a brokerage adjustment of 15% is applied (except for SA and UK shares). Dividend Adjustments are applied (credited or debited) to CFD positions you hold open in an Index that announces a Dividend. For Dividend payments in long positions a brokerage adjustment of 5% is applied (except for UK100 indices).

In the remainder of this section 2, we:

- describe how you can enter a Margin FX Contract or CFD and outline the alteration and termination rights of the parties (section 2.1);

- describe how amounts payable under Margin FX Contracts and CFDs are determined (section 2.2);

- outline the Margin Call requirements in respect of Margin FX Contracts and CFDs (section 2.3);

- outline features offered by our platforms that allow you to manage risks by setting stops and limits (section 2.4); and

- describe the currency conversion features of your Account (section 2.5).

In several instances, we provide examples to help illustrate the explanation we give. These examples are for demonstration purposes only. They do not reflect the specific circumstances or the obligations that may arise under a derivative entered by you.

2.1 Entry into a Margin FX Contract or CFD and alteration and termination rights

Entry into a Margin FX Contract or CFD

We can provide Margin FX Contract and CFD trading facilities through our online trading platforms. Dealers in our trading room will also accept orders in the event of the online trading platform being unable to take orders.

When you use our trading platform, you may 'plug-in' other third-party applications. The use of those applications can carry significant risk (see section 3 of this PDS (*Risks of these derivatives*)). We do not take responsibility for, and will not indemnify you from, any loss incurred in connection with third party plug-ins that you choose to use, regardless of whether we know about them or approve them. Some third-party plug-ins are approved by us, and you may incur extra fees for using them.

ThinkMarkets provides access to Margin FX Contract trading via an online trading platform created by ThinkMarkets called ThinkTrader or other trading platforms which may be available in due course.

This is how our trading service works:

Step 1: First, you must set up an Account with us (see further information in section 9 of this PDS (*How to enter into client agreement*)).

Prospective clients applying for an Account must complete the online ThinkMarkets account registration process, which includes an application form. This requires information such as personal information and details in relation to your trading experience to date and investment knowledge on derivative or other financial products. Based on the information you provide, ThinkMarkets will decide if you fulfil certain assessment criteria. If you do, you will be notified accordingly and then, subject to other conditions described in our Terms and Conditions (including, but not limited to, you provide a valid identification document, proof of residence, and funding for your Account), you may start trading.

Step 2: You then need to deposit an Initial Margin of a Base Currency into your newly established Account before you start trading. You will be required to deposit an Initial Margin that is a percentage of the notional Contract amount (typically between 3.33% and 25%). Our Account type's page found on our website at *www.Thinkmarkets.com/nz* will give you an indication of the amount you need to deposit. ThinkMarkets reserves the right to vary the Initial Margin at its own discretion. For example, ThinkMarkets may vary the Initial Margin percentage in periods of market volatility or to comply with ThinkMarkets internal risk-management policies.

Example

ThinkMarkets may request you to deposit NZD 5,000 so that you can purchase a Margin FX Contract with a notional value of NZD 100,000. In this example, NZD 5,000 is your ***Initial Margin***.

ThinkMarkets only accepts deposits by bank wire and other available payment methods listed on our website.

Step 3: You are now ready to trade. For details on how amounts payable under Margin FX Contracts and CFDs are determined, see section 2.2 of this PDS.

Alteration and Termination Rights

A party may close out any open positions and/or require immediate payment of amounts owing (including any Margin). Our Terms and Conditions permit ThinkMarkets to take such action, without notice, following the occurrence of certain specified force majeure events or events of default with respect to you. The specified events of default include your failure to make any required payments, or to post required Margin, in respect of your trades.

If the Margin Level for your Account reaches or falls below the Stop Out Level, this will constitute an Event of Default under clause 18.1 of our Terms and Conditions. In such circumstances, we may take any of the steps specified at clause 18.2 of our Terms and Conditions, and in particular:

1. close all or any of your Open Positions immediately and without Notice. We will close your Open Positions at the next prevailing Our Price; and/or
2. refuse to execute new Trades until your Margin Level is 100% or greater.

We do not guarantee that your Open Positions will be closed when the Margin Level for your Account reaches the Stop Out Level.

The Stop Out Level applicable to your Account is stated in the "Stop Out Level" section of the Account Features and we may alter the Stop Out Level at any time. We will notify you of any alteration always subject to our rights and we will give you at least three (3) Days' Notice of any change to your Stop Out Level.

It is your responsibility to always monitor your Account and to maintain your Margin Level above the Stop Out Level and we have the right, in our sole discretion, to determine the mark to market value from time to time. Moreover, if you fail to pay an amount when due we have the right to terminate any or all your Open Positions.

Either you or us may terminate the agreement between us upon giving written notice to the other party. However, such termination does not affect the obligations we have to each other that accrued before the termination is effective. This includes obligations in respect of open positions.

ThinkMarkets may amend our Terms and Conditions by notice to you. We will provide Notice to you of any such amendment. You agree to be bound by the amendment on the earlier of:

- ten (10) Days of the date our Notice was given
- the date you enter any Contract after the amendment

Any other amendments must be agreed to in writing between us and you. If you do not consent to the amendment, you can terminate the Agreement and the amendment will not apply retrospectively. Termination in this case does not affect any obligations owed by you or the rights of ThinkMarkets regarding any open Contracts held by you.

2.2 Amounts payable under Margin FX Contracts and CFDs

(1) Margin FX Contracts

When you log in to the ThinkMarkets online platform, you will see prices that reflect different currencies. Currencies are traded in pairs.

Example

An example of a Currency Pair is NZD/USD. NZD/USD 1.03391/1.03416 means that one NZD is exchanged for 1.03416 USD. The currency on the left of a pair is the **Base Currency**.

You can buy or sell a Margin FX Contract. If you buy or sell as your first transaction, you are opening your position. When you buy, you buy at the “offer” price and, when you sell, you sell at the “bid” price.

Example

If the NZD/USD Currency Pair is quoted at 1.03314/1.03336, then this is showing the bid/offer price. To buy NZD (offer), you would pay 1.03336 x Contract size. To sell NZD (bid), you would receive 1.03314 x Contract size. The difference between the two prices is 2 pips, which, in this example, is the “spread”.

Each Margin FX Contract’s size can be any amount equal to or greater than the minimum trade size. The minimum trade size is a 0.01 contract which is the equivalent of 0.01 of a Lot. One Lot is equal to a notional exposure of $100,000.

For example, going long NZD/USD, the minimum trade size is 0.01 of a full Lot, 0.01 x $100,000 = $1000

You can “close out” your position by closing your Margin FX or CFD position on the trading platform. You can choose to close all of an open position or partially close where applicable.

Closing your position will close the position at the reference price and any profit or loss will be credited/debited to your ThinkMarkets account. The reference price for a Long/ Buy position will be the bid price, the reference price for a Short / Sell position will be the offer price.

The profit or loss resulting from the trade will be converted into your Base Currency at the prevailing spot rate and credited to or debited from your Account.

ThinkMarkets has trading rules (including “Margin Close Out”, which is explained in section 2.3 below) to help you limit any losses. The trading rules also help reduce (but not avoid) the risk that you will lose more than your deposited funds (see section 3 of this PDS (*Risks of these derivatives*)).

Example #1

Poppy thinks that the EUR will appreciate against the USD soon. She sees that the prices quoted on the EUR/USD Currency Pair by ThinkMarkets is 1.08900 (bid) / 1.08920 (offer). The “offer” is the buy price, so she buys a Margin FX Contract of EUR/USD, 1 Lot, which is equal to a notional exposure of $100,000. If the price of EUR/USD increases above where Poppy brought in the future, Poppy will be able to sell her position for a profit at a higher price. Poppy’s Base Currency is NZD.

Opening the position Poppy "buys" 1 Lot (100,000) of EUR/USD at $1.08920. The contract is priced in USD and as the account is based in NZD a conversion at the NZD/USD spot rate to determine the Margin FX Contract Value.	1 x 100,000 x 1.08920 = $108,920 USD (Contract size) Converted to NZD = $108,920 / 0.63000 (NZD/USD Spot Rate) = **$172,888.89 NZD** Margin FX Contract Value
Initial Margin The Margin FX Contract is Leveraged on a 30:1 ratio. That means that we require an Initial Margin from Poppy that is 3.33% of the Margin FX Contract value.	$172,888.89 NZD / 30 = **$5,762.97 NZD** (Initial Margin)
Spread We earn a “spread”, which is the difference between the bid and offer prices that we source from other clients or from our wholesale providers, and the bid and offer prices we quote to you. In this example, the difference is 0.0002 (known as two “PIPs”). *This spread is paid by you but is incorporated into the quoted rates and is not an additional charge or fee payable by you above those quoted rates. We earn a spread whenever you trade with us.*	Offer – Bid = Spread (1.08920-1.08900) = 0.0002 USD Spread X Notional Value = Spread Cost 0.002 x 100,000 = $20 USD $20 USD / 0.63000 (NZD/USD Spot Rate) = **$31.75 NZD**

Financing Charges When a position is held open overnight, you are paid or debited interest depending on the underlying instrument. In this example, Poppy technically is borrowing the Euro, which has a higher interest rate than the USD, so she must pay interest on this position. These swap rates float daily based on overnight interest rates. In this case, she must pay 1.68 PIPs per 1 Lot per day. The financing charge will be charged daily until the position is closed.	1 Lot x -1.68 (EUR/USD Long Swap Rate) $1.68 USD / 0.63000 (NZD/USD Spot Rate) = **$2.67 NZD**
Closing the position The next day, the price of EUR/USD has increased by 12 pips to 1.09020 (bid) / 1.09040 (offer). The trade has moved in Poppy's favour, and she decides to take her profit and close the position by selling at the bid price.	1 x 100,000 x 1.09020 = $109,020 USD (Contract size) Converted to NZD = $109,020 / 0.63000 (NZD/USD Spot Rate) = **$173,047.62 NZD** Margin FX Contract Value
Gross Profit Her gross profit is the difference between the opening position and the closing position.	$173,047.62 NZD - $172,888.89 NZD = **$158.73 NZD**
Net Profit His net profit is the gross profit less the costs. The spread was built into the price but includes $31.75 NZD in this example.	Gross Profit $158.73 NZD Less financing cost (1 day) - $2.67 NZD = **$156.06 NZD**

Example #2

Bill thinks that the EUR will depreciate against the USD soon. He sees that the prices quoted on the EUR/USD Currency Pair by ThinkMarkets is 1.08831 (bid) / 1.08851 (offer). The "bid" is the sell price, so he sells a Margin FX Contract of EUR/USD, 1 Lot, which is equal to a notional exposure of $100,000. If the price of EUR/USD decreases below where Bill sold in the future, Bill will be able to close his position for a profit at a lower price. Bill's Base Currency is NZD.

Opening the position Bill "sells" 1 Lot (100,000) of EUR/USD at $1.08831. The contract is priced in USD and as the account is based in NZD a conversion at the NZD/USD spot rate to determine the Margin FX Contract Value.	1 x 100,000 x 1.08831 = $108,831 USD (Contract size) Converted to NZD = $108,831 / 0.63000 (NZD/USD Spot Rate) = **$172,747.62 NZD** Margin FX Contract Value
Initial Margin The Margin FX Contract is Leveraged on a 30:1 ratio. That means that we require an Initial Margin from Poppy that is 3.33% of the Margin FX Contract value.	$172,747.62 NZD / 30 = **$5,758.26 NZD** (Initial Margin)
Spread We earn a "spread", which is the difference between the bid and offer prices that we source from other clients or from our wholesale providers, and the bid and offer prices we quote to you. In this example, the difference is 0.0002 (known as two "PIPs"). *This spread is paid by you but is incorporated into the quoted rates and is not an additional charge or fee payable by you above those quoted rates. We earn a spread whenever you trade with us.*	Offer – Bid = Spread (1.08851-1.08831) = 0.0002 USD Spread X Notional Value = Spread Cost 0.002 x 100,000 = $20 USD $20 USD / 0.63000 (NZD/USD Spot Rate) = **$31.75 NZD**
Financing Charges When a position is held open overnight, you are paid or debited interest depending on the underlying instrument. In this example, Bill technically is borrowing the USD so he must pay interest on this position. These swap rates float daily based on overnight interest rates. In this case, he must pay 0.30 PIPs per 1 Lot per day. The financing charge will be charged daily until the position is closed.	1 Lot x 0.30 (EUR/USD Short Swap Rate) $0.30 USD / 0.63000 (NZD/USD Spot Rate) = **$0.48 NZD**

<u>Closing the position</u> The next day, the price of EUR/USD has increased by 30 pips to 1.09131 (bid) / 1.09151 (offer). The trade has moved against Bill he decides to close the position by buying at the offer price. As Bill is buying at a higher price than he sold he will realise a loss when closing the position.	1 x 100,000 x 1.09151 = $109,151 USD (Contract size) Converted to NZD = $109,151 / 0.63000 (NZD/USD Spot Rate) = **$173,255.56 NZD** Margin FX Contract Value
<u>Gross Loss</u> His gross loss is the difference between the opening position and the closing position.	$172,747.62 NZD - $173,255.56 NZD = **-$507.94 NZD**
<u>Net Loss</u> His net profit is the gross profit less the costs. The spread was built into the price but includes $31.75 NZD in this example.	Gross Loss -$507.94 NZD Less financing cost (1 day) $0.48 NZD = **-$507.46 NZD**

Please note that the examples provided above are for illustrative purposes only.

(2) CFDs

We offer several different types of CFDs to our clients including individual shares, indices, currencies, commodities, futures contracts and such other CFDs as may be notified to you from time to time. Many CFDs will be traded in New Zealand dollars, however, some CFDs may be denominated in a 'home' currency, such as a CFD on IBM stock in US dollars. Please refer to our contract specifications page on our website for more information about these products.

Example

Sarah thinks that the price of gold is undervalued and will increase in value soon. she decides to enter a CFD in respect of gold in the expectation that the gold price will rise. She sees that the prices quoted on the Gold CFD XAU/USD by ThinkMarkets is $1,711.75 USD (bid) / $1,712.25 USD (offer). The "offer" is the buy price, so she buys 1 Lot, which is equal to a notional exposure of 100 ounces which is the minimum Lot size for this CFD. If the price of Gold increases above where Sarah bought the CFD XAU/USD in the future, Sarah will be able to close her position for a profit at a higher price. Sarah's Base Currency is NZD.

<u>Opening the position</u> Sarah "buys" a CFD in respect of 100 ounces of gold at the offer price: The contract is priced in USD and as the account is based in NZD a conversion at the NZD/USD spot rate to determine the CFD Contract Value.	1 x 100 x 1,712.25 = $171,225 USD (Contract size) Converted to NZD = $171,225 / 0.63000 (NZD/USD Spot Rate) = **$271,785.72 NZD** CFD Contract Value
<u>Initial Margin</u> The CFD Contract is Leveraged on a 20:1 ratio. That means that we require an Initial Margin from Sarah that is 5% of the CFD Contract value.	$271,785.72 NZD / 20 = **$13,589.29 NZD** (Initial Margin)
<u>Spread</u> We earn a "spread", which is the difference between the bid and offer prices that we source from other clients or from our wholesale providers, and the bid and offer prices we quote to you. In this example, the difference is 0.50. Which amounts to $50 USD on a 1 Lot size. *This spread is paid by you but is incorporated into the quoted rates and is not an additional charge or fee payable by you above those quoted rates. We earn a spread whenever you trade with us.*	Offer – Bid = Spread (1,712.25 – 1,711.75) = 0.50 USD Spread X Notional Value = Spread Cost 0.50 x 100 = $50 USD $50 USD / 0.63000 (NZD/USD Spot Rate) = **$79.37 NZD**
<u>Financing Charges</u> When a position is held open overnight, you are paid or debited interest depending on the underlying instrument. In this example, Sarah technically is borrowing gold in terms of the USD so she must pay interest on this position. These swap rates float daily based on overnight interest rates. In	1 Lot x 1.910 (NZD/USD Short Swap Rate) $1.91 USD / 0.63000 (NZD/USD Spot Rate) = **$3.04 NZD**

this case, he must pay 1.91 PIPs per 1 Lot per day. The financing charge will be charged daily until the position is closed	
Closing the position The next day, the price of Gold has increased by $10 USD to $1,721.75 (bid) / 1,722.25 (offer). The trade has moved in Sarah's favour, and she decides to close the position. As Sarah is selling at a higher price than she brought she will realise a profit when closing the position.	1 x 100 x 1,721.75 = $172,175 USD (Contract size) Converted to NZD = $172,175 / 0.63000 (NZD/USD Spot Rate) = **$273,293.65 NZD** CFD Contract Value
Gross Profit His gross loss is the difference between the opening position and the closing position.	$273,293.65 NZD - $271,785.72 NZD = **$1507.93 NZD**
Net Profit His net profit is the gross profit less the costs. The spread was built into the price but includes $79.37 NZD in this example.	Gross Profit $1507.93 NZD Less financing cost (1 day) $3.04 NZD = **$1504.89 NZD**

Please note that the examples provided above are for illustrative purposes only.

Index CFD trading

Index CFDs represent a basket or portfolio of shares, providing an opportunity to speculate on the performance of each overall stock market. You can spread your risk across the whole market rather than a single share, allowing for diversified exposure to the market rather than the factors that affect individual shares.

2.3 Margin Calls and Margin Close Out

Margin Calls

Margin is the amount of funds that ThinkMarkets requires you hold in your Account in relation to your trading activity. If the Equity in your account falls below your Total Margin Requirement a Margin Call will be triggered on your account i.e., your Margin Level falls below 100%. For both Margin FX Contracts and CFDs, the default Margin Call level is set to 100%. The Margin Level is calculated by dividing your Equity by your Total Margin Requirement.

If a Margin Call is triggered i.e., your Margin Level falls below 100%, you will no longer be able to open any new positions.

In order to satisfy a Margin Call you can do any of the following:

• Close out existing positions to reduce your Total Margin Requirement.

• Deposit additional funds into your Account.

Our system performs an automatic pre-deal check for Margin availability. Orders will only be accepted by the platform if your Account has excess Available Margin. If you do not meet your Margin Call requirements, you risk your position being liquidated via a Margin Close out.

Margin Close Out

If the total Margin level in your Account across all open positions drops below a predetermined level set by us (the Stop Out Level e.g., 50% of an Initial Margin or 0.5% of the notional Contract amount) or if we exercise our discretion, then we are entitled to close out your position at the prevailing market rate and/or refuse to execute further trades without notice to you. We could do this to minimise trading risk and deduct the resulting realised loss from your remaining funds held by ThinkMarkets. You will remain liable for any negative positions which cannot be covered by the closing out of your positions i.e., you have a Negative Balance.

It is important that you fully understand the risks involved in trading on margin. You can lose more funds than you deposit in the margin account due to adverse price movements of positions and additional funds may be required to be deposited to your ThinkMarkets account to avoid a Margin Close Out.

Margin FX Contract Margin Close Out Example

Ashley's account has a balance of $10,000 NZD, and her leverage is 20:1. This means for every 1 Lot (NZD$100,000 Contract Size) Ashley must post NZD$5,000.00 Margin.

Ashley thinks the AUD will increase against the NZD and opens a 1 Lot Long AUD/NZD position at a rate of 1.07250.

This position has a Margin Requirement of $5,362.50 NZD.

Ashley must maintain the Margin Requirement to avoid a Margin Close Out

<u>Opening the position</u> Ashley "buys" 1 Lot of AUD/NZD at $1.07250. The Contract is Leveraged on a 20:1 ratio. That means that we require an Initial Margin from Ashley that is 5% of the Contract value.	$100,000.00 * 1.07250 = $107,250.00 NZD $107,250.00 / 20 = **$5,362.50 NZD Margin**
Ashley's Account Balance is 1 Lot Long AUD/NZD, and her Equity is $10,000 NZD. Ashley's equity is $10,000 NZD which is 186% of her Margin Requirement ($5,362.50).	Account Balance: **$10,000.00 NZD** Profit/Loss: **$0.00 NZD** Margin Requirement: **$5,362.50 NZD** Available Margin (Account Balance – Margin Requirement - Profit/Loss): **$4,637.50 NZD** Equity: **$10,000.00 NZD**
The price of AUD/NZD falls and is now at $1.03250. Ashley is long 1 Lot and expected the price to rise, as the price has fallen Ashley's position is now negative and her Equity has fallen to $6,000 NZD as her position is at a loss of $4,000 NZD. Ashley must maintain Equity of 50% of her Margin requirement to avoid a margin close out. Ashley's equity is now $6,000 and has fallen to 112% of her Margin Requirement ($5,362.50).	Account Balance: **$10,000.00 NZD** Profit/Loss: **-$4000.00 NZD** Margin Requirement: **$5,362.50 NZD** Available Margin: **$637.50 NZD** Equity: **$6,000.00 NZD**
The price of AUD/NZD continues to fall and is now at $0.99930. Ashley is long 1 Lot and expected the price to rise, as the price has fallen Ashley's position is now negative and her Equity has fallen to $2,680.00 NZD. Ashley's equity is now $2,680.00 and has fallen below 50% of her Margin Requirement ($5,362.50).	Account Balance: **$10,000.00 NZD** Profit/Loss: **-$7,320.00 NZD** Margin Requirement: **$5,362.50 NZD** Available Margin: **$-2,682.50 NZD** Equity: **$2,680.00 NZD**
<u>Margin Close Out</u> Ashley's equity has fallen below 50% of her Margin Requirement, this has triggered our system's automatic liquidation. Ashley's position will be automatically closed to prevent further losses. When the Margin Close Out is completed, Ashley has no positions and no Margin Requirement.	Account Balance: **$2,680.00 NZD**
Ashley has sustained a loss of -$7,320.00 NZD before any fees and charges including Spread costs, commission, and financing charges.	

Please note that the examples provided above are for illustrative purposes only.

2.4 Managing risks by using stops and limits.

We offer features on our trading platforms that help you control trading losses:

1. Buy Limits

A buy limit order allows clients to specify the price that they are willing to pay for a Contract. Limit orders also allow clients to limit the length of time an order can be outstanding before being cancelled.

Example

Rudy believes that the price of gold is going to rise in the long term and that it may fall in the short term. He believes he may be able to buy gold for a price lower than the current price, example current offer $1,800. He wants to buy it in the future at a specific level without having to watch the market and wait. He places a Buy Limit order for gold at price below the current offer price example $1,600. Rudy’s order will remain active until either the offer price of gold falls to his Buy Limit price $1,600 and the position is opened at $1,600, he cancels the order, or the order is cancelled after the set length of time.

2. Sell Limits

A sell limit order allows clients to specify the price that they are willing to sell a Contract.

Example

Sean feels that the EUR is going to depreciate against the USD but does not want to sell at the market price, example 1.2750, due to a sharp move down recently. He wishes to sell it automatically if it appreciates. He places a sell limit for 1 Lot of EUR/USD at 1.2800, and order will remain active until either the bid price of EUR/USD rises to his Sell Limit price $1.2800, and the position is opened at $1.2800, he cancels the order or the order is cancelled after the set length of time

3. Buy Stops

An order to buy stop a Contract which is entered at a price above the current offering price. The order is triggered when the market price touches or goes through the buy stop price.

Example

Scott thinks that, once the price of the USD/JPY increases and rises above 84.15, it will gain momentum to the upside and continue to climb. He does not want to buy it unless it can first get to this price level and trigger a new uptrend. In line with this thinking, he places a buy stop in the USD/JPY at 84.15, which will fill automatically once the offer price reaches this level.

4. Sell Stops

An order to sell stop a Contract which is entered at a price below the current bid price. The order is triggered when the market price touches or goes through the sell stop price.

Example

Garrett believes that the GBP is going to rapidly depreciate against the USD, but not until it is able to break chart support at 1.5700. He does not want to potentially miss his chance to sell going through this price level, so he sets a sell stop at 1.5700 that will trigger and fill automatically once the bid price of the GBP/USD touches the price.

Please note that the examples provided above are for illustrative purposes only.

2.5 Conversion of currency

Your trading account with ThinkMarkets is normally denominated in a "Base Currency", which can be AUD, GBP, EUR, CHF, JPY, NZD, CAD, USD, SGD, or ZAR. However, sometimes for you to trade, you may need to convert existing funds into USD or another Base Currency. Sometimes, we may notionally convert your trading currency into the relevant Base Currency.

You can use your own bank to convert your currency into USD if you wish.

Alternatively, we can convert your funds by first quoting you a spot price pursuant to our Terms and Conditions. If you choose to accept ThinkMarkets' quoted prices, then the transaction will usually take place immediately, upon receipt of your cleared funds. The new currency will be delivered to your Account.

ThinkMarkets will also convert the realized trading profit or loss in your Account into USD or another Base Currency at the closing price of the relevant currency immediately prior to the trade day.

3. Risks of these derivatives

Trading Margin FX Contracts and CFDs carries a high degree of risk. These risks may lead to unfavourable financial outcomes for you. The value of the Underlying Assets is inherently unpredictable and volatile in nature. The Leveraged nature of these derivatives means you will experience significant variations in the value of your positions. It is important that you understand how this could result in losses even beyond your posted Margin.

You acknowledge and agree that you are responsible for monitoring your Open Positions, your Margin Requirement, and all other activity on your Account.

You should seek independent legal, financial and taxation advice prior to commencing trading activities and should not use our services unless you fully understand the products, and the benefits and risks associated with them.

This section outlines the material risks in trading Margin FX Contracts and CFDs.

(1) *Product risks*

Events Outside Our Control

We may, in our reasonable opinion, determine that a situation or an exceptional market condition exists which constitutes an Event Outside Our Control. If we are unable to perform our obligations to you due to reasons beyond our control, then we may suspend our obligations to you. For example, during periods of significant market disturbance, it may be impractical or impossible to trade in relevant financial markets. We will inform you if any of these events occur.

An Event Outside Our Control includes:

- Any strike, lock-out or other industrial dispute, riot, terrorism, war, civil commotion, nuclear, chemical or biological contamination, act of God, malicious damage, accident, breakdown of equipment, fire, flood, storm, interruption of power supply, failure of a utility service or breakdown of or interruption in any electronic communication or information system;
- Compliance with any Law, governmental order, or regulatory requirement, or any change in or amendment to any Law, regulation or rule (or in the application or official interpretation by any court, tribunal or regulatory authority);
- Any act, event or occurrence that prevents us from maintaining orderly trading or hedging activities in one or more of the Underlying Assets in respect of which we ordinarily accept trades under the agreement;
- the suspension or closure of any exchange or market, or the abandonment or failure of any event on which we base or to which we in any way relate, our price, or the imposition of limits or special or unusual terms on the trading in any such exchange or market or on any such event;
- an unusual movement in the level of, or unusual loss of liquidity in, any Underlying Instrument or our reasonable anticipation of the occurrence of the same;
- any breakdown or failure of transmission, communication or computer facilities, interruption of power supply, or electronic or communications equipment failure;
- failure of any relevant intermediate broker, exchange, clearing house or regulatory or self-regulatory organisation to perform its obligations for any reason; or

- any other event preventing us from performing or otherwise hindering our performance of any or all our obligations under the agreement and which arise from or is attributable to an act, event, omission, or accident beyond our reasonable control.

If we determine that an Event Outside Our Control has occurred, we may, at our absolute discretion, without notice and at any time, take one or more of the following steps:

- close any open positions and/or cancel or execute any orders;
- void or roll over any open positions;
- refuse to enter into any trades or accept any orders;
- change your Stop Out Level;
- increase your Margin Requirement;
- immediately require payments of any amounts you owe us, including the Margin Requirement;
- change our price and spreads;
- change the minimum market size or normal market size for any market;
- alter our normal trading times for all or any markets; or
- take all such other actions as we consider to be reasonable in the circumstances to protect us, our associated companies or any of our other clients.
- In the absence of our fraud, wilful default, or negligence, we will not be liable for any loss, cost, claims or demand for expenses resulting from an Event Outside Our Control.

Margin Call

Trading accounts with ThinkMarkets will automatically experience a Margin Call if the Equity funds in your Account do not meet your Total Margin Requirement. A Margin Call can be made by us at any time.

Your Total Margin Requirements will fluctuate with the value of the Underlying Asset. Due to market volatility, your Margin may be rapidly eroded and you have not have sufficient time to remedy a Margin shortfall before your positions are closed out.

Refer to Section 17 of our Terms and Conditions and our website for additional information
https://www.thinkmarkets.com/nz/support/legal-and-regulation/margin-call-policy/

Consequences of failure to make payment and substantial losses.

Adverse price movements on your open positions may lead to a Margin Call for additional funds to be deposited into your Account, potentially at short notice. If you do not deposit those additional funds into your Account immediately, we may reduce or close your open positions without notice. This could result in losses to you and if prices move against your position, you will be required to top up your account with sufficient funds to maintain your position. If you fail to maintain the required account balance, your position will be closed out by us with resultant loss. You may sustain a total loss of the net amount that you deposit with us to establish or maintain a position (including “top up” amounts).

Market volatility

Foreign exchange, commodity and share markets are subject to many influences that may result in rapid fluctuations. Because of this market volatility, there is no foreign exchange or CFD transaction or stop loss order (e.g., buy stop or sell stop) that is available via our online platform that can be considered “risk free”.

Given the potential levels of volatility in the markets, it is recommended that you closely always monitor your transactions. You can manage some of the downside risk using stop loss orders. If you use a stop loss order, we will enter a position opposite to your existing position if the Contract, exchange, or asset rate reaches a level specified by you in advance. However, in a volatile market, there may be a substantial time lag between order placement and execution. This can mean that the entry or exit price may be significantly lower or higher than the price at which the sell (or buy) order (including a stop loss order) was placed. This is known as “gapping”, and ThinkMarkets does not guarantee that the stop loss order will be successful in limiting your downside risk, which may be greater than you initially anticipated.

Leverage risk

Trading Margin FX Contracts and CFDs involves a high degree of Leverage. You can outlay a relatively small Initial Margin, which secures a significantly larger exposure to an underlying share, share index, commodity, or currency. The use of products like these magnifies the size of your trade, so your potential gain and your potential loss is equally magnified. You should closely monitor all your open positions. If the market moves against you and your Initial Margin deposit is proportionately diminished, we may automatically close out your position by entering an equal and opposite position once pre-set limits are triggered (refer to the example of Margin Close Out in section 2.3 above). Any remaining balance will be returned to you.

Fees and charges

It is possible that you enter a trade with us and the underlying share, share index, commodity or currency moves in your intended direction, but you still end up with less than you started with after closing your position. This can happen because of the combined effect of the spread between bid and offer prices, and the negative rollover interest (Financing Charge) that could apply on consecutive days that a Contract is held open.

Suspension or trading halt of the underlying share, share index, commodity or currency

In the event of an underlying share, share index, commodity or currency being suspended, we have discretion to re-price open positions, close out positions, or change the Margin requirements on a position without notice.

Liquidity risk

In some circumstances it may difficult or impossible for you to open a position (including closing out an existing position) or open a position at the price you wish to trade, because of a lack of liquidity in the underlying instrument. This can happen, for example, when there are not enough trades being made in the market for an underlying instrument causing a significant change in the price, value, or rate of an underlying instrument over a short period of time or our inability to hedge our own risk. This may give rise to substantial losses. For example, you may not be able to close out a position at a pre-determined stop-loss level, and the position may instead be closed at a substantially worse level.

Opportunity cost

Once you have locked in your price you will not be able to take advantage of subsequent favourable rate/price movements (should that occur) in relation to your existing position. On the other hand, you will be protected from any future adverse movements.

Not a regulated exchange

The products offered by us are OTC products and are not trade on a regulated exchange. This means they are not covered by the protections for exchange-traded products arising from domestic or international exchange rules (such as guarantee or compensation funds).

Volume limits

As a risk management tool and at our sole discretion, we may impose volume limits on client Accounts.

(2) ***Issuer risks***

Counterparty risk

You are subject to counterparty (or credit) risk. This is the risk that we become insolvent and are unable to meet our obligations to you.

We have adopted a policy to manage the counterparty risk that derives from client trades. For hedging purposes, we may immediately enter a trade (bearing the same economic details as the client trade) with our prime brokerage(s) once a client trade is completed. Any such hedge trade will be entered into on a principal-to-principal basis and is entered into with our own funds (not Client Monies). We may, in some instances, act as a counterparty to client trades and leave those trades unhedged. You have an indirect exposure to our prime brokerage(s) because if any of those parties were unable to meet their obligations to us, it could impact our ability to meet our obligations to you. We only select brokerage(s) whom we are comfortable have appropriate financial standing and experience.

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

(3) ***Risks when entering or settling the derivatives***

Systems Risks

We rely on technology to provide our trading facilities to you. A disruption to the facility may mean you are unable to trade when you want to. Alternatively, an existing transaction may be aborted because of a technology failure. An example of disruption includes the "crash" of the computer systems used to operate the online facility. We manage this risk by having state-of-the-art IT systems and back-up measures.

Cyber security risks

Cyber security risks are a major threat to businesses around the world. We cannot guarantee against third party interference to our website and trading facility or as to the technology provided by third parties on which we rely. This means you may be exposed to issues arising from any third-party interference that may occur.

Examples include: Unauthorised access to our or your IT systems or devices, data breaches, business interruption, errors in pricing feeds, or inability to access your trading account or close positions. In the worst-case scenario, financial loss may occur. ThinkMarkets takes this risk seriously and manages it by ongoing monitoring of its IT systems, and protection and back-up measures (including virus protection software). You can limit your risk by ensuring that you have up-to-date software for the devices that you use to access our trading facilities and ensuring that you use strong passwords that are kept confidential and secure.

Use and access to our website.

You are responsible for providing and maintaining how you access our website. This may include, without limitation, a personal computer, modem and telephone or other access system available to you.

While the internet is generally reliable, technical problems or other conditions may delay or prevent you from accessing our website. If you are unable to access the internet and thus, our online facility, it may mean you are unable to enter transactions when desired and you may suffer a loss as a result.

Latency and price feed risk

Internet connectivity delays and price feed errors sometimes create a situation where the prices displayed on our trading screen do not accurately reflect market rates. We are not responsible for any loss that you sustain as a result, and ThinkMarkets may take action to recover any loss sustained as a result, including repairing, reversing, opening, and/or rolling over new or existing positions.

Using Third Party Plug-ins

Third party plug-ins can be risky. They are often called “expert advisers” or “mirror trading plug-ins”. They may enable your Account to mirror trades made by third party asset managers or signal providers. They may claim to exploit price latency across platforms or markets. They may promise exceptional returns. Our platforms let you plug-in third-party applications to help you trade. Some charge you fees, and others do not. Some are approved by us, and others are not.

Regardless of our approval, we are not responsible for, and will not indemnify you from, reliance on any statements made by their makers or promoters, or any loss incurred in connection with third party plugins that you use.

You should never provide your Account username or password to a third party – to do so would be a breach of your contract with us. You are wholly responsible for managing the risks (including the risk of loss) associated with using third party plug-ins.

4. Fees

There are several costs, fees, and commissions that you may be required to pay us, to use our services:

Type	Description
Spread cost	Margin FX Contracts and CFDs incur costs relating to the spread, which is the difference between the bid price and offer price. The “bid price” is the price at which we are willing to buy the product from you and the “offer price” is the price at which we are willing to sell to you. Taking the example of a foreign currency trade, we buy currency on the wholesale market and sell it to you after building in a spread. We also buy currency from clients and sell it to other clients after building in a spread. The price difference of this spread will depend on factors such as the size and value of the transaction and prevailing market rates. This spread is paid by you but is incorporated into the quoted rates and is not an additional charge or fee payable by you above those quoted rates. We earn a spread whenever you trade with us. **Example of a spread** If we quote 1.3157 (bid) and 1.3159 (offer) for EUR/USD on our online platform, then the spread of every Lot of EUR/USD is (1.3159-1.3157) x 100,000 (the Contract or Lot size) = USD20. This spread will be deducted from your Account balance while you click “buy” or “sell” on the platform.
Commission	A commission may be charged to you in addition to the spread on each transaction, depending on which of our trading platforms and account type you select. This is defined in our account types page found on our website and also inside the client portal found at :*http://portal.thinkmarkets.com/nz*. The commission charged will be between 0% and 5% of the executed opening and closing transaction value. If you use our services via a third party such as an introducing broker, you may also be charged a commission by us, on their behalf, in one of two ways: • a fixed amount for each transaction (e.g., USD 2.50 per side of 100,000 bought and sold); or • an amount that is added to the existing spread (e.g. an extra 2 basis points (0.02%) to the spread). The precise commission that will be payable by you will depend on several factors, including the volume of trading you undertake, the platform you use, and the products and services you acquire from or through us.
Financing Charge	You may earn or pay interest (**financing charges)** by entering and holding a Margin FX Contract or CFD overnight. The interest rate you earn or pay depends on the type and size of products that you buy or sell, the interest rate differential between the Currency Pair you have bought/sold, and the duration of the rollover period. Rollovers can earn you money if you’re long the currency with the higher interest rate and short the currency with the lower interest rate, and the reverse is true if short the higher interest rate currency. Interest rates are calculated on an on-going basis and subject to change due to many macroeconomics factors including, but not limited to, the interest rates and monetary policies of central banks and the liquidity in the international banking system. ThinkMarkets may adjust interest rates at any time based on the market conditions and its own positions in the market without notice to the client. Your Account balance will be automatically credited or debited with overnight interest by the next business day or sooner.

Time Zones

Financing Charges accrue if you hold your position from or later than 5pm New York time. At 5pm New York time, any open positions will be subject to rollover interest, and the cost (and its impact on your Account balance) will be displayed within one hour, on your online Account.

Weekends and Holidays

As most international banks do not operate during the weekend, the general rule of banks is to apply a set rate of interest during Saturdays and Sundays and on some public holidays. This means that the foreign exchange and bullion markets calculate interest over these periods. To balance this, you will be charged triple the swap rate on Wednesday, that is the Wednesday rate is taken and multiplied by three (to take account of the period Friday – Monday).

Margin FX Contracts

With a Margin FX Contract, if the currency you notionally bought is from a country that has a lower interest rate than the currency you sold, you would need to pay the difference, and your Account would be deducted accordingly. The reverse also applies, so in some instances you may be paid interest.

Example of Margin FX Contract rollover interest

Here's an NZD/USD example. If you choose to buy a Margin FX Contract for the NZD/USD currency pair, you are buying NZD and selling USD. If the NZD interest rate is 3.25% per annum and the USD interest rate is 0.25% per annum, you are buying a currency with higher interest rates, and so you will earn overnight interest at a rate of 3% (the difference between the two rates) divided by 365 if you hold your position overnight.

The opposite transaction has the opposite effect. So, if you sold NZD and bought USD, and held the position overnight, your Account would be debited by 3% of the Contract size, divided by 365.

CFDs over gold and silver

With CFDs over gold and silver, interest is calculated according to a formula, which is:

(Contract's opening price)
x (Contract size)
x (Buy/Sell interest rates) / 365
x (Lots)
x (Days).

Example of Gold or Silver CFD rollover interest

Long Trading Position

You wish to buy 2,000 CFDs at USD20.00 and decide to hold the position overnight.

2,000 x USD20.00 = USD40,000. This is the value of your position.

You are then charged interest at the official overnight cash rate +2.0%.

This is then multiplied by your total market exposure, and then divided by 365 days in the year to give your daily overnight rate.

1. 5.50%* + 2.0% = 7.50%
2. USD40,000 x 7.50% = USD3,000
3. USD3,000/365 = USD8.21
4. USD8.21 will be debited from your Account for every night you hold this position.

	Short Trading Position You wish to sell 2,000 CFDs at USD20.00 and decide to hold the position overnight. 2,000 x USD20.00 = USD40,000. This is the value of your position. You are then credited an amount calculated by using the official overnight cash rate less 2.0% - a typical adjustment for a leveraged product. This is then multiplied by your total market exposure, and then divided by 365 days in the year to determine the daily overnight rate paid to you. 1. 5.50%* - 2.0% = 3.50% 2. USD40,000 x 3.50% = USD1,400 3. USD1,400/365 = USD3.84 4. USD3.84 will be credited to your Account for every night you hold this position. *Rates based on the official overnight cash rate. This rate is subject to daily market fluctuations depending on the CFD being traded.
Conversion cost	If you instruct us to place a trade where the base currency is in a foreign currency, you will need to convert your NZD or other currencies into the required foreign currency through a bank and deposit the money into your Account. The bank will charge you for this service. Alternatively, we may convert your funds by first quoting you a spot price pursuant to our Terms and Conditions. If you choose to accept our quoted prices, then the transaction will usually take place immediately, upon receipt of your cleared funds. The new currency will be delivered to your Account. We will be remunerated by the difference between the rate at which we buy and sell to you the currency (also called the “Spread cost” – see above).
Interest on client money	ThinkMarkets places client moneys into our client funds trust account. ThinkMarkets is entitled to retain any interest (which is calculated daily) on positive balances in the client funds trust account.
Card payment	ThinkMarkets may charge you a fee for accepting a card payment from you. This fee will be a percentage of the face value of the payment, as displayed on our website from time to time. It is deducted immediately when the transaction occurs.
Withdraw Fees	ThinkMarkets does not charge a fee to process a withdraw. Fees may be deducted from your withdraw amount by your bank or payment processing provider.
Negative Balance	ThinkMarkets does not charge a fee on accounts with a negative balance
Administrative charges	ThinkMarkets will charge a fee for the following administrative services when they are requested by you, or people authorised to trade on your behalf: Hard copy duplicate statement (posted to you) — NZD25 per statement The above administrative charges will be deducted from your Account shortly after the relevant event happens (e.g., if you request a document from us). These fees are subject to change.
Plug-ins	Some third parties offer plug-ins to our platforms. Some providers of these plug-ins will charge you fees for their services directly. Others will charge fees that we will take directly out of your Account and remit to them.

When making payments due to us, unless otherwise agreed:

- payments should be made in the Base Currency of your Account;
- we reserve the right to charge an administration fee for processing any payments by debit or credit card;
- your Account will be credited with the net cleared Monies received after all bank fee deductions, administration fees and any other costs of transfer incurred in relation to the payment;
- we do not accept cheques; and
- we do not accept physical cash or payments from third parties.

Any sums that you owe to us must be paid in one of the following:

- by online bank transfer;
- by international telegraphic transfer; or
- by payment through a credit card or electronic gateway provider.

Refer to Sections 10 and 11 of our Terms and Conditions for more information.

5. How ThinkMarkets treats funds and property received from you

Monies deposited by you, with ThinkMarkets (including Margin) (**Client Money**) will be segregated from ThinkMarkets' own money and held on trust in one or more bank accounts. Your funds will be pooled with the Client Money of our other clients, which is also held on trust.

ThinkMarkets must comply with the rules in the FMC Regulations around reconciling the trust account and how/when Client Money can be used. in accordance with applicable laws (including the requirements under the Financial Markets Conduct Act 2013 and the Financial Markets Conduct Regulations 2014 (the **FMC Regulations**). Reconciliations are conducted daily. This helps to ensure your funds are protected should ThinkMarkets become insolvent.

ThinkMarkets does not use Client Money to hedge, counteract or offset the risk associated with derivatives transactions (what is known in the FMC Regulations as "authorised hedging activities"), and only uses its own funds for that purpose.

All Client money controls and procedures are subject to annual checks by our external auditor.

Client Money ceases to be held on trust and may be withdrawn from our client money trust account only in prescribed circumstances permitted under the FMC Regulations and our Terms and Conditions, including if the Client Money is:

- repaid to you;
- used in the settlement of a Margin FX Contract or CFD with you;
- used to acquire a Margin FX Contract or CFD with us in accordance with your express instructions; or
- used to pay fees and charges authorised by you.

By using our services, you relinquish the right to any interest on funds deposited in our client moneys trust account.

How to withdraw funds from ThinkMarkets

Clients can request a withdrawal via the client portal for any Available Margin. The client portal can be accessed at http://portal.thinkmarkets.com/account/login. To request a withdrawal, please log in to your client portal and submit your request by going to Funding > Withdraw Funds.

Third-party withdrawals are prohibited. We operate a "return to source" policy. All client funds withdrawn via Bank wire must be sent to a verified external bank account that is in the same name as their ThinkMarkets account.

Withdrawals are processed within business hours and typically are processed on the same day however processing may take up to 2 business days. it can take between 1-7 business days for you to receive your funds. The company cannot be held liable for any deposit/ withdrawal processing delays that are caused by payment systems. Clients are unable to withdraw funds if they are on margin call and all funds must be cleared before ThinkMarkets will release any payments. Further information about ThinkMarkets is available on our website (*www.Thinkmarkets.com/nz*).

6. About ThinkMarkets

ThinkMarkets is an Australian-incorporated derivatives issuer providing Margin FX Contracts and CFDs through an online trading platform. ThinkMarkets is registered with the Australian Securities and Investments Commission under ABN 69 158 361 561 and is the holder of Australian Financial Services Licence 424700.

ThinkMarkets Ltd is also registered Financial Service Provider **(FSP623289)** and holds a Derivative Issuer Licence issued by the Financial Markets Authority in New Zealand. *ThinkMarkets* is a trading name of TF Global Markets (Aust) Pty Ltd (*www.ThinkMarkets.com/nz*).

Further information about ThinkMarkets is available on our website (*www.Thinkmarkets.com/nz*).

Address: Baker Tilly Staples Rodway Auckland Ltd, 9th Floor, 45 Queen Street, Auckland, 1010, NZ

Phone Number: +64 3 668 4583

7. How to complain

ThinkMarkets aims to provide superior customer service to each of its clients. If you are dissatisfied with any aspect of our service, please give us the opportunity to answer your questions and resolve your query.

If you wish to lodge a complaint:

1. Inform the ThinkMarkets Client Services Team and/or your Account Manager with details of your complaint. You can call us on +64-3-668-4583 (within New Zealand) or +61-3-9093-3400 (in Australia); or alternatively email us at *support@Thinkmarkets.com*. We will investigate the issue and will try to resolve it.

2. If the matter is still unresolved to your satisfaction, please ask the staff member that has been dealing with your case to escalate your complaint to their Line Manager and a reference number will be provided to you. we will try to resolve your complaint within 21 days from the day of the initial complaint.

   ThinkMarkets is a member of an independent dispute resolution scheme operated by Insurance & Financial Services Ombudsman Scheme (**IFSO**). After contacting us as above, if you are still unhappy about how ThinkMarkets have assisted you with your complaint, you can contact IFSO. Full details of how to access the IFSO scheme can be found on their website (*www.ifso.nz*). There is no cost to you to use IFSO services.

IFSO's contact details are as follows:

IFSO Scheme
PO Box 10-845
Wellington 6143, NZ

Telephone: 0800 888 202

8. Where you can find more information

Further information relating to ThinkMarkets (including any financial statements) and our Margin FX Contracts and CFDs is available from the Disclose Register online at *www.discloseregister.companiesoffice.govt.nz*. A copy of this information is available on request from the Registrar of Financial Service Providers.

In addition to information on the offer register, more information is available on our website (*www.Thinkmarkets.com/nz*), including:

- the application form to open an Account with us; and
- a copy of our Terms and Conditions

or send an email request to compliance@thinkmarkets.com

No fees are charged for standard information requests.

9. How to enter into Client Agreement

To transact with us, you will first need to establish an Account by completing our application form (see further section 2.1 of this PDS (*Entry into a Margin FX Contract or CFD and alteration and termination rights*)).

By opening an Account, you agree to our Terms and Conditions and this PDS. We recommend that you consider seeking independent legal advice before entering our Terms and Conditions, as the terms detailed in it are important and affect your dealings with us. https://portal.thinkmarkets.com/account/individual

Derivatives are high-risk investments. You must acknowledge your understanding of dealing in derivatives, together with the risks involved, before you can become a client. Before you can become a client, we will also need you to provide information about your knowledge, experience, and level of understanding of derivatives, to enable us to assess whether the Contracts are suitable for you.

If we are not satisfied that you can understand these types of derivatives and the risks involved, we cannot accept you as a client.

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

- we are required to request information from you to assess whether the Contracts are suitable for you; and

- without this information, there is a strong risk we will not be able to assess whether you have the necessary ability to understand the Contracts and the risks involved.

We strongly advise you to provide us with any requested information that we believe is necessary to enable us to assess suitability.

10. Glossary

Account means your account with us that you use to trade the derivatives covered by this PDS.

AUD means Australian Dollars.

Available Margin Your "Available Margin" means Equity less your current Total Margin requirement and has the meaning given in item 16 in the table in section 2 (*Key features of these derivatives*).

Base Currency means the currency in which your Account is denominated. Any profit or loss on a trade is converted into the Base Currency.

Business Day means a day on which commercial banks of the underlying currencies are open for business.

Contract means a Margin FX Contract or a CFD.

Contract For Difference (CFD) is a Leveraged financial instrument that changes in value by reference to fluctuations in the price of an underlying instrument such as a share, a share index, a commodity, or a foreign currency.

Currency Pair means the value of one named currency relative to another named currency.

Dividend is a distribution made by the underlying asset (company) to shareholders.

Dividend Adjustment means an adjustment (positive or negative) made to a position as a result of a Dividend being distributed. See item 22 in the table in section 2 (*Key features of these derivatives*).

EUR means the euro – the official currency of the European Union.

Equity Your "Equity" means the sum of the cleared Monies available in your Account and Unrealised Profit and Loss. Equity is stated on the trading platform has the meaning given in item 16 in the table in section 2 (*Key features of these derivatives*).

FX means foreign exchange.

Initial Margin is the initial deposit required by you before you can trade with us. See Step 2 in section 2.1 of this PDS (*Entry into a Margin FX Contract or CFD and alteration and termination rights*).

Initial Margin Requirement has the meaning given in item 17 in the table in section 2 (*Key features of these derivatives*).

Leverage is the ability to pay only a small amount of the value of an underlying asset as an initial payment to open a trade. Also known as "gearing".

Long refers to the 'side' of a position, in this case you will make a profit if the underlying asset increases in price. Long can also be referred to as a 'Buy' trade.

Lot Size refers to the size of a trade, this size will depend on the product/underlying asset e.g. 1 Lot NZD/USD is equivalent to a notional exposure of $100,000.

Margin has the meaning given in item 17 in the table in section 2 (*Key features of these derivatives*).

Margin Call has the meaning given in item 18 in the table in section 2 (*Key features of these derivatives*).

Margin Call Level means the percentage of Margin Level at which a Margin Call will be made.

Margin Close out is described in section 2.3 of this PDS (Margin Calls and Margin Close Out).

Margin Level refers to the equity or balance of funds in your Account.

Negative Balance refers to an account balance that has an equity value below zero.

NZD means New Zealand dollars. Unless otherwise specified, all dollar amounts referred to in this PDS are denominated in New Zealand dollars.

PDS means this Product Disclosure Statement.

PIP means the smallest possible move in a currency price. Example the minimum PIP size of EUR/USD is 0.0001

Short refers to the 'side' of a position, in this case you will make a profit if the underlying asset decreases in price. Short can also be referred to as a 'Sell' trade.

Spot Rate means the price that a Currency Pair, commodity, share or index is quoted at, for an immediate "on the spot" transaction. All prices quoted by us are quoted using the Spot Rate.

Spread is described in section 4 of this PDS (*Fees*).

Stop out Level means the level that will trigger a Margin Close Out

Terms and Conditions means the terms and conditions that you are required to agree to before you can use the products described in this PDS. You can obtain a free copy of our Terms and Conditions by contacting us using the details at the start of this PDS.

Total Equity has the meaning given in item 15 in the table in section 2 (*Key features of these derivatives*).

Total Margin Requirement has the meaning given in item 17 in the table in section 2 (*Key features of these derivatives*).

T+2 refers to a rule that most funds settle within 2 Business Days after the trade day.

Underlying Asset or Underlying Instrument means the asset or instrument (currency, commodity, index or share) the CFD is referenced to.

Unrealised Profit and Loss means the floating profit or loss on any open positions.

USD means United States dollars.