



AXICORP FINANCIAL SERVICES PTY LTD

CONTRACTS FOR DIFFERENCE  
PRODUCT DISCLOSURE STATEMENT



## **PRODUCT DISCLOSURE STATEMENT**

for the offer of

### **CONTRACTS FOR DIFFERENCE**

**Issued by AxiCorp Financial Services Pty Ltd**

Dated: 3 March 2022

This document provides important information about contracts for difference to help you decide whether you want to enter into any of these derivatives. There is other useful information about this offer at [disclose-register.companiesoffice.govt.nz](https://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 into it. You can also seek advice from a financial advice provider to help you make your decision. You should ask if that provider has experience with these types of derivatives.

AxiCorp Financial Services Pty Ltd has prepared this document in accordance with the Financial Markets Conduct Act 2013.

This PDS replaces the PDS for Contracts for Difference issued by AxiCorp Financial Services Pty Ltd dated 16 August 2019.

## 1. Key information summary

### What is this?

This is a product disclosure statement ("**PDS**") for contracts for difference ("**CFDs**") provided by AxiCorp Financial Services Pty Ltd, trading as Axi ("**Axi**"). CFDs are derivatives, which are contracts between you and Axi that may require you or Axi to make one or more payments to one another. The amounts that must be paid or received (or both) will depend on the value of the Underlying Instrument. The Underlying Instrument may be a currency exchange rate, commodity, index, futures contract, share or cryptocurrency. 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 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 sections 2.2 and 2.5 of this PDS (*Margin requirements* and *Amounts payable when a CFD is closed*) on how payments are calculated.

#### *Your liability to make margin payments*

Axi may require you to make additional payments (Margin) to contribute towards your future obligations under your CFDs. These payments may be required at short notice and can be substantial. You should carefully read section 2.2 of this PDS (*Margin requirements*) about your obligations.

#### *Risks arising from issuer's creditworthiness*

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

### About Axi

AxiCorp Financial Services Pty Ltd is incorporated in Australia and provides CFD trading services in several countries including New Zealand and Australia. AxiCorp Financial Services Pty Ltd trades as Axi.

### Which derivatives are covered by this PDS?

This PDS covers CFDs.

A CFD is an agreement between you and Axi where one of us agrees to buy an Underlying Instrument from the other at an agreed price. The Underlying Instrument may be a currency exchange rate, commodity, index, futures contract, share or cryptocurrency. Settlement occurs when you (or, in certain circumstances, we) close the CFD. CFDs are cash settled. That means that, on settlement, Axi determines the difference between the opening and closing prices for the Underlying Instrument and, depending on whether you make a profit or a loss on the CFD, either we pay you the amount of your profit or you pay us the amount of your loss on the CFD.

CFDs do not give you any interest in the Underlying Instrument and you are not required to deliver the Underlying Instrument. Rather, a CFD allows you to make a profit or loss by reference to fluctuations in the value of an Underlying Instrument.

The key benefits of CFDs are:

- You can obtain an exposure to multiple asset classes across global markets without needing to buy or sell the Underlying Instruments;
- You can use leverage, meaning that, with a relatively small amount of capital, you can gain a much larger exposure to financial markets;
- You can speculate on movements in the price of Underlying Instruments; and
- The ability to trade around the clock on several markets.

CFDs are cash settled and can allow you to profit if the price of the CFD moves in your favour between the time you enter into the CFD and the time that the CFD is terminated or closed. However, as CFDs are speculative products, you can lose money on CFDs.

As a Retail Client, you are given the added safeguard of negative balance protection. This means your losses are limited to the money in your Account.

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## 2. Key features of the derivatives

A glossary of some of the defined terms used in this PDS is included in section 11 of this PDS (*Glossary*).

### 2.1 Nature and effect of CFDs

A CFD is an agreement between you and us where one of us agrees to buy an Underlying Instrument from the other at an agreed price. CFDs do not have a set settlement date. Rather, settlement occurs when you (or, in some circumstances, we) close the CFD.

The CFDs covered by this PDS are not traded on an exchange. This means they are over-the-counter (“**OTC**”) products you are trading with us and all trades must be closed with us.

We offer CFDs over the following Underlying Instruments:

- Exchange Rates on a Currency Pair, being Margin Foreign Exchange CFDs; and
- precious metals, other Commodities, Indices, futures contracts, shares and cryptocurrencies, being Other CFDs.

CFDs do not give you any interest in the Underlying Instrument and you are not required to deliver the Underlying Instrument. Rather, CFDs are cash settled, meaning that on settlement, Axi determines your profit or loss on the CFD and, depending on whether you have made a profit or a loss on the CFD, either we pay you the amount of your profit or you pay us the amount of your loss.

Your gain or loss will be equal to the total of:

- the difference between the Opening Price and the Closing Price of the CFD (which may be positive or negative) multiplied by the contract size or notional amount; and
- certain charges and costs applicable to the CFD (some of which may also be positive or negative).

As a Retail Client, you are given the added safeguard of negative balance protection. This means your losses are limited to the money in your Account.

More information about this is set out in section 2.5 of this PDS (*Amounts payable when a CFD is closed*).

### 2.2 Margin requirements

You may need to hold Margin in relation to the CFDs you enter into. Margin is an amount you are required to hold in your Account to protect us against the risk that you do not meet your obligations to us.

There are two types of Margin, Initial Margin and Variation Margin:

- Initial Margin is payable at the time you enter into a CFD; and
- Variation Margin is payable in respect of a CFD if the value of the Underlying Instrument referred to in that CFD moves against you (that is, you have an unrealised loss on that CFD).

The amount of Margin you are required to hold is calculated as a percentage of our exposure to you and is determined by reference to:

- the contract size or notional amount of the CFD (that is, the number of lots of the CFD);
- the Opening Price of the CFD and (in the case of Variation Margin) the then current Closing Price of the CFD;
- the Standard Margin Rate;
- in the case of Margin Foreign Exchange CFDs and certain Other CFDs, your Account Leverage; and
- if the settlement currency of your CFD is not the same as your Account Currency, the Exchange Rate applied to convert the amount into your Account.

The Standard Margin Rate is the percentage rate that is applied to determine the amount of Margin you must hold. The Standard Margin Rate for each CFD is set out in the Retail Client Product

Schedule. The Retail Client Product Schedule is available at [www.Axi.com](http://www.Axi.com) under the heading Legal Documentation and on the Disclose register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). However, we can change the Standard Margin Rate that is applicable to you in certain circumstances as described in section 2.7.3 of this PDS (*Rights to alter the Agreement or the terms of a CFD*).

The Account Leverage is a rate that applies to you. It is agreed with us and is displayed on our Trading Platform. The Account Leverage can reduce the amount of Margin you must hold. Details of which CFDs the Account Leverage is applied to is set out in the Retail Client Product Schedule.

Worked examples of how Margin is calculated are set out in section 2.6.4 of this PDS (*Examples of how Margin is calculated*).

If you have more than one open CFD, the Margin Requirements are determined on a net basis. That is, unrealised gains under one or more CFDs are offset against unrealised losses on other products, which can reduce your Margin Requirements.

Your Margin Requirements are satisfied by using your Free Equity. Your Free Equity is equal to the total of the current cash balance in your Account plus any accumulated Swap Benefits less any accumulated Swap Charges and any Margin Requirements.

You can monitor your Free Equity, your unrealised profit or loss on your CFDs and your Margin Requirements on our Trading Platform. You are responsible for ensuring that you have sufficient Free Equity at all times to meet your Margin Requirements. The values of Underlying Instruments can move quickly and increase your Margin Requirements. In addition, during periods of low liquidity or high volatility, the Spread on affected CFDs may widen. This means that, if you have hedged your Position under a CFD by entering into an opposite CFD (that is, you hold both a long and short Position on the same CFD), the widening Spread may reduce the effectiveness of that hedge and you may need to hold Margin against those Positions.

If you do not have sufficient Free Equity, we will give you notice, requiring you to deposit additional funds in your Account to meet your Margin Requirements. This is called a Margin Call. However, we do not guarantee that you will receive notice of a Margin Call or that, even if you receive the Margin Call, there will be enough time for you to deposit cleared funds in your Account.

Markets can be volatile. If your Margin Requirements are not met immediately in cleared funds, we may close out some or all of your CFDs, refuse to enter into new CFDs with you or extend existing CFDs.

### **2.3 Uses and key benefits of CFDs**

You can use CFDs to speculate on changes in the value of the Exchange Rate for a Currency Pair, Commodities, Indices, futures contracts, shares or cryptocurrencies, in each case with a view to profiting from favourable movements. However, as CFDs are speculative products, you can lose money on CFDs. For example, if you entered into a CFD to buy an Underlying Instrument and the price of that Underlying Instrument goes down between the time you enter into the CFD and the time that the CFD is terminated or closed, you will lose money on that CFD.

As a Retail Client, you are given the added safeguard of negative balance protection. This means your losses are limited to the money in your Account.

The key benefits of CFDs are:

- You can obtain an exposure to multiple asset classes across global markets without needing to buy or sell the Underlying Instruments;
- You can use leverage, meaning that, with a relatively small amount of capital, you can gain a much larger exposure to financial markets. Leverage is discussed further below;
- You can speculate on movements in the price of Underlying Instruments; and
- The ability to trade around the clock on several markets.

Leverage is a key benefit of CFDs. Leverage allows you to enter into a CFD for a relatively small initial outlay. Compared with investing directly in an Underlying Instrument, the investment required to enter into a CFD over the same value Underlying Instrument is significantly less. The maximum leverage available for a CFD varies depending on the Underlying Instrument.

However, as discussed above, CFDs are speculative, which means you can lose money. The highly leveraged nature of CFDs can lead to gains if the value of the Underlying Instrument moves in a way that is favourable to you. But it can also lead to losses up to the money in your Account if the value of the Underlying Instrument moves in a way that is unfavourable to you.

## **2.4 How do you enter into a CFD?**

Once you have an Account and you are considering entering into a Position, you can enter the variables for a CFD on our Trading Platform to see what prices are available.

In relation to a Margin Foreign Exchange CFD, the variables you choose are:

- the Currency Pair (for example, NZDUSD); and
- the amount of the Base Currency that the Margin Foreign Exchange CFD will relate to (this is entered as a volume unit, where 1.00 lot equals 100,000 units of the Base Currency, for example NZD100,000).

In relation to Other CFDs, you choose:

- the Underlying Instrument;
- the notional amount of the Underlying Instrument (this is also entered as a volume lot and will depend on the Underlying Instrument. For example, where the Underlying Instrument relates to a Commodity, the volume will be units of that Commodity, such as 1.00 lot equals 10 barrels of oil or 5,000 ounces of silver).

A full list of the Underlying Instruments that we offer for CFDs as at the date of this PDS is set out in our Retail Client Product Schedule. The Retail Client Product Schedule also sets out other specifications for the different CFDs, such as the contract size per lot (that is, what 1 lot is equal to), the minimum and maximum trade sizes and the trading hours for each product.

Once you have entered the variables, our Trading Platform will show both a Bid Price and an Offer Price. You can place your Order at either price. You would consider:

- the Offer Price if you want to take a long Position (that is, you expect the value of the Underlying Instrument to rise); or
- the Bid Price if you want to take a short Position (this is, you expect the value of the Underlying Instrument to fall).

The difference between the Bid Price and Offer Price is called the Spread. We derive our prices from international financial markets and prices available to us through our various liquidity providers or hedging counterparties. We then apply our Spread to determine the price we will quote. Our price for a CFD may be different to prices that other providers quote or publish.

If you wish to enter into a CFD, you must place your Order with us on our Trading Platform. If we accept your Order, the CFD will be entered into when we accept and confirm your Order. Once the CFD is entered into, you have an open Position on that CFD.

Sometimes the Opening Price that applies to your CFD is different to the Offer Price or Bid Price that was shown on our Trading Platform.

Our prices reflect those in the Underlying Instrument. Prices can change quickly and, in some circumstances, prices that are shown on the Trading Platform may not be available for large volumes. Where there is a difference between a requested price for a CFD and the price at which the Order is executed or filled, it is called Slippage. Slippage may be positive or negative, meaning the difference in price may be positive or negative for you. When entering into a CFD, the Opening Price will reflect both positive and negative movements in the Underlying Instrument.

Errors can happen too. If we make an error, we will follow our error handling policies and procedures. This can result in us altering the Opening Price of a CFD or even cancelling it. This may mean that your profit is less than would otherwise be the case, or even that you incur a loss.

Our aim in making any adjustment to pricing will be to act fairly to you. We will only alter or cancel a CFD if we are satisfied that a genuine pricing error has occurred – that is, the price or value of the CFD did not accurately reflect the value of the Underlying Instrument. We will not seek to take advantage of pricing errors to benefit us.

We are not obliged to accept your Order or to offer all of the CFDs at all times. For example, if market conditions in an Underlying Instrument become erratic or prevent us from determining a fair price, we may suspend the affected CFDs.

## **2.5 Amounts payable when a CFD is closed**

You can close a CFD on our Trading Platform at any time during the trading hours for that CFD.

When you choose to close a CFD, you instruct us to terminate that CFD and determine the Closing Price for that CFD.

The Closing Price is the then current price for an equal and opposite trade at the time the product is closed. That is, if the Opening Price was a Bid Price, the Closing Price will be our Offer Price for an equivalent CFD on the date the CFD is closed.

The difference between the Opening Price and the Closing Price will affect your gain or loss on the CFD. Because of the difference between the Bid Price and Offer Price, the relevant price must move favourably before you can break even. In other words, if your Opening Price was our Bid Price and our Offer Price does not move at all if you close your CFD, you will incur a loss to the extent of the Spread and any fees.

Furthermore, the Spread may be larger at the time you close out the Position than it was at the time you opened it.

When a CFD is closed out, your gain or loss will be equal to the total of:

- the difference between the Opening Price and the Closing Price of the CFD (which may be positive or negative) multiplied by the contract size or notional amount; and
- certain charges and costs applicable to the CFD (some of which may also be positive or negative) as described in section 4 of this PDS (*Fees*).

The examples in section 2.6.2 of this PDS (*Examples of how CFDs operate*) demonstrate what amounts may be payable.

The total amount will immediately either be credited or debited to your Account.

If the amount payable on your product is denominated in a different currency to the Account Currency, we will convert it into the Account Currency at the prevailing Exchange Rate before it is debited or credited to your Account.

Unless a Stop-Loss Order or a Limit Order applies to your CFD, as described in section 2.6.3 of this PDS (*Examples of working orders*), your CFD can remain open indefinitely, although we may close a CFD on the fifth anniversary of the date it was entered into.

## **2.6 Examples**

This section of this PDS sets out examples of:

- the types of CFDs we offer (section 2.6.1);
- how CFDs operate (section 2.6.2);
- how working orders operate (section 2.6.3); and
- how Margin is calculated (section 2.6.4).

**Where we have set out worked examples, they are included for illustrative purposes only and only reflect the circumstances described. The examples may not reflect current Exchange Rates or values of Underlying Instruments and are not indicative of the specific circumstances or obligations that may arise under a CFD you may enter into. The actual outcome and overall effect of any CFD that you enter into with us will depend on the terms of your CFD and the specific circumstances at the time.**

### **2.6.1 Types of CFDs we offer**

#### **Margin Foreign Exchange CFDs**

Margin Foreign Exchange CFDs refer to where the Underlying Instrument is an Exchange Rate between two currencies, known as a Currency Pair. The first currency in the pair is the Base Currency and the second currency is the Quote Currency.

For example, if the Currency Pair referred to is NZDUSD, the Base Currency is New Zealand dollars and the Quote Currency is US dollars (**USD or US\$**). The price of the CFD is based on the Exchange Rate for the Currency Pair, that is, how much of the Quote Currency is required to buy one unit of the Base Currency.

Margin Foreign Exchange CFDs are cash settled, meaning you and we do not deliver the actual currencies to each other. Instead, one of us makes a payment to the other calculated by reference to changes in the Exchange Rate for those currencies. In this way, a Margin Foreign Exchange CFD gives you an exposure to the relevant Currency Pair and allows you to speculate on changes in the value of those currencies relative to each other.

Most Exchange Rates are floating and fluctuate constantly, depending on the demand for the respective currencies. This means that your gain or loss on the CFD will also fluctuate depending on movements in the price of the CFD compared with the Opening Price. Your gain or loss on a Margin Foreign Exchange CFD is crystallised when the CFD is terminated or closed out and the Closing Price is determined.

#### **Other CFDs**

Other CFDs refer to where the Underlying Instruments are precious metals, other Commodities, Indices, futures contracts, shares and cryptocurrencies. Examples of each type of CFD are as follows:

- Precious metal CFDs include gold, silver, palladium and platinum and are referred to as Bullion Spot CFDs;
- Commodity CFDs include oil, natural gas, cocoa, coffee, soybean and copper;
- Index CFDs are based on various stock exchange indices around the world;
- Futures contracts CFDs include futures contracts over various equity indices and commodities;
- Share CFDs include stocks or equity securities in international markets such as Apple in the US and EasyJet in the UK; and
- Cryptocurrency CFDs are based on the value of certain cryptocurrencies such as Bitcoin, Dash, Ethereum, Litecoin and Ripple.

Other CFDs are cash settled, meaning you and we do not deliver the Underlying Instruments to each other. Instead, one of us makes a payment to the other calculated by reference to changes in the valuation in the Underlying Instruments. In this way, these CFDs give you an exposure to the Underlying Instrument and allow you to speculate on changes in the value of the Underlying Instrument.

The price of these CFDs fluctuate when the markets for each of the Underlying Instruments are trading. This means that your gain or loss on the CFD will also fluctuate depending on whether the price is higher or lower than when the CFD is opened (i.e., the Opening Price). Your gain or loss on a CFD is crystallised when the CFD is terminated or closed out and the Closing Price is determined.

## 2.6.2 Examples of how CFDs operate

### **Example of going long in a Margin Foreign Exchange CFD**

You expect that the Australian dollar (AUD) is going to appreciate against the USD which is currently trading at 0.9280 (the Offer Price) and you decide to enter into an AUDUSD Margin Foreign Exchange CFD for 1 lot. That is, a contract to buy AUD100,000 against the USD at that price.

You decide to hold the Position overnight as the Offer Price for AUDUSD at the end of the day was still 0.9280, the same as your Opening Price. At that point the Bid Price was 0.9279.

As the Position is held overnight you will incur a daily charge or benefit which is based on the overnight swap rate in the interbank market, presenting the interest rate differential between the two Currency Pairs involved. These charges and benefits are called Rollover Charges and Rollover Benefits. More information about Rollover Charges and Rollover Benefits is set out in section 4 of this PDS (Fees).

An overnight Rollover Benefit is generated because you are long AUD and it is the higher yielding currency compared with USD. This is calculated as follows:

**$1 \text{ lot} \times 100,000 \text{ contract size} \times (0.9280 \text{ opening Offer Price} - 0.9279 \text{ overnight Bid Price}) = \text{USD}10$**

The next day you decide to close your Position as the AUD has appreciated to 0.9350 (Bid Price). In this example you were correct in predicting that the AUD would increase against the USD. Your profit is calculated as follows:

**$1 \text{ lot} \times 100,000 \text{ contract size} \times (0.9350 \text{ closing Bid Price} - 0.9280 \text{ opening Offer Price}) = \text{USD}700$**

There is no commission or other charges on this transaction.

***Your total profit on this transaction is Rollover Benefit (USD10) plus realised gain (USD700) = USD710.***

This will settle immediately into your Account in your Account Currency.

### **Example of going short in a Margin Foreign Exchange CFD**

You expect the AUD to depreciate against the USD and you enter into an AUDUSD Margin Foreign Exchange CFD for 1 lot at the Bid Price of 0.9278 (Bid Price). That is, you enter into a contract to sell AUD100,000 against the USD at that price.

The overnight Offer Price was 0.9276 and therefore an overnight Rollover Charge is generated because you are short AUD and it is the higher yielding currency compared with USD. This is calculated as follows:

**$1 \text{ lot} \times 100,000 \text{ contract size} \times (0.9278 \text{ opening Bid Price} - 0.9276 \text{ overnight Offer Price}) = \text{USD}20$**

You close the trade the following day when the USD was trading at 0.9352 (Offer Price). In this example you were wrong in predicting that the AUD would fall against the USD. Your loss is calculated as follows:

**$1 \text{ lot} \times 100,000 \text{ contract size} \times (0.9352 \text{ closing Offer Price} - 0.9278 \text{ opening Bid Price}) = \text{USD}740$**

There is no commission or other charges on this transaction.

***Your total loss on this transaction is Rollover Charge (USD20) plus realised loss (USD740) = USD760.***

This will settle immediately into your Account in your Account Currency.

### **Example of going long in an Index future CFD: Dow Jones 30 Index**

The Dow Jones 30 Index (**DJ30**) is denominated in USD. You expect that the DJ30 will rise from its current level of US\$26,600 (Offer Price) and you decide to enter into a contract to buy DJ30 CFD for 1 lot. That is, a contract to buy 5 units at that price.

You decide to close the Position later that day when the Bid Price was US\$26,700. In this example you were correct in predicting the DJ30 would rise. Your profit is calculated as follows:

**$1 \text{ lot} \times 5 \text{ contract size} \times (26,700 \text{ closing Bid Price} - 26,600 \text{ opening Offer Price}) = \text{USD}500$**

There is no commission or other charges on this transaction.

***Your total profit on this transaction is a realised gain of USD500.***

This will settle immediately into your Account in your Account Currency.

#### ***Example of going short in a Commodity future CFD: Brent crude oil***

The price of oil is measured by its volume in barrels. Therefore, the price shows how much it costs for one barrel in USD. You expect that Brent crude oil (BRENT) is going to fall from its current price of USD64.43 (the Bid Price) and you decide to enter into a contract to sell BRENT CFD for 1 lot. That is, a contract to sell 1,000 barrels at that price.

You decide to close the Position later that day when the Offer Price was USD64.67. In this example you were wrong in predicting the price of Brent crude oil would fall. Your loss is calculated as follows:

**$1 \text{ lot} \times 1,000 \text{ contract size} \times (64.67 \text{ closing Offer Price} - 64.43 \text{ opening Bid Price}) = \text{USD}240$**

There is no commission or other charges on this transaction.

***Your total loss on this transaction is a realised loss of USD240.***

This will settle immediately into your Account in your Account Currency.

#### ***2.6.3 Examples of working orders***

We offer three types of Orders to help you manage your exposures under the CFDs. Orders can be placed at the time the CFD is entered into or during the trading hours for that CFD while the CFD is open.

***If you ask us to place one of the Orders described in this section, we have absolute discretion whether to accept and execute any such request.***

***Even if we have accepted an Order, you should be aware that an Order is not a guarantee that a CFD will be entered into, or closed out, at the price you specify in the Order (Order Price). The execution of any Order will depend on market volatility and liquidity. Once we determine that the Order Price is reached, the Order becomes an ordinary Order to buy or sell (depending on your instructions) and will be executed at the prevailing price at the time the CFD is entered into or closed out. If the price has changed in that time, the execution price may be different from the Order Price.***

#### ***Limit Orders***

A Limit Order may be used by you to either open or close a CFD at a predetermined price that is more favourable to you than the current market price.

We will execute your Limit Order:

- if your Limit Order is to buy, when our Bid Price or Offer Price has reached the Order Price; or
- if your Limit Order is to sell, when our Offer Price or Bid Price has reached the Order Price.

#### ***Stop-Loss Order***

A Stop-Loss Order is an Order placed with the aim of limiting the potential loss on an open CFD. A Stop-Loss Order allows you to specify an Order Price at which you wish to close the existing CFD or open an equal and opposite product to offset your exposure under the existing CFD.

Stop-Loss Orders must be placed at a minimum distance from our current Bid Price and Offer Price. We set the minimum distance in our absolute discretion. The minimum distance is specified on our Trading Platform and will be advised to you upon request.

We will execute a Stop-Loss Order once the Offer Price reaches the Order Price in the case of a buy Order, or our Bid Price has reached the Order Price in the case of a sell Order.

### **Stop-Entry Order**

A Stop-Entry Order is an Order to buy above the current market price for a long Position or sell below the current market price for a short Position.

You may choose to use this type of Order if you believe that, if the market price reaches the Order Price, the market price will continue to move in that same direction. That is, you believe that the market price will continue to move in the same direction and that you will profit from this movement.

Stop-Entry Orders must be placed at a minimum distance from our current Bid Price and Offer Price. We set the minimum distance in our absolute discretion. The minimum distance is specified on our Trading Platform and will be advised to you upon request.

We will execute a Stop-Entry Order if the Offer Price reaches the Order Price in the case of a buy Order, or our if our Bid Price has reached the Order Price in the case of a sell Order.

### **2.6.4 Examples of how Margin is calculated**

Initial Margin requirements for CFDs are set out in the Retail Client Product Schedule.

For Margin Foreign Exchange CFDs and certain Other CFDs, your Account Leverage is considered when calculating the Initial Margin requirement. For these CFDs, where your Account Leverage differs from the Standard Margin Rate used to determine leverage, the Initial Margin requirement is subject to a Leverage Factor. Where your Account Leverage is higher than the Standard Margin Rate relating to the CFD, the Initial Margin requirement is reduced.

Certain Other CFDs do not consider your Account Leverage, the Initial Margin requirement is calculated irrespective of your Account Leverage and no Leverage Factor is applied.

#### **Example of Initial and Variation Margin Requirements for Margin Foreign Exchange CFDs**

The Initial Margin requirement on a Margin Foreign Exchange CFD is calculated as follows:

*Number of lots x contract size per lot x Opening Price x Standard Margin Rate x Leverage Factor*

For example, you have an Account Leverage of 100:1 and wish to buy one lot of EURUSD at 1.2000. The Standard Margin Rate for EURUSD is 1% and because your Account Leverage is 100:1 the rate is not adjusted. The Initial Margin requirement is calculated as follows:

**1 lot x EUR100,000 contract size x 1.2000 Opening Price x 1% Standard Margin Rate x 100% Leverage Factor = EUR1,200**

However, if you have an Account Leverage of 400:1, the additional leverage reduces the Initial Margin requirement. The Standard Margin Rate for EURUSD is 1% but because your Account Leverage is 400:1 this reduces to 0.25%. The Initial Margin requirement is calculated as follows:

**1 lot x EUR100,000 contract size x 1.2000 Opening Price x 1% Standard Margin Rate x 25% Leverage Factor = EUR300**

If the price of EURUSD falls to 1.1900 then you are liable to pay Variation Margin equal to the unrealised loss on the trade of EUR1,000 regardless of the Account Leverage.

#### **Example of Initial and Variation Margin Requirements for Bullion Spot CFDs**

The Initial Margin requirement on a Bullion Spot CFD is a percentage of the notional value of the CFD. The Standard Margin Rate for this CFD is 1% irrespective of your Account Leverage. The Initial Margin requirement on a Bullion Spot CFD is calculated as follows:

**Number of lots x contract size per lot x Opening Price x Standard Margin Rate**

For example, to buy 100 ounces (1 lot) of XAUUSD Bullion Spot CFDs at a price of US\$750, the Initial Margin requirement is calculated as follows:

**1 lot x 100 ounces contract size x 750 Opening Price x 1% Standard Margin Rate = US\$750**

If the price of XAUUSD falls to USD745 then you are liable to pay Variation Margin equal to the unrealised loss on the trade of US\$500 regardless of the Account Leverage.

**2.7 Opening an Account and entering into an Agreement with us****2.7.1 Account types**

Before you can enter into any Margin Foreign Exchange CFD or Other CFD, you must:

- enter into an Agreement with us; and
- register to use our Trading Platform and open an Account on that platform.

We offer two types of Account:

- the Standard Account, where charges are based on Spreads, but are commission free; and
- the Pro Account, where charges are based on commissions, but Spreads are low or zero.

Your Account may be split into two or more sub-accounts denominated in different currencies. If you do not select a currency for your Account, the default currency will be NZD. In this PDS, each sub-account is treated as an Account.

See section 10 of this PDS (*How to enter into the Retail Client Agreement*).

**2.7.2 The Agreement between you and us**

The Agreement between you and us that governs our dealings with you is made up of the following documents:

- our application form;
- our Retail Client Agreement;
- this PDS;
- the Retail Client Product Schedule;
- our privacy notice; and
- any additional terms and conditions issued by us and accepted by you, in connection with our dealings with you.

These documents are available at <https://www.Axi.com> under the heading Legal Documentation, and the Retail Client Agreement, this PDS and the Retail Client Product Schedule are on the Disclose register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

**2.7.3 Rights to alter the Agreement or the terms of a CFD**

We can alter or replace the Agreement at any time by giving you written notice of the change (please refer to clause 13 of our Retail Client Agreement (*Amendment, assignment and termination*)) or, where the changes are considered by us to be immaterial, by updating our Retail Client Agreement available on our Website.

We may alter the Agreement or the terms of any CFD without prior notice if a Force Majeure Event occurs. We will take reasonable steps to notify you of any action that we propose to take but, if it is not practicable to give you prior notice, we will notify you promptly after taking any such action.

A Force Majeure Event occurs if, as a result of something happening (or not happening), which is beyond your or our reasonable control, you or we (as the case may be) cannot perform or are delayed in performing your or our obligations under the Agreement, other than an obligation to pay. Forces of nature, industrial action and action (or inaction) by a government agency may cause a Force Majeure Event. A Force Majeure Event will also occur if the circumstances listed below occur or we reasonably anticipate that they are about to occur:

- we determine that we cannot maintain an orderly market for CFDs for one or more of the Underlying Instruments as a result of the occurrence of any act, omission or event (including a strike, riot, civil unrest or failure of power supply, communications or other infrastructure);
- the market for any of the Underlying Instruments is suspended, closed, liquidated or abandoned;
- limits or special or unusual terms are imposed in the relevant markets or Underlying Instruments;
- there is excessive movement, volatility or loss of liquidity in the relevant markets or Underlying Instruments.

We may alter the Agreement or the terms of any CFD if an Event of Default occurs. Examples of an Event of Default include:

- an Insolvency Event occurs in relation to you;
- you are an individual and you die or become of unsound mind;
- you fail to make any payment when due under the Agreement, including if you do not meet your Margin Requirements or you are otherwise in breach of the Agreement;
- your Account balance falls below the minimum Margin Requirement;
- any information provided to us in connection with the Agreement is or has become untrue or misleading or, if we have requested information from you in connection with the Agreement, we have not received all of that information within 10 days of our written request;
- you knowingly take advantage of an incorrect price when dealing with us and a reasonable person in your position would have known the price offered was incorrect or we consider that you have, or have attempted to, manipulate our Trading Platform or any other system of ours in any way;
- at any time or for any period deemed reasonable by us you are not contactable, or you do not respond to any notice or correspondence from us;
- any regulatory body or authority (including the Australian Securities and Investment Commission or the New Zealand Financial Markets Authority) asks us to take, in respect of you, any or all of the actions permitted following an Event of Default;
- any restriction we impose on the size of your Position under Axi products is, or is likely to be, exceeded;
- you are the trustee of a trust and certain events occur including events relating to changes of trustee, the administration of the trust assets by the court, the winding up of the trust, the invalid constitution of the trust, limits on your powers as trustee and any breach of trust.

Following an Event of Default, we may (among other things) terminate the Agreement immediately.

This is a summary only of the Force Majeure Events and Events of Default. You should see the Retail Client Agreement for full details of these events.

We may alter the terms of a CFD if we made an error when we priced the CFD as described in section 2.4 of this PDS (*How do you enter into a CFD*).

You cannot alter the terms of a CFD without our written consent.

#### **2.7.4 Rights to terminate the Agreement or a CFD**

We can terminate the Agreement at any time by giving you written notice. You can terminate the Agreement at any time by giving us 10 business days' written notice. Please refer to clause 13 of our Retail Client Agreement (*Amendment, assignment and termination*).

Either we or you may terminate the Agreement immediately by providing written notice if a Force Majeure Event occurs and continues for more than 5 business days, please refer to section 2.7.3 of this PDS (*Rights to alter the Agreement or the terms of a CFD*) and clause 14 of our Retail Client Agreement (*Force Majeure*).

We may terminate the Agreement if an Event of Default occurs, please refer to section 2.7.3 of this PDS (*Rights to alter the Agreement or the terms of a CFD*) and clause 9 of our Retail Client Agreement (*Default*).

On termination, any open CFDs will be closed.

We can also close your Position on a CFD if:

- You hold opposing Positions in the same CFD and we, in our discretion, decide to treat this as an instruction to close your CFDs to the extent of the overlap between those opposing CFDs;
- we made an error when we priced the CFD as described in section 2.4 of this PDS (*How do you enter into a CFD*);
- we are unable, after using all reasonable efforts, to acquire, substitute, maintain, unwind or dispose of any Underlying Instruments that we consider are necessary to hedge or protect our exposure to the market and other risks arising from a CFD; or
- we have suspended our Trading Platform or the trading of any CFDs due to unforeseen and extreme market conditions and we, in our discretion, decide to close your CFDs.

See section 2.5 of this PDS (*Amounts payable when a CFD is closed*) for a description of what happens when a CFD is closed.

### **3. Risks of these derivatives**

#### **3.1 Product risks**

Set out below are the significant risks of entering into a CFD.

##### ***Risk of substantial loss due to market fluctuations – Variation Margin***

The values of Underlying Instruments are unpredictable and can fluctuate rapidly and over wide ranges. If the value of the Underlying Instrument that relates to your CFD moves against you, you may be required to provide Variation Margin, which may be a substantial amount. If you do not have sufficient funds in your Account, you will have to deposit the Variation Margin in your Account. If those funds are not immediately available or you do not deposit those funds at all, we have the right, but not the obligation, to close that CFD and you will be liable for any loss suffered.

##### ***Risk of substantial loss due to market fluctuations – loss when CFD is closed***

Unpredictable and fluctuating values of Underlying Instruments also create a risk of substantial loss when you close your CFD.

Once you have entered into a CFD, you are locked into the terms of the CFD, regardless of whether it is favourable to you. We are not obliged to alter the terms of a CFD after it has been entered into. If you close out a CFD, there may be a significant cost to you.

The highly leveraged nature of CFDs amplifies the risk of loss. That is, for a relatively small amount of Initial Margin, you can obtain an exposure to a large notional amount under a CFD. When the amount of the adverse change in the value of the Underlying Instrument is multiplied by the notional amount of the CFD, the amount of your potential loss may be substantial.

##### ***Risks of holding CFDs overnight or for longer***

If you hold a CFD overnight, Swap Charges or Rollover Charges may apply to your CFD. Fluctuations in the interest rates applicable to the underlying currencies will affect these charges. In some cases, these interest rates can vary widely and at short notice causing these charges to be significantly higher. If you are holding a short Position in a high yielding currency, then the Swap Charges or Rollover Charges may cause significant loss.

If you hold a CFD where the Underlying Instrument is a future, open CFDs will be rolled on the Expiry Date of the Underlying Instrument. We will revalue the CFD at our prevailing price, which may be higher or lower than the original price and, even after taking into account any Rollover Charges or Rollover Benefits as described in section 4 of this PDS (*Fees*), you may immediately have a profit or loss without conducting a new transaction.

##### ***Risk that you cannot close out a CFD when you want to***

If the relevant markets are highly volatile or lack liquidity, we may not be able to close your CFDs. For example, this can happen when there is a significant change in prices over a short period or some

change in government policy causes an Underlying Instrument to be suspended, closed or revalued. If this happens, you may not be able to prevent losses on a CFD.

### ***Risks associated with OTC derivatives***

CFDs are off-exchange derivatives. This might be considered to involve greater risk than an on-exchange derivative as there is no exchange market on which to close out an open Position. You are only able to open and close your Positions with us.

### ***Risk where a CFD is denominated in a different currency to your Account Currency***

When you enter into a CFD, all Margins, profits, losses and charges and benefits are calculated using the currency in which the relevant CFD is denominated.

If the CFD is not denominated in the same currency as your Account Currency, these amounts will be converted into your Account Currency. Any conversion will be at the Exchange Rate we quote (this may be different to the price quoted for a Margin Foreign Exchange CFD).

Until the foreign currency balance is converted into your Account Currency, fluctuations in the relevant foreign Exchange Rate can affect the ultimate profit or loss made on the product.

### ***Breach of obligations***

If you do not make a payment to us when due, it is an Event of Default and we may terminate the Agreement. This may result in us closing your CFDs, which may result in a loss to you.

### ***Negative balance protection***

As a Retail Client, you are given the added safeguard of negative balance protection. This means your losses are limited to the money in your Account.

### ***Unilateral amendment or replacement of the Agreement***

We may amend or replace the Agreement at any time by giving written notice to you of the changes or, where the changes are considered by us to be immaterial, by updating the Agreement available on our Website. By continuing to trade you will be deemed to have accepted the amendment or replacement and the most recent Agreement will govern our dealings with you in relation to our Products.

Any changes made unilaterally to the Agreement could negatively affect you.

## **3.2 Issuer risks**

You are exposed to the risk that we become insolvent and are unable to meet our obligations under the derivatives.

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

In order to assess our creditworthiness, you should refer to our financial statements which are available at [disclose-register.companiesoffice.govt.nz](https://disclose-register.companiesoffice.govt.nz).

## **3.3 Risks when entering or settling the derivatives**

There are operational risks associated with any trading platform, and any disruption to our Trading Platform may mean that you will be unable to trade in a CFD with us when you want to. Accordingly, you may suffer a loss caused by a delay in our operational processes such as communications, computers, computer networks, software or external events that cause delays in the execution of a transaction.

Axi's funding channels are dependent upon the availability and effectiveness of third-party payment systems such as banks and other payment service providers to ensure you can fund your Account and

make margin payments when required. In the event of a payment channel being unavailable, Axi will switch to an alternative provider as soon as practicable to minimise disruption.

Axi's Trading Platform is reliant on prime brokers and other direct broking channels for pricing and execution but in the event of severe market disruption pricing may not always be available on all markets. This risk is mitigated by the use of multiple prime brokers and other brokers to secure reliable and competitive pricing.

We reserve the right in unforeseen and extreme market situations to suspend the operation of our Trading Platform or any part or features of it. In such an event, we may, at our sole discretion, and under the Agreement, with or without notice, close out your open CFDs at prices we consider fair and reasonable at such time.

#### **4. Fees**

We may charge you the fees and charges described below in relation to your CFDs. The amount of each fee or charge is set out in the Retail Client Product Schedule, which is available at <https://www.Axi.com> under the heading Legal Documentation and on the Disclose register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

##### ***Spreads and commissions***

No commissions are charged on transactions executed in our Standard Accounts. Our transaction fees are incorporated into the Spread, being the bid-offer Spread for each CFD. Because we deal as principal, the prices we offer you may not be the same as those in the relevant market and our Spreads may be wider.

The price offered to you may depend upon a number of factors including contract size or notional amount, your Account type and the prevailing underlying market in which the Underlying Instrument is traded.

Our commission on Pro Accounts pays for our clearing and aggregation costs, together with our cost of providing the service to you. Our Spread on the Pro Account is low or zero.

##### ***Financing Fees applicable to Margin Foreign Exchange CFDs and Bullion Spot CFDs***

In relation to Margin Foreign Exchange CFDs and Bullion Spot CFDs, a daily Financing Fee may accrue for any such CFDs that remain open as at the market close (5PM New York time (this is 00:00 MT4 Server time on our Trading Platform) Monday to Friday). The Financing Fee reflects your and our costs of holding the CFD open overnight. If the Financing Fee is payable by you, it is referred to as a Financing Charge and, if it is payable by us, it is referred to as a Financing Benefit.

The amount of any Financing Fee, and who pays it, depends on:

- whether you have taken a long or short Position;
- the Underlying Instrument;
- the applicable swap rate in the interbank markets for the relevant dates;
- the contract size or notional amount of the CFD (that is, the number of lots); and
- our Spread.

The interbank swap rate that is applied:

- in relation to a Margin Foreign Exchange CFD, reflects the interest rate differential between the two currencies, the demand for funds in those currencies and the prevailing market conditions; and
- in relation to a Bullion Spot CFD, reflects the interest rate differential between Bullion lending rates and the interest rates in the relevant currency.

For example:

- If you hold a long AUDUSD Margin Foreign Exchange CFD (that is, a contract to buy AUD) over end of day and AUD interest rates are higher than USD interest rates, then you may receive a Financing Benefit. This is because you are long in the higher yielding currency.
- Conversely, if you hold a short AUDUSD Margin Foreign Exchange CFD (that is, a contract to sell AUD), you may incur a Financing Charge as you are short in the higher yielding currency.
- If you hold a long Position on a XAUUSD CFD, and Bullion lending rates are lower than USD interest rates, you may incur a Financing Charge because you are long in the lower yielding Bullion.
- Conversely, if you hold a short Position on a XAUUSD CFD, you may incur a Financing Benefit because you are short on the lower yielding currency.

However, the actual calculations of the Financing Fees also apply to our Spread. If the interest rates for the currencies in the Currency Pair (or for Bullion and the relevant currency) are almost the same, a Financing Charge may be imposed for both long and short CFDs, because of the impact of our Spread.

#### ***Financing charges applicable to cash CFDs.***

Certain CFDs we offer are referred to in the Retail Client Product Schedule as being cash CFDs. A daily Financing Charge may accrue for any of these CFDs that remain open as at the market close (5PM New York time (this is 00:00 MT4 Server time on our Trading Platform) Monday to Friday). A margin is added to the central bank financing reference rate specified in the Retail Client Product Schedule that is applied to calculate the Financing Charges.

#### ***Rollover Charges and Rollover Benefits***

The Underlying Instrument for most CFDs we offer (other than the cash CFDs described above) have a fixed term (for example, 1 or 3 months). As an Underlying Instrument approaches its Expiry Date, we will stop pricing those CFDs off the expiring Underlying Instrument and will instead price those CFDs off the Underlying Instrument for the next period. The dates on which we rollover our pricing for each CFD are available on our Website.

The value of the Underlying Instrument for the next period is usually different to the value of the expiring Underlying Instrument. Accordingly, if your CFD is still open at the Expiry Date of the Underlying Instrument or the date we rollover our pricing for that Underlying Instrument, a Rollover Charge or Rollover Benefit will accrue to take account of this change in value. The amount of any Rollover Charge or Rollover Benefit depends on:

- the difference between your unrealised profit or loss on the CFD immediately before the rollover and immediately after the rollover; and
- the difference between the value of the Underlying Instrument immediately before the rollover and immediately after the rollover.

#### ***For example:***

You have entered into a SPI200.fs CFD for 10 lots (where 1 lot = AUD25). You took a long Position, expecting the value of the ASX SPI 2005 futures CFDs to increase. The Opening Price of your CFD was AUD5,950. The Underlying Instrument is currently the March ASX SPI 2005 futures CFD and is due to expire when the June contract will become the Underlying Instrument.

The prevailing prices are set out below:

	Bid and Offer Prices for our SPI200.fs CFD	Bid and Offer Prices for the Underlying Instrument
<b>Pre-rollover</b> based on March contract	AUD5,919 – 5,923	AUD5,920 – 5,922
<b>After rollover</b> based on the June contract	AUD5,934 – 5,938	AUD5,935 – 5,937

You took a long Position on your CFD, so your unrealised profit or loss is calculated by comparing the Opening Price to our current Offer Price for the CFD. Our Offer Price immediately before the rollover was AUD5,919 and immediately after the rollover was AUD5,934.

Your unrealised profit or loss immediately before the rollover is calculated as follows:

*(Pre-rollover Offer Price – Opening Price) x AUD25 x 10 lots*

***(AUD5,919 – AUD5,950) x AUD25 x 10 = A loss of AUD7,750.***

Your unrealised profit or loss immediately after the rollover is calculated as follows:

*(Post-rollover Offer Price – Opening Price) x AUD25 x 10 lots*

***(AUD5,934 – AUD5,950) x AUD25 x 10 = A loss of AUD4,000***

Due to the change in revaluation the unrealised loss will be reduced by AUD3,750.

To adjust for this revaluation, we apply a Rollover Charge using the following calculation:

*(Offer Price of the new Underlying Instrument – Bid Price of expiring Underlying instrument) x AUD25 x 10 lots*

***(AUD5,937 – AUD5,920) x AUD25 x 10 Contracts = AUD4,250 debit***

The net effect of the revaluation and swap adjustment is:

*Effect of the revaluation – swap adjustment*

***AUD3,750 – AUD4,250 = (AUD 500) As this is a negative amount, it is a Rollover Charge of AUD500***

If you had instead taken a short Position on this CFD, but the circumstances were otherwise the same, the revaluation would have resulted in a reduced unrealised profit. The Rollover Benefit would be a positive amount to compensate for the revaluation effect and the net cost would again be equal to the bid – offer Spread.

### **Timing of fees and charges**

Financing Charges, Financing Benefits, Rollover Charges and Rollover Benefits that have accrued are shown in the swap value field of the open trade Position on our Trading Platform when performed daily and are included in the calculation of Free Equity.

When the Position is closed the applicable charges/fees or benefits are converted into your Account Currency at the Exchange Rate that we determine and debited from your Account. In the event that there are insufficient funds in your Account, the fees will be debited and any balance due becomes a debt due and owing by you to us.

### **Share CFD live market data charges**

Some Share CFD product sets may incur a monthly market data charge when you opt to subscribe to those Share CFDs product sets (e.g. Hong Kong Share CFD sets, Australian Share CFD product sets). Further information on the Share CFD product sets that incur additional market data charges are provided in the Retail Client Product Schedule where applicable.

### **Conversion fees**

Profit or loss and charges accumulated in relation to your CFDs that are not denominated in the same currency as your Account Currency will be converted into your Account Currency at the Exchange Rate (this may be different to the price quoted for a Margin Foreign Exchange CFD for the same currencies).

### **Inactivity fees**

Inactivity fees apply where there are funds in your Account but there has been no trading activity and no open positions on your Account for a continuous period of 12 months. After 12 months of inactivity, the fee will be charged within 30 business days and quarterly thereafter. The fees are based on your Account Currency as set out in the Retail Client Product Schedule.

### **Administration charges**

Certain administrative fees and charges apply to the services we provide in connection with CFDs. These may include deposit and withdrawal fees, international remittance fees, duplicate statements and audit letter fees and debt collection or returned cheque fees as set out in the Retail Client Product Schedule.

## **5. How Axi treats funds and property received from you**

You can deposit funds into your Account through various channels, including by debit or credit card, by bank transfer or other methods by using our client portal or by contacting us. We will deposit any amounts payable by us to you in connection with your CFDs in your Account. We do not accept property or cash.

You can withdraw funds from your Account by entering a withdrawal request on our client portal or by contacting us. We will deduct any amounts withdrawn by you from your Account.

If amounts are payable to us under or in connection with your CFDs, those amounts will be deducted from your Account and the trust account maintained by us in respect of client funds and will become our property. We are also entitled to any interest payable on the funds held in any such trust account and can pay that interest to us from the relevant trust account when we determine.

We hold the funds in your Account on trust for you in one or more trust accounts maintained by us with Australian authorised deposit-taking institutions.

We do not hold individual segregated accounts, and your money will be co-mingled into one or more trust accounts with our other Client Money.

## **6. About Axi**

AxiCorp Financial Services Pty Ltd is incorporated in Australia. We trade as Axi, providing CFD trading services in several countries, including New Zealand and Australia.

We are located at: Level 13, 73 Miller Street, North Sydney NSW 2060, Australia.

You can contact us in writing at that address or by email to [service@Axi.com](mailto:service@Axi.com) or by phone on [+612 9965 5830](tel:+61299655830) or [0800 480 404](tel:0800480404).

## **7. Corporate actions and events**

### ***What is a corporate action?***

A corporate action is an event that brings about a material change to a share, or an event that is initiated by a company that has an impact on its shareholders. Dividends, share splits, acquisitions, and share buy backs are all examples of corporate actions. A corporate action can impact Share CFDs and Index CFDs.

### ***No shareholder benefits***

As a holder of a CFD, if the CFD's Underlying Instrument is a share or other voting security, you do not have rights to vote, attend meetings or receive the issuer's reports, nor can you direct us to act on those rights. Other benefits such as participation in shareholder purchase plans or discounts are unavailable.

### ***Corporate Action Events***

If there is a corporate action by the company which issues a CFD's Underlying Instrument, we may at our discretion make an adjustment to the terms of the CFD.

For example, an adjustment may be made for share splits, consolidations or reclassifications of shares, bonus issues or other issues of shares for no consideration, rights issues, buy backs, in specie distributions, takeovers, schemes of arrangement or similar corporate actions, a corporate action event that has a dilutive effect on the market value of the shares or, if the CFD relates to an Index, a substantial adjustment to the composition of the Index outside its own terms allowing for adjustments or weightings, a failure to publish the Index or a suspension or a cancellation of the Index.

We reserve the right to decide to make an adjustment in any circumstance we consider an adjustment is appropriate. We have discretion to determine the extent of the adjustment so as to place you substantially in the same economic position you would have been in had the adjustment event not occurred.

We may elect to close a Position (without prior notice to you) if a corporate event occurs and we determine that it is not reasonably practicable to make an adjustment.

### ***Suspensions, insolvency and de-listings***

If an Underlying Instrument to which a CFD relates is de-listed, insolvent, suspended or has halted trading for whatever reason, we may suspend trading in the CFD and we may increase the amount of Margin required to support that open Position in our reasonable discretion. If the open Position remains suspended for a time that we consider is unacceptable to us in our sole discretion, we may close out the open Position at the closing price. If an Underlying Instrument related to a CFD has been de-listed, we may, at our discretion, close out all affected open Positions at the closing price.

### ***Takeovers***

If your CFDs Underlying Instrument is shares in a company that is the subject of a takeover offer, your CFD will be suspended until the closing date of the takeover offer, when the CFD will be closed-out in line with the terms of the takeover offer. If the takeover offer is accepted or goes ahead anyway then the CFD will be closed out at an appropriate market value. We may also elect to close a CFD if the Underlying Instrument is the subject of a take-over offer, scheme of arrangement or other mechanism for change in control, prior to the closing date of the offer.

### ***Share CFD dividend adjustments***

If you hold a long Share CFD, you will be credited a dividend adjustment after the share finishes trading cum-dividend for an amount equal to the unfranked dividend value net of any applicable withholding tax on the relevant number of the CFD's Underlying Instrument. CFDs do not confer rights to any dividend imputation credits hence the dividend is unfranked.

Conversely, if you hold a short Share CFD, your Account will be debited a dividend adjustment after the share finishes trading cum-dividend for an amount equal to the pre-tax unfranked dividend on the Underlying Instrument.

### ***Index CFD dividend adjustments***

Index CFDs are made up of a group of shares that may pay dividends throughout the year. When a dividend is paid on a share, the value of the share will drop and therefore so does the value of the

Index. Dividend adjustments are applied on these products to negate the impact of the drop in Index price.

Short Positions will be positively impacted by the drop in Index price, so you will be debited the dividend adjustment value. Long Positions are negatively impacted so you are credited the dividend adjustment.

## **8. How to complain**

We have an internal dispute resolution process in place to resolve any complaints or concerns you may have, quickly and fairly. Any complaints or concerns should be directed to our client services team. The client services team can be contacted at:

Address: Level 13, 73 Miller Street, North Sydney NSW 2060, Australia

Email: [service@Axi.com](mailto:service@Axi.com)

Phone: [+612 9965 5830](tel:+61299655830) or [0800 480 404](tel:0800480404).

We will do our best to resolve the issue at the first point of contact. However, if we are unable to do so to your satisfaction, you may refer the complaint to our Complaints Officer. We will investigate your complaint and provide you with our decision and the reasons on which it is based, in writing. We will seek to resolve your complaint within 21 calendar days. If we are unable to resolve the complaint within 2 months, we will: (a) inform you of the reasons for the delay; (b) provide you with updates on progress of the complaint; and (c) specify a date when a decision can be reasonably expected. We would expect that, in most cases, the above process would deal with the matter fully and to your satisfaction.

We are a member of an external, independent dispute resolution scheme operated by Financial Dispute Resolution Service (**FDRS**). If, after raising the matter with us, we have not been able to resolve your issue within 2 months (or a decision notice or unresolved notice, in each case as defined in the rules of FDRS, has been given to you by Axi), you can refer the matter to FDRS by submitting a complaint form on FDRS's website ([www.fdrs.org.nz](http://www.fdrs.org.nz)), emailing [enquiries@fdrs.org.nz](mailto:enquiries@fdrs.org.nz), calling FDRS on 0508 337 337, or writing to FDRS at PO Box 2272, Wellington 6140. The scheme will not charge a fee to any complainant to investigate or resolve a complaint.

## **9. Where you can find more information**

Further information relating to Axi and the CFDs offered under this PDS is available from the offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). A copy of the information on the offer register is available on request from the Registrar of Financial Service Providers.

Information about us and the CFDs is available at [www.Axi.com](http://www.Axi.com).

## **10. How to enter into the Retail Client Agreement**

Before you enter into any CFDs, you must apply to open an Account by completing an application form, which can be completed online at [www.Axi.com/au/live-account](http://www.Axi.com/au/live-account).

The Agreement between you and us that governs our dealings with you is made up of the following documents:

- our application form;
- our Retail Client Agreement;
- this PDS;
- the Retail Client Product Schedule;
- our privacy notice; and
- any additional terms and conditions issued by us and accepted by you, in connection with our dealings with you.

These documents are available at <https://www.Axi.com> under the heading Legal Documentation, and the Retail Client Agreement, this PDS and the Retail Client Product Schedule are on the Disclose register at <http://www.disclose-register.companiesoffice.govt.nz>.

A trade confirmation setting out the commercial terms of each CFD you enter into is available on our Trading Platform.

CFDs are not suitable for all investors due to the significant risks involved. Accordingly, when considering your application, we will also consider whether we are satisfied that the CFDs are suitable for you. Our suitability assessment will consider your investment experience and whether we consider you understand the CFDs and the risks involved in entering into the CFDs. We do not consider whether a particular CFD is suitable for you. We do not provide financial advice, and you should obtain your own financial, legal, taxation and other professional advice as to whether a CFD is an appropriate investment for you.

## 11. Glossary

<b>Account</b>	an Account or Accounts on our Trading Platform that enable you to enter into CFDs.
<b>Account Currency</b>	the currency selected by you under the Agreement and which, in the absence of a selection, will be New Zealand dollars (NZD).
<b>Account Leverage</b>	Used in the calculation of Margin, Account Leverage is a rate that applies to you and is agreed with us. The Account Leverage effectively reduces the amount of Margin you must hold. Details of which CFDs the Account Leverage is applied to is set out in the Retail Client Product Schedule.
<b>Agreement</b>	the contract between you and us that governs our dealings with you. The Agreement is made up of documents in section 2.7.2 of this PDS ( <i>The Agreement between you and us</i> ).
<b>Axi, we, our or us</b>	AxiCorp Financial Services Pty Ltd (trading as Axi).
<b>Base Currency</b>	the first currency in the Currency Pair referred to in a Margin Foreign Exchange CFD.
<b>Bid Price</b>	the then current price at which we may enter into a CFD under which you buy the Underlying Instrument; or the then current price at which we may close out a CFD under which you sell the Underlying Instrument.
<b>Bullion</b>	gold, silver, palladium or platinum.
<b>Bullion Spot CFD</b>	an agreement to buy or sell a derivative whose price is derived from the valuation of an Underlying Instrument (being Bullion).
<b>CFD or Contracts for Difference</b>	an agreement to buy or sell a derivative which is cash settled and whose price is derived from the value of an Underlying Instrument.
<b>Client Money</b>	the money clients have deposited with us and held by us.
<b>Closing Price</b>	the then current price for an equal and opposite trade at the time the CFD is closed. That is, if the Opening Price was a Bid Price, the Closing Price will be our Offer Price for an equivalent CFD on the date the CFD is closed.
<b>Commodity</b>	oil, natural gas, cocoa, coffee, soybean, copper or any other commodity acceptable to us.
<b>Currency Pair</b>	the two currencies referred to in a Margin Foreign Exchange CFD.
<b>Exchange Rate</b>	the exchange rate we may reasonably offer to you from time to time having regard to the applicable prevailing Interbank Rates and our Spread, and which is available to you via the Trading Platform or on request.

<b>Expiry Date</b>	the day on which an Underlying Instrument expires.
<b>Free Equity</b>	the total current cash balance in your Account plus any accumulated Swap Benefits less any accumulated Swap Charges and any Margin Requirements.
<b>Index</b>	a stock exchange or other index which is, or forms part of or is referenced by, an Underlying Instrument.
<b>Initial Margin</b>	Margin payable at the time you enter into a CFD.
<b>Interbank Rate</b>	the mid interbank rate calculated by us with reference to the Bid Price and Offer Price for the Underlying Instrument most recently quoted by any one or more third party banks.
<b>Insolvency Event</b>	<ul style="list-style-type: none"> <li>▪ you are dying, or ceasing to be of full legal capacity or otherwise becoming incapable of managing your own affairs for any reason;</li> <li>▪ you become, or you take any step that could result in you becoming, an insolvent under administration;</li> <li>▪ an administrator, liquidator or statutory manager is appointed to you;</li> <li>▪ any of the following occurs: a controller or analogous person is appointed to you or any of your property; an application is being made to a court for an order to appoint a controller, provisional liquidator, trustee for creditors or in bankruptcy or analogous person to you or any of your property; or an appointment of the kind referred to in is being made (whether or not following a resolution of application);</li> <li>▪ the holder of a security interest, or any agent on its behalf, appoints a controller or takes possession of any of your property (including seizing your property);</li> <li>▪ you fail to comply with a statutory demand;</li> <li>▪ an application is being made to a court for an order for your winding up;</li> <li>▪ an order is being made, or a resolution is passed, for your winding up;</li> <li>▪ you: suspend payment of your debts, cease (or threaten to cease) to carry on all or a material part of your business, state that you are unable to pay your debts or are or are becoming otherwise insolvent; or are unable to pay your debts or otherwise are insolvent;</li> <li>▪ you take any step towards entering into a compromise or arrangement with, or assignment for the benefit of, any of your members or creditors;</li> </ul>

	<ul style="list-style-type: none"> <li>a court or other authority enforces any judgment or order against you for the payment of money or the recovery of any property; or</li> </ul> <p>any analogous event under the laws of any applicable jurisdiction, unless this takes place as part of a solvent, amalgamation, merger or consolidation that has been approved by us.</p>
<b>Limit Order</b>	an Order by you to either open or close a CFD at a predetermined price.
<b>Margin</b>	an amount you are required to hold in your Account to protect us against the risk that you do not meet your obligations to us.
<b>Margin Call</b>	notice we give you requiring you to deposit additional funds into your Account to meet your Margin Requirement.
<b>Margin Foreign Exchange CFD</b>	a CFD where the Underlying Instrument is the Exchange Rate between a Currency Pair.
<b>Margin Requirement</b>	the total amount of money that you are required to deposit with us as consideration for entering into and maintaining all open Positions under CFDs.
<b>Order</b>	a Stop-Loss Order, a Stop-Entry Order or a Limit Order.
<b>Order Price</b>	the price that you specify in an Order at which you wish to enter into or close out of a CFD.
<b>Offer Price</b>	<p>the then current price at which we may enter into a CFD under which you sell the Underlying Instrument; or</p> <p>the then current price at which we may close out a CFD under which you buy the Underlying Instrument.</p>
<b>Opening Price</b>	the price of the CFD specified in the terms of that CFD.
<b>Other CFD</b>	a CFD where the Underlying Instrument is a Commodity, futures contract, Index, share or cryptocurrency.
<b>Position</b>	a long or short Position you have taken in respect of a CFD.
<b>Quote Currency</b>	the second currency in the Currency Pair referred to in a Margin Foreign Exchange CFD.

<b>Retail Client</b>	means any client except sophisticated investors and wholesale clients as defined in the Corporations Act 2001 (Cth).
<b>Retail Client Agreement</b>	the document entitled 'Retail Client Agreement', which forms part of the documents that constitute the contract between you and us and govern our dealings with you. The Retail Client Agreement is accessible at <a href="https://www.Axi.com">https://www.Axi.com</a> under the heading Legal Documentation and on the Disclose register at <a href="http://www.disclose-register.companiesoffice.govt.nz">www.disclose-register.companiesoffice.govt.nz</a> .
<b>Retail Client Product Schedule</b>	our Retail Client Product Schedule, which is available at <a href="http://www.Axi.com">www.Axi.com</a> under the heading Legal Documentation, and on the Disclose register at <a href="http://www.disclose-register.companiesoffice.govt.nz">www.disclose-register.companiesoffice.govt.nz</a> .
<b>Rollover Benefit or Rollover Charge</b>	an amount payable in relation to a CFD that remains open when the Underlying Instrument expires and the CFD is revalued based on a new Underlying Instrument. A Rollover Benefit is payable to you. A Rollover Charge is payable by you.
<b>Spread</b>	the difference between the Bid Price and Offer Price for a CFD.
<b>Standard Margin Rate</b>	the percentage rate that is applied to determine the amount of Margin you must hold as set out in the Retail Client Product Schedule.
<b>Stop-Entry Order</b>	an Order to buy above the current market price for a long Position or sell below the current market price for a short Position.
<b>Stop-Loss Order</b>	an Order to open or close a CFD that is placed with the aim of limiting the potential loss on an open CFD.
<b>Swap Benefit or Swap Charge</b>	a daily benefit (or charge) that may accrue for any CFDs that remain open as at the market close (5PM New York time (this is 00:00 MT4 Server time on our Trading Platform) Monday to Friday) that is payable to you (or by you).
<b>Swap Fee</b>	a Swap Benefit or a Swap Charge.
<b>Trading Platform</b>	the software we make available to you by which you may trade with us online.
<b>Underlying Instrument</b>	the underlying Exchange Rate for a Currency Pair, Index, Commodity, futures contract, share or cryptocurrency, by reference to which the price of Margin Foreign Exchange CFD or Other CFD is determined.
<b>Variation Margin</b>	Margin payable by you to us in respect of a CFD if the value of the Underlying Instruments referred to in that CFD moves against you (that is, you have an unrealised loss on that CFD).

<b>Website</b>	<a href="http://www.Axi.com">www.Axi.com</a> and includes the Trading Platform
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