RISK DISCLOSURE STATEMENT

The risk of loss in trading in contracts (refer to the NZX Derivatives Market Rules) can be substantial. You should therefore carefully consider whether this type of trading is appropriate for you and be aware of the following matters:

- You could sustain a total loss of the margin funds that you deposit with us to establish or maintain a position on the derivatives market, on a futures and options exchange (F&O Exchange) or in relation to a contract trade off exchange.
- If the market price moves against your position, you may be required, at short notice, to deposit with us additional margin funds in order to maintain your position. Those additional funds may be substantial. If you fail to provide those additional funds within the required time, your position may be liquidated at a loss and in that event you will be liable for any shortfall in your account resulting from that failure.
- Under certain conditions, it could become difficult or impossible for you to liquidate a position (this can, for example, happen when there is a significant change in prices over a short period).
- The placing of contingent orders (such as “stop–loss” or “stop price” order) may not always limit your losses to the amounts that you may want. Conditions may make it difficult to execute such orders.
- A “spread” position is not necessarily less risky than a “long” or “short” position.
- The high degree of leverage that is obtainable in trading contracts because of small margin requirements can work against you as well as for you. The use of leverage can lead to large losses as well as large gains.
- If you propose to trade in options, the maximum loss in buying an option is the amount of the premium, but the risks in selling an option are the same as in other contracts.

The risk of short selling of securities is that the market could move against you and you could suffer a loss as a consequence.

Investment and trading in securities can present risks that may impact on income and yield performance, and place capital at risk. You should be aware of these risks that may include (without limitation) market, company, industry and country exposure risk, and currency, economic and political risk. There are increased risks associated with borrowing to purchase securities or buying securities which are not quoted on an exchange.

The risk of equity investments is that it may not be possible to recover your original investment where, for example, the sale price for your investment is less than the price paid, or your investment cannot be sold (where there is no market for them or the market is effectively liquid), or the company in which you have invested is insolvent or placed in receivership or liquidation.

Trading dairy derivatives on the SGX

If you trade any dairy contract on the SGX, you should be aware that there are significant differences between trading derivatives on the SGX and trading derivatives on a New Zealand-based market, these include:

- the SGX’s principal place of business being located in Singapore,
- the SGX is regulated primarily under the regulatory regime of Singapore, and
- products offered on the SGX may be subject to the effects of changes in currency exchange rates.

The risks set out in the disclosure statement may change from time to time. Please refer to our latest published disclosure statement in relation to our services. This statement does not disclose all of the risks and other significant aspects involved in trading instruments on the market or trading on a F&O exchange or off–exchange. You should therefore study trading instruments carefully before becoming involved in these markets.