PRODUCT DISCLOSURE STATEMENT

CONTRACTS FOR DIFFERENCE

ISSUED BY

BL GLOBAL MARKETS LIMITED

8 October 2018

This document replaces the previous BL Global Markets Limited Product Disclosure Statement dated 11 April 2017.

This document provides important information about Contracts for Difference (CFD) to help you decide whether you want to enter into these derivatives. There is other useful information about this offer at http://www.companiesoffice.govt.nz/disclose.

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.

BL Global Markets Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013.

SECTION 1

KEY INFORMATION SUMMARY.

1. WHAT IS THIS?

This is a Product Disclosure Statement (**PDS**) for Contracts for Difference (**CFD**) provided by BL Global Markets Limited (**BL Global**, **we**, **us**, **our**). CFD are derivatives, which are contracts between you and us that may require you, or us, to make one or more payments to one another. The amounts that must be paid or received (or both) will depend on the price of the underlying currency or commodity (gold or silver) (each an **Underlying Instrument** and together, the **Underlying Instruments**). The contract specifies the terms on which those payments must be made.

2. WARNING

Risk that you may owe money under the derivative

If the price of the Underlying 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 ('Key Features of the Derivatives') of this PDS on how payments are calculated.

Your liability to make margin payments

We may require you to make additional 'margin' payments to contribute towards your future obligations under the CFD. These payments may be required at short notice and can be substantial. You should carefully read Section 2 ('Key Features of the Derivatives') of this PDS about your obligations.

Risks arising from issuer's creditworthiness

When you enter into derivatives with us, you are exposed to a risk that we cannot make payments as required. You should carefully read Section 3 ('Risks of these Derivatives') of this PDS and consider our creditworthiness. If we run into financial difficulty, the margins you provide may be lost.

3. ABOUT BL GLOBAL

We are a licensed derivatives issuer that offers the CFD described in this PDS primarily through our online trading platform. Please refer to Section 6 ('About BL Global') of this PDS for more information about us.

4. WHICH DERIVATIVES ARE COVERED BY THIS PRODUCT DISCLOSURE STATEMENT?

4.1 What CFD are covered by this PDS?

This PDS covers CFD issued by us in relation to the Underlying Instruments. The Underlying Instruments that we offer CFD in relation to are certain currencies and commodities (gold and silver).

4.2 What are CFD?

A CFD is a contract between two parties to exchange the difference between the opening and closing price of an Underlying Instrument, without either party owning, or having interests in, the Underlying Instrument.

CFD are leveraged financial products, meaning that you only need to deposit a small percentage of the total value of the contract in order to open a position and gain exposure to the full value of the contract.

Profits and losses are, however, calculated on the full value of the contract. This has the effect of magnifying your potential returns and your losses. This means that you could lose more money than you have deposited with us.

4.3 What are the key uses of CFD?

The two primary uses of CFD are to hedge exposure to underlying instruments, and to allow persons to speculate on the movement of the price of those underlying instruments, with the intention of profiting from the movements in price. Section 2 ('Key Features of the Derivatives') of this PDS discusses in further detail the key uses and the key benefits of CFD.

TABLE OF CONTENTS.

SECTION 2

KEY FEATURES OF THE DERIVATIVES.

1. WHAT ARE CFD?

A CFD is an agreement between two parties to pay the difference between the opening and closing price of an Underlying Instrument. The Underlying Instruments that we offer CFD in relation to are certain currencies and commodities (gold and silver). Set out below is a description of the key features of CFD.

Derivative financial products

CFD are 'derivative financial products', meaning, that the amount that one party to the CFD has to pay to the other party to the CFD is derived from the price of the Underlying Instrument. If the price of the Underlying Instrument changes, so too will the price of the CFD. Noting, however, that the price of the Underlying Instrument quoted by us may differ from the price of the Underlying Instrument on the open market.

CFD allow the parties to the contract to make a profit or loss from changes in the price of the Underlying Instrument without either party taking ownership of, or having interests in, the Underlying Instrument itself. This also means that no party has any of the rights associated with owning or having an interest in the Underlying Instrument.

Traded 'over the counter'

CFD are 'over the counter' derivative contracts, meaning that they are created and traded between two parties off market rather than on a recognised exchange (such as, the NZX). For the purposes of this PDS and the CFD contemplated by it, the two parties entering the CFD are you and us. Practically, this means that we are the counterparty to each trade you undertake, and positions can only be opened and closed with us.

Leveraged financial products

CFD are leveraged financial products, meaning that you only need to deposit a small percentage of the total value of the contract (known as a "**margin**") in order to open a position and gain exposure to the full value of the contract. Profits and losses are, however, calculated on the full value of the contract. This has the effect of magnifying both your potential returns and your losses. This means that you could lose more money than you have deposited with us and those losses could be substantial.

2. KEY BENEFITS AND USES OF CFD

The key benefits and uses of CFD are set out below.

2.1 Hedging

Hedging is the undertaking of a position to protect a former position already in place. CFD can be used to hedge your exposure to price movements that may affect your investment portfolio. Rather than selling your investments during a period of falling prices or volatile market conditions, you can mitigate your potential losses by selling the equivalent position using CFD. If the price falls, then the profit earned from the decrease in prices may offset the losses incurred on the value of the physical holdings contained in your investment portfolio.

Example - Hedging:

If a New Zealand exporter/importer wants to lock in an exchange rate that they believe is good, he/she can buy/sell NZDUSD to lock in profit/loss to a certain amount and avoid exposure to changes in the foreign currency price.

2.2 Speculating

Speculating is taking on a position with the expectation of benefiting from a movement in its value in your favour. CFD allow persons to speculate on the movement of the price of the Underlying Instrument, with a view to making a profit.

Example - Speculating:

Jim notes that gold is trading at 1,600 NZD per 100 ounces and expects the price to rise. He "buys" or "goes long" on a CFD priced at 1,600 NZD per 100 ounces with the intention of "selling" it later at a higher price to close his position and make a profit.

This example is provided for illustrative purposes only. It is an example of one situation only and does not reflect the specific circumstances or the obligations that may arise under a derivative entered by you.

2.3 Leverage

Leveraging allows you to gain greater exposure to an Underlying Instrument without having to commit the full value of the contract from the outset. Using leverage, you pay a deposit to us which represents a small percentage of the full value of the contract and we, in essence, loan you the rest. Profits and losses are calculated on the full value of the contract (i.e. your deposit and the money that we have loaned you), meaning that your potential profits are magnified but so too are your potential losses. These losses can exceed the amounts deposited with us and can be substantial.

Example - Leveraging:

2.4 If the leverage is 1:100 (1%), you only contribute 1% of the value of the Underlying Instrument. You are still legally entitled to the same gains or losses as if you had paid 100% of the value.

For example, Client A can use 1,000 NZD in the Trading Account as Margin to entering into a CFD with a value equivalent to 100,000 NZD.

2.5 Trade in both rising and falling markets

CFD allow you to trade on the price of an Underlying Instrument increasing, as well as the price of an Underlying Instrument decreasing. This enables you to trade in both rising and falling markets. Paragraph 3.3 ('Entering into CFD') below provides further detail on the type of positions that you can take if you think that the price of the Underlying Instrument will increase and/or decrease.

2.6 No Expiry

The CFD that we offer do not have an expiry date. This means that a position will remain open until it is closed by you or us. Paragraph 3.6 ('Closing out a position / terminating a CFD') below provides further detail on how, and when, a position may be closed.

3. ENTERING CFD AND RIGHTS TO ALTER TERMS OR TERMINATE A CFD

Set out below is an overview of how to enter CFD with us, how to alter the terms of CFD and how to terminate CFD.

3.1 Create a Trading Account

You require a trading account with us (**Trading Account**) in order to trade CFD with us. To open a Trading Account, you must first become a client of ours. Section 9 ('How to enter into a Client Agreement') of this PDS provides further information on our client application process.

3.2 How to trade CFD

Once you have been accepted as a client, you can commence trading CFD with us either through our online trading system, MetaTrader 4 (**Trading Platform**), or by contacting our Dealing Room using the contact details set out in Section 6 ('About BL Global') of this PDS.

3.3 Entering into CFD

To trade CFD with us, you will be required to open and close positions. Opening a position is the first action that you will need to take. Set out below is a high-level overview of how to open a position with us.

Select an Underlying Instrument

You will first need to decide which Underlying Instrument you wish to open a position in relation to. We offer CFD in relation to the following:

- ***Forex*** - specifically, most major currency trading pairs. The Trading Platform specifies which currency pairs we offer CFD in relation to.
- ***Commodities*** - specifically, gold and silver.

Choose to buy (go long) or sell (go short)

You will then need to decide if you are going to take a "**buy position**" or "**go long**", or if you are going to take a "**selling position**" or "**go short**". If you are of the view that the price of the Underlying Instrument is going to decrease, you will open a short CFD (i.e. go short). If you are of the view that the price of the Underlying Instrument is going to increase, you will open a long CFD (i.e. go long).

CFD are quoted in two prices

- The **bid price** (also known as a sell price). The bid price is the price that you open a short CFD.
- The **offer price** (also known as a buy price). The offer price is the price that you open a long CFD.

The quoted bid price and the quoted offer price are determined with reference to the current market price for the Underlying Instrument. The bid price, however, will always be lower than the current market price for the Underlying Instrument and the offer price will always be higher than the current market price for the Underlying Instrument. The difference between the two prices is known as the "**spread**". Spread is a fee that we earn from the trade. Spread is discussed in further detail in Section 4 ('Fees') of this PDS.

Example - Quotes:

For example, a 0.01 Lot in NZDUSD means a contract size with 1000 (0.01*100,000) NZD. A contract size of 5.5 Lot in Gold means 550 (5.5*100) ounce gold.

Determine the size of the contract

CFD are traded in units. We refer to these units as "**Lots**". Lots are set to a standardised quantity which varies depending on the Underlying Instrument being traded. The size of the Lots in relation to the

Underlying Instruments that we offer CFD in, are set out in the table below.

UNDERLYING INSTRUMENT	CFD UNIT
Forex (currency)	1 Lot = $100,000 (NZD)
Commodity (gold)	1 Lot = 100 ounces
Commodity (silver)	1 Lot = 5000 ounces

Minimum and maximum trade sizes will be communicated to you through the Trading Platform.

Manage your risk

The Trading Platform offers tools to assist you in managing your potential losses and securing profits. Most notably, "**stops**" and "**limits**".

A "**Stop-Loss"** is an order to close out your position at a specific price. We do not, however, guarantee that your position will be closed out at the exact price specified. The market could "**gap**" and you could experience slippage causing you to lose more money than you anticipated. "**Price gapping**" and "**slippage**" are discussed in further detail in Section 3 ('Risk of Derivatives') of this PDS.

A "**limit**" is an instruction to close your position at a certain profit. Limits enable you to secure profits and can be useful in volatile markets. Limits can, however, prevent you from benefiting from further price movements in your favour.

The above are examples of two types of orders that can be placed on our Trading Platform. For more information about the types of orders that be placed on the Trading Platform, please contact us using the contact details contained in Section 6 ('About BL Global') of this PDS.

Margin

In order to open and maintain a position, you will need to deposit money into your Trading Account. This money is known as "**margin**" and is discussed in further detail in paragraph 4 ('Margin') below.

Confirmation

The bid price and offer price listed on the Trading Platform, or which are quoted to you by one of our Dealers over the phone, are quotes only and are not offers to contract. Instead, you will be deemed to be making an offer to us to trade at the quoted prices when you click 'buy' or 'sell' on the Trading Platform or accept a quote to 'buy' or 'sell' by telephone. We may accept or reject your order in our sole discretion. When you trade by telephone, your instructions to open or close a CFD must be given to our Dealer during the same telephone conversation in which the quote was given.

An order will be deemed accepted and legally binding when it has been recorded as executed by us and we send you a confirmation. The confirmation will appear in the Trading Platform. If you do not receive a confirmation from us, or if the details contained in the confirmation are incorrect, you must contact us immediately. If you do not receive a confirmation, then no trade will have occurred. If the details contained in the confirmation are incorrect and you do not notify us of this fact, then the confirmation will be deemed to have been accepted.

3.4 Holding and monitoring a position

Monitor positions

Once you have opened a position, the movement in the price of the Underlying Instrument will affect your profit and loss. The Trading Platform allows you to monitor, among other things, your open positions and your profit and loss in real time. You can also enter new stops and limits, and amend and remove existing ones.

Continuing Margin

If the market moves against your position (i.e. there is an adverse price movement in the Underlying Instrument), we may require you to deposit further money into your Trading Account to maintain the required level of "**Total Equity**". This is known as "**Continuing Margin**". Continuing Margin and Total Equity are discussed in further detail in paragraph 4 ('Margin') below.

Holding Costs

If you hold a position overnight, it will be rolled to the next trading day which will result in you paying a "**Swap Charge**" or you receiving a "**Swap Benefit**". Section 4 ('Fees') of this PDS discusses Swap Charges and Swap Benefits in further detail.

3.5 Rights to alter the terms of a CFD

Your rights

The only right that you have to alter the terms of a CFD is to "partially close" out a position. A position can be partially closed out by following the process described below in paragraph 3.6 ('Closing out a position / terminating a CFD').

Our rights

We may, at any time during the term of the CFD, vary the Margin Percentage. Paragraph 4.2 ('Initial Margin') below discusses in further detail how we can vary the Margin Percentage and the effect that it will have on your open positions.

The Client Services Agreement sets out other circumstances where we may alter the terms of a CFD. We recommend that you read the Client Services Agreement carefully and familiarise yourself with, among other things, these circumstances and what actions we can take should they arise.

3.6 Closing out a position / terminating a CFD

Our CFD have no expiry

The CFD that we offer have no set expiry. This means that your positions will remain open until those positions are closed by you or us, or by either party terminating the relationship in accordance with the Client Services Agreement.

How to close out a position

Closing a position requires you to take the opposite action that you took when opening the position originally. This can be done by you manually or, you can set parameters on the Trading Platform that if met, the Trading Platform will automatically close out your position. These parameters include "**take profit**" and "**stop loss**". Note, there is no guarantee that your position will be closed at the exact price specified. This, as noted above in paragraph 3.3 ('Entering into CFD'), is known as "price gapping" and "slippage" which are discussed in further detail in Section 3 ('Risks of Derivatives') of this PDS.

Our rights to close out a position

We may close out some, or all, of your positions in certain circumstances. These circumstances are called "**Events of Default**" and are set out in the Client Services Agreement. We recommend that you read the Client Services Agreement carefully and familiarise yourself with, among other things, what circumstances will constitute an Event of Default and what action we can take should an Event of Default arise. An example of an Event of Default is where your Total Equity falls below 50% of the Continuing Margin. If this occurs, your position or positions will be automatically closed by the Trading

Platform. This is known as a "**Stop Out**" and is discussed in further detail in paragraph 4.4 ('Stop Out') below.

<u>Terminating a CFD</u>

Either party may terminate our relationship by providing the other party with notice of their intention to terminate the relationship in accordance with the Client Services Agreement. Upon termination of our relationship, all your positions will be closed out and all amounts owing by either party will become immediately due and payable.

<u>Amounts payable</u>

If a position is closed at a loss, that loss will be immediately deducted in real time from your Trading Account. If a position is closed at a profit, that profit will be immediately credited to your Trading Account. Paragraph 5 ('Calculating the amounts payable') below provides further detail on how to calculate the amounts payable in relation to the CFD that we offer.

3.7 Reports / Statements

<u>Daily Report</u>

You have an opportunity to opt-in to receiving daily emails summarising your daily trading activity (**Daily Report**). Where you opt-in to receiving the Daily Report, the Trading Platform will automatically generate a Daily Report. The Daily Report provides an account summary that includes account balances, and open and closed positions.

4. MARGIN

4.1 Overview of Margin

"**Margin**" is the money that you are required to deposit into your Trading Account to open positions with us and maintain those positions. There are two types of margins to be aware of when trading with us: "**Initial Margin**" and "**Continuing Margin**".

The Initial Margin is the amount of money that you need to open a position with us. It represents a small percentage of the full value of the contract and is the minimum amount of money that we require from you. Initial Margin and Continuing Margin are discussed in further detail in paragraphs 4.2 ('Initial Margin') and 4.3 ('Continuing Margin').

4.2 Initial Margin

The Initial Margin that we require from you when you open a position is determined as a percentage of the value of the CFD and is calculated using the formula set out below. The Trading Platform will specify the Initial Margin required to open a position.

<u>Initial Margin Formula</u>

Initial Margin = (CFD Price X CFD Units) x Margin Percentage

CFD Price means the price per CFD Unit.

CFD Units are discussed in paragraph 3.3 ('Entering into CFD') above.

Margin Percentage is determined by us in our sole discretion at the time of entering the CFD after having regard to the following factors:

- **Account Type**: We currently only offer our clients a "**Standard Account**". A Standard Account entitles our clients to leverage their position using a ratio of 1:100. This means that for every

$1 deposited by a client, that client may trade up to $100. As a starting point, the Margin Percentage applied to a Standard Account will be 1% of the value of the CFD. The value of the CFD is the CFD Price x CFD Units.

- **Market factors**: Prevailing market conditions such as the volatility of the Underlying Instruments that make up the CFD and market liquidity.
- **Client factors**: Factors relating to the client including, for example, the duration of the relationship with the client and the deemed creditworthiness of the client.
- **Regulatory requirements**: Regulatory requirements existing at the time.
- **Other factors**: Any other circumstance that we deem relevant in our sole discretion.

Changing the Margin Percentage

We may, at any time during the term of the CFD, vary the Margin Percentage after having regard to the factors set out above. We will notify you in writing of any variation to the Margin Percentage. The variation will take immediate effect following that notification and will have retrospective application, meaning that it will automatically adjust any positions that are open at the time that the Margin Percentage was varied.

Total Equity

You may only open a position if the Total Equity in your Trading Account exceeds the value of the Initial Margin. Total Equity refers to:

- cash balance in your Trading Account;
- unrealised profits and losses in your Trading Account; and
- adjustments required for costs and fees payable by you to us and which are discussed in Section 4 (Fees) of this PDS.

The Total Equity in your Trading Account is communicated to you through the Trading Platform on a continuous basis.

Example – Initial Margin:

If you purchase 1 Lot of NZDUSD which equals 100,000 NZD with 1:100 (1%) leverage, the initial margin required for this position equals 100000NZD/100=1000NZD.

4.3 Continuing Margin

You are at all times required to ensure that your Total Equity exceeds the aggregate of the Initial Margin requirements for all open positions held with us (**Continuing Margin**). The Continuing Margin will be calculated on an ongoing basis and will be communicated to you through the Trading Platform on a continuous basis.

Where there is a shortfall between the Total Equity and the Continuing Margin (**Continuing Margin Shortfall**), the Trading Platform will mark the balance of your Trading Account red until you deposit further cleared funds into our Client Trust Account and there is no longer a Continuing Margin Shortfall.

Example – Continuing Margin:

For example, Client A has 1000 NZD in his account and has purchased 1 Lot of NZDUSD. In this case, the initial margin is 1000 NZD while the total equity is 1000 NZD. However, if the client loses 200 NZD, the equity of the investor is 800 NZD and is below the 1000 margin level. In this case, we suggest the investor should deposit more funds to increase the equity level to ensure it exceeds the required margin.

Margin Calls

We will not make Margin Calls. It is your sole responsibility to monitor your Continuing Margin requirements.

4.4 Stop Out

Where your Total Equity falls below 50% of the Continuing Margin, your position or positions will be automatically closed by the Trading Platform (previously defined as a **Stop Out**). This will occur without prior notice and the positions closed will be selected by us, in our sole discretion.

You will be made aware of the Stop Out through the transaction history available on the Trading Platform and in the 'Closed Transaction' section of the Daily Report. Refer to paragraph 3.7 ('Reports / Statements') for further information on the reports received from the Trading Platform and their contents.

Example – Stop Out:

For example, Client A has 1000 NZD in his account and has purchased 1 Lot of NZDUSD. In this case, the initial margin is 1000 NZD while the total equity is 1000 NZD. If client A has a stop out level of 50%, their position may be closed by BL Global when the equity falls below 500 NZD.

5. CALCULATING THE AMOUNTS PAYABLE

5.1 The amounts payable under a contract

Trading Platform

The Trading Platform calculates all amounts payable. This calculation is completed in real time by the Trading Platform.

Currency

Your Trading Account will be maintained in either NZD or USD (which you can nominate). All amounts will be calculated and debited or credited to your Trading Account in the nominated currency of your Trading Account (**Base Currency**). If a trade is denominated in a currency other than your Base Currency, your unrealised profit or loss will be calculated in real time using the current exchange rate between the currency of the trade and your Base Currency.

SECTION 3

RISKS OF THESE DERIVATIVES.

1. OVERVIEW OF RISKS ASSOCIATED WITH CFD

This section sets out our view of the material risks associated with the CFD that we offer, and which are described in this PDS. These risks have been categorised under the following headings:

- Product risks (paragraph 2 ('Product risks') below).
- Issuer risks (paragraph 3 ('Issuer risks') below).
- Risks when entering or settling derivatives (paragraph 4 ('Risks when entering or settling derivatives') below).

Important: CFD carry a high degree of risk and are not suitable for everyone. Due to the leveraged nature of CFD, trading these products may expose you to losses which may exceed the money that you have deposited with us. You should carefully consider whether CFD are appropriate for you.

2. PRODUCT RISKS

Set out below is our view of the material product related risks associated with CFD.

2.1 Market volatility

The value of a CFD is derived from the price of the Underlying Instrument and the price of the Underlying Instrument is based on market factors which can, at times, be unpredictable and volatile. Fast moving markets can make it difficult, or even impossible, to close out a position. It may also lead to "**gapping**". A gap in the markets is a break between prices that occurs when the price of a product (in the case of the CFD offered by us, the price in the Underlying Instruments) makes a sharp move up or down with no trading occurring in between or when the price of a product opens at a different price to the price that it closed at. When gapping occurs, it is possible that you will not have the ability to place an order between the two prices. There is also a risk that any "**Stop-Loss**" order in place may not be executed at the specified price and, as a result, your loss could exceed the loss you anticipated when the Stop-Loss order was placed. This is known as "**slippage**".

2.2 You can lose more than you deposit

CFD are leveraged products which allow you to gain exposure to the full value of the contract by only paying a small percentage of the value of the contract. Profits and losses are calculated on the full value of the contract, meaning that any move in the price of the Underlying Instrument will have a magnified effect on your returns and losses. This means that you may lose more than the amounts deposited with us, notwithstanding that the Trading Platform has features intended to minimise your risk of loss (such as a Stop Loss order or a Stop Out). These are not guaranteed, and you should not rely on them.

2.3 Involuntary closure of your positions

You must ensure that you maintain adequate Total Equity in your Trading Account to meet your Continuing Margin requirements. Failure to do so, may result in some, or all, of your positions being closed out. This is known as "Stop Out" and is discussed in Section 2 ('Key Features of the Derivatives') of this PDS. For this reason, we recommend that you carefully monitor your Total Equity and Continuing Margin on an ongoing basis. When monitoring your Total Equity, we also suggest that you take into account the effect that market volatility and rapid changes in the price of the Underlying Instruments may have on your positions and, consequently, the Total Equity in your Trading Account.

2.4 Foreign exchange risk

If you are entering CFD in a currency that is not the nominated Base Currency of your Trading Account, you are exposing yourself to foreign exchange risk. Where this occurs, your profit or loss will be determined by movements in the price of the Underlying Instrument and by the movements in the foreign exchange rate. Adverse foreign exchange rate movements could cause you to incur losses.

2.5 Fees and charges

There may be times when the spread charged by us is larger at the time that you close out a position than it was at the time that you opened the position. Further, depending on the positions that you hold, and how long you hold them for, you may incur Swap Charges. There is a risk that, even if the price of an Underlying Instrument does not move between the time of opening and closing your position, you could incur a loss because of these fees and charges.

2.6 You make a mistake

If you place an incorrect order, you will be responsible for the order and any applicable fees and charges.

2.7 We may not accept your order

When you place an order, we may, in our sole discretion, refuse that order. This may result in losses to you. We will not be responsible for these losses.

3. ISSUER RISKS

Set out below is our view of the material risks related to us as the issuer of the CFD described in this PDS.

3.1 Issuer risk

You are dealing with us as a counterparty to every contract. This means that in all cases, you will be reliant on our ability to meet our obligations to you under the terms and conditions of each contract. If we become insolvent for whatever reason, we may be unable to meet our obligations to you.

We must comply with the financial requirements imposed under our derivative issuers licence issued under the Financial Markets Conduct Act 2013. Our audited financial statements are available on the offer register by request to the Registrar at www.business.govt.nz/disclose.

Our creditworthiness has not been assessed by an approved rating agency. This means that we have not received an independent opinion of our capability and willingness to repay our debts from an approved source.

3.2 Hedging

You are exposed to the financial risks of the financial institutions BL Global enters into hedging or offsetting transactions with to manage our exposure. If BL Global is exposed to non-performance by financial institutions with whom it deals, then it may in turn affect the extent to which BL Global performs its obligation to you.

3.3 Conflict of interest

The CFD contemplated in this PDS are created and traded between you and us (i.e. we take the opposite position to you each time you open or close a position). This means that our interests may conflict with your interests.

3.4 We determine the prices quoted to you

The prices quoted in the Trading Platform and via dealers are provided by our counterparties who we consider to be market leaders. As such, the prices quoted via the Trading Platform may be different to other market prices.

4. RISKS WHEN ENTERING OR SETTLING THE DERIVATIVES

Set out below is our view of the material risks related to entering or settling CFD.

4.1 Trading Platform

We will make all reasonable efforts to ensure that the Trading Platform is stable and available to you continuously. We cannot, however, guarantee this. We do not accept any liability arising from the operation of the Trading Platform except to the extent stated in the Client Services Agreement.

You are responsible for ensuring that you have the requisite means to access the Trading Platform. This includes having access to the internet and possessing a device that can access the Trading Platform and which functions properly. If you are unable to access the Trading Platform, you may contact our Dealing Room via telephone using the contact details contained in Section 6 ('About BL Global') of this PDS.

4.2 Market volatility

In certain market conditions, there is a risk that it may be difficult or impossible to close your position. You may also be forced by us to close your position at a price that may cause substantial loss to you. Please refer to paragraph 2 ('Product risk') for further detail regarding risks associated with market volatility.

SECTION 4

FEES.

1. OVERVIEW OF FEES AND CHARGES

The following fees and charges may be payable by you to us:

- Spread (refer to paragraph 2 ('Spread') below for further discussion).
- Holding costs (refer to paragraph 3 ('Holding Costs') for further discussion).

There are no other fees or charges that will be payable by you.

We will deduct fees and charges incurred by you from your Trading Account at the end of the trading day. Details of fees and charges payable and / or deducted will be available on the Trading Platform.

2. SPREAD

"**Spread**" is the difference between the bid price and the offer price for a CFD that is quoted to you through the Trading Platform or by telephone by our Dealers. It increases the cost to you when entering into a contract. Spreads vary depending on a range of factors such as, the Underlying Instrument that the position relates to, and underlying market activity and liquidity.

Example - Spread:

The spread is the ask price minus the bid price. For example, the bid price of NZDUSD is 0.7200 while the ask price of NZDUSD is 0.7205 (0.7200/0.7205). The investor can only purchase on the ask price and sell at the bid price. If a customer purchases 1 Lot NZDUSD on 0.7205 and instantly sells 1 Lot NZDUSD, the selling price would be 0.7200 with spread of 0.0005.

3. HOLDING COSTS

When you hold a position overnight, it will be rolled to the next Working Day which will result in you paying a "**Swap Charge**" or receiving a "**Swap Benefit**". The amount of the Swap Charge or Swap Benefit is determined by us and depends on our "**Swap Rate**". The Swap Rate is a varying rate which is derived from the applicable interbank rate for the Underlying Instrument to which the position relates, the duration of the rollover period and the size of the position.

Swap Rates are available through the Trading Platform and are calculated on an ongoing basis by us. Swap Charges and Swap Benefits will be accrued and communicated to you through the Trading Platform. Your Trading Account will be adjusted by the value of the Swap Charge or Swap Benefit, whichever is applicable in the circumstance, with immediate effect after the Close of Business on the relevant trading day.

The Client Services Agreement provides further detail on Swap Charges and Swap Benefits.

Example – Swap Charge:

Assume the swap charge of AUDNZD is -3 points for trading the long side. If client A goes long in respect of AUDNZD, client A will pay 3NZD per Lot per day of swap overnight.

Example – Swap Benefit:

Assume the swap charge of NZDUSD is 1 point for trading the long side. If client A goes in respect of NZDUSD, client A will receive 3USD per Lot per day of swap overnight.

SECTION 5

HOW BL GLOBAL TREATS FUNDS AND PROPERTY RECEIVED FROM YOU.

1. INTRODUCTON

The section provides information in relation to the following:

- How we treat money received from you (refer to paragraph 2 ('How we treat money from you') below).
- How to make payments to us (refer to paragraph 3 ('How to make payments to us') below).
- How to make withdrawals (refer to paragraph 4 ('How to make withdrawals') below).

Other than client money, we do not hold any other client property.

2. HOW WE TREAT MONEY RECEIVED FROM YOU

Client Trust Account

All money received from clients is held on trust for the benefit of each respective client in a segregated client trust account (**Client Trust Account**). The Client Trust Account is held with Westpac New Zealand Limited; a New Zealand registered bank. Client monies are co-mingled with other client monies in the Client Trust Account.

Our Client Trust Account is operated in accordance with the requirements of our derivative issuers licence issued under the Financial Markets Conduct Act 2013 and the terms of our Client Services Agreement.

The Client Trust Account does not contain any other money, including our own money. In the unlikely event that we are placed under management or put into receivership or liquidation, client monies held in the Client Trust Account will remain the property of the clients on whose behalf the monies are held, unless those monies qualify for payment out of the Client Trust Account.

Interest on money in your Trading Account

Interest is not earned on client money held in the Client Trust Account. This means that you will not earn interest on the balance of your Trading Account.

Permitted use of client money

Payments out of the Client Trust Account may only be made in limited circumstances, including:

- making payments in accordance with directions received from clients;
- paying monies that are owed to us for 'out of the money' positions;
- paying monies that are owed to us for fees and charges as detailed in this PDS and authorised by the Client Services Agreement; and
- making a payment that is otherwise authorised by law.

Prohibited use of client money

Client money will not be used for any purpose other than as noted above. Prohibited uses include:

- satisfying our debts or liabilities;
- meeting our general operational obligations; or
- hedging activities.

3. HOW TO MAKE PAYMENTS TO US

Depositing money to our Client Trust Account

You may only deposit money to our Client Trust Account by electronic transfer from a New Zealand bank account that is in the same name as your Trading Account and which has previously been verified by us (**Registered Bank Account**). We will not accept any other form of payment. This includes payments from third parties.

Cleared funds

Money will be deemed to be cleared funds once it has been received by us and credited to your Trading Account. Money received will be processed during our normal business hours which are 10:00am to 6:00 pm.

If you are making an urgent payment to satisfy Continuing Margin requirements, we recommend that you contact us using the contact details set out in Section 6 (About BL Global) of this PDS and advise us of the same.

Currency

You may choose to transfer NZD or USD to us and you may request that we convert currency from NZD to USD on your behalf, or vice versa. If you are entering into CFD in a currency that is not the Base Currency of your Trading Account, you are subjecting yourself to foreign exchange risk. Section 3 (Risks of Derivatives) of this PDS discusses foreign exchange risk in further detail.

4. HOW TO MAKE WITHDRAWALS

You can request to withdraw money held in your Trading Account by completing a "**Withdrawal Form**" and emailing the completed Withdrawal Form to us at cs@blgm.co.nz. A Withdrawal Form can be found on our website or you can request one by contacting us. Our contact details are contained in Section 6 ('About BL Global') of this PDS.

Withdrawal requests will only be processed if there are sufficient funds in your Trading Account after taking into account any positions that are in the process of being closed, margin requirements and fees and charges.

We will process any withdrawal requests as soon as practically possible, but this may take up to two Working Days. Withdrawals will be paid by electronic transfer to your Registered Bank Account.

SECTION 6

ABOUT BL GLOBAL.

1. ABOUT BL GLOBAL

We, BL Global Markets Limited (FSP414426), are registered as a financial service provider on the Financial Service Provider Register and are licensed by the Financial Markets Authority under the Financial Markets Conduct Act 2013 as a derivatives issuer.

We are a New Zealand registered company that operates from Auckland, New Zealand. We are the issuer of this PDS and of the CFD described in this PDS. We offer the CFD described in this PDS primarily through our Trading Platform. We also facilitate trading over the telephone through our Dealing Room. Our Dealing Room operates 24 hours a day from Monday morning (NZST 10:00am) to the close of markets on Saturday (NZST 12:00pm).

2. CONTACT DETAILS FOR BL GLOBAL

Our contact details are as follows:

Office	Level 35, Vero Centre 48 Shortland Street Auckland 1010 New Zealand
Postal Address	BL Global Markets Limited PO Box 4408 Auckland 1140 New Zealand
Website	www.blgm.co.nz
Email	cs@blgm.co.nz
Phone	+64 9 367 6888 (*select stated option for Dealing Room*)

SECTION 7

HOW TO COMPLAIN.

1. MAKING A COMPLAINT TO US

A complaint may be made to us by email, letter, verbally or in person by using any of the contact details set out below.

Contact Customer Service Representative

Address Level 35, Vero Centre
48 Shortland Street
Auckland 1010
New Zealand

Email cs@blgm.co.nz

Phone +64 9 367 6888

We will make all reasonable efforts to acknowledge receipt of your complaint within five Working Days of receiving your complaint. On receipt of your complaint, our Compliance Manager will investigate your complaint and will attempt to resolve your complaint in a manner satisfactory to you. We aim to resolve all complaints within 30 Working Days of receipt of the complaint. All complaints will be handled free of charge.

If you have any questions regarding our complaints handling process, please contact us using the contact details set out in Section 6 (About BL Global) of this PDS.

2. DISPUTE RESOLUTION PROCESS

We are a member of Financial Services Complaints Limited (**FSCL**), an approved dispute resolution scheme for the purposes of the Financial Service Providers (Registration and Dispute Resolution) Act 2008.

If you are not satisfied with our complaint handling process or the resolution offered by us, you may make a complaint to FSCL. All complaints to FSCL will be handled free of charge. More information about FSCL's dispute resolution process can be found at http://www.fscl.org.nz/.

The contact details for FSCL are as follows:

Address PO Box 5967
Lambton Quay
Wellington 6145

Email complaint@fscl.org.nz

Phone 0800 347 257

Website http://www.fscl.org.nz/

SECTION 8

WHERE YOU CAN FIND MORE INFORMATION.

Information about us and the CFD offered by us can be found on the offer register, including copies of our latest audited financial statements. A copy of information on the offer register is available on request from the Registrar at www.companiesoffice.govt.nz/disclose. You can also contact us or visit our website if you require copies of documentation or further information about us or the CFD offered by us. Our contact details are set out in Section 6 ('About BL Global') of this PDS.

There will be no charge for any documents or information requested from either us or the offer register.

SECTION 9

HOW TO ENTER INTO CLIENT AGREEMENT.

This section sets out the application process to become a client of ours. You can find out more information about the client application process and can obtain copies of the documents referred to in this section by contacting us or by visiting our website. Section 6 ('About BL Global') of this PDS contains our contact details.

Client Application Form

You are required to complete our Client Application Form and provide us with all documents and information requested in the Client Application Form.

Product Disclosure Statement (PDS)

The Client Application Form requires you to confirm that you have read and understood this PDS. We recommend that you carefully read this PDS as it contains important information about our products and services and the manner in which we provide our products and services to you. If you have any questions in relation to the PDS, you can contact us using the contact details contained in Section 6 ('About BL Global') of this PDS.

Client Services Agreement

The Client Services Agreement set out the terms and conditions that apply to our relationship. The Client Application Form requires you to acknowledge that you have read and understood the terms and conditions of the Client Services Agreement and that you agree to be bound by those terms and conditions.

It is important that you read and fully understand the Client Services Agreement prior to submitting the Client Application Form to us. It contains important information about the terms and conditions on which we will offer our products and services to you and our respective rights and obligations in relation to those products and services.

Documents and information that we need from you

As part of the client application process, we will request certain documents and information from you. We may also request further documents and information from you throughout the course of our relationship. You are required to provide all documents and information requested by us. If you do not, you will not be eligible to be our client.

Suitability assessment

Following the completion and return of the Client Application Form and the provision of all requisite documents and information, we will conduct an assessment of your suitability to become a client of ours. Suitability in this regard, refers to whether you have the requisite knowledge, experience and understanding to trade derivatives, understand the terms and conditions on which you are trading derivatives and understand the risks involved. If we form the view that you are not suitable to trade CFD with us, you will not be eligible to become a client.

Minimum amount in your Trading Account

We do not require a minimum amount to be deposited into your Trading Account for you to become a client. Provided you have enough funds in your Trading Account to meet the Initial Margin you will be able to trade.

Acceptance as a client

Acceptance of a new client is at our sole discretion. If you are accepted as a client, we will contact you and provide you with the following:

- General information about us, our products and services and the Trading Platform.
- Details of our Client Trust Account.
- A unique username and temporary password to access the Trading Platform and your Trading Account.
- A copy of the Client Services Agreement and the Product Disclosure Statement.

Once you become a client of ours, you may trade CFD through us. See section 2 ('Key Features of the Derivatives') of this PDS for further information on how to trade CFD with us.

We recommend that you seek your own professional advice to fully understand the consequences of entering CFD with us.