Product Disclosure Statement For Margined Contracts for Difference Issued by GPP Markets Limited

This Product Disclosure Statement is dated **14 May 2018**.

This document provides important information about Margined 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 www.disclose-register.companiesoffice.govt.nz.

Many derivatives are complex and high-risk financial products that are not suitable for most retail investors. If you do not fully understand a derivative described in this document and the risks associated with it, you should not enter 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.

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

1. Key Information Summary

What is this?

This is a Product Disclosure Statement (PDS) for Margined Contracts for Difference provided by GPP Markets Limited ('GPP Markets, 'we', 'us' or 'our'). Margined Contracts for Difference are derivatives, which are contracts between you and GPP Markets that may require you or GPP Markets to make payments. The amounts that must be paid or received will depend on the price or value of the underlying currency, commodity, or index. The contract specifies the terms on which those payments must be made.

Warning

Risk that you may owe money under the derivative

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

Your liability to make margin payments

GPP Markets may require you to make additional payments (margins) to contribute towards your future obligations under these derivatives. These payments may be required at short notice and can be substantial. You should carefully read section 2 of the PDS (key features of the derivatives) about your obligations.

Risks arising from issuer's creditworthiness

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

About GPP Markets Limited

GPP Markets is a derivatives issuer providing margined contracts for difference services through an online trading platform to allow its clients access to the derivative products that are the subject of this PDS.

Which derivatives are covered by this PDS?

The derivatives covered by this PDS are restricted to margin trading Contracts for Difference ("CFDs") over certain currencies, commodities, and indices.

A brief description of the nature of the contracts we offer and their main uses / key benefits is set out below:

- The contracts replicate the risk and return profile of the underlying asset (the currency, commodity, or index). They provide many of the benefits of trading without having to physically hold the underlying currency, commodity, or shares in the relevant index.
- Contracts offered by GPP Markets are non-deliverable (meaning they do not require the physical exchange of currency, commodities, or shares). Contracts remain open until the position is closed. The contract will always be cash settled and your trading account either credited or debited according to the profit or loss of the trade.
- The contracts are ”over the counter” contracts, meaning they are traded off-exchange (such as NZX or CME), between the client and GPP Markets.
- The contracts are provided on a margined or leveraged basis. This means that in order to trade with GPP Markets, you are required to post a certain percentage of the value of all of your open positions in cash (known as ‘margin’). The amount of margin required depends on the rate of leverage applied, which depends on the underlying currency pair, commodity, or index. GPP Markets permits trading in foreign currency, gold, silver, oil, certain indices, and other specified instrument contracts through its online trading platforms.
- Contracts are not transferrable; this means that contracts bought from GPP Markets cannot be sold to another broker, trader, or market maker.
- A contract broadly replicates the price movement of the underlying asset. However, prices quoted on GPP Markets’ trading platform may differ from the price of the underlying asset on the open market.
- The contracts offered by GPP Markets are not standardized. The terms of a contract are individually tailored to the particular requirements of GPP Markets and the client. Contracts are subject to minimum contract values.
- Because you do not own the underlying asset itself, you have none of the rights associated with owning the underlying asset.

People who trade in contracts may do so for a variety of reasons. Some trade for speculation, that is, with a view to profiting from fluctuations in the price or value of the underlying asset. For example, traders may have no need to sell or purchase the underlying asset themselves, but may instead be looking to profit from market movements in the asset concerned.

Others trade contracts to hedge their exposures to the underlying asset. For example, a commodity derivative can be used as a risk management tool to enable those with physical holdings of an underlying commodity to lock in an effective sale price for the commodity concerned by taking a commodity derivative contract position at that point in time. Then, if the price of the underlying commodity the client holds falls, the commodity derivative positions will wholly or partly offset the losses incurred on the physical holdings.

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2. Key Features of the Derivatives

Nature and effect of derivatives

This PDS covers Margined Contracts for Difference ("CFDs").

Explanation of our contracts

Under these contracts, one party agrees to buy or sell a product from the other party at an agreed price for settlement on the day the contract is closed. The price of the product is based on the price or value of an underlying asset (a currency, commodity, or index), allowing you to take a position in respect of that underlying asset. Under these contracts, the parties (being you, as client, and us, as issuer) agree to exchange the difference between the position you have taken and the actual price or value of the underlying asset.

You are required to maintain a deposit, referred to as "margin". The parties agree to renew the contract indefinitely until one of them affirmatively closes the contract. The principal amount is not exchanged, and the underlying asset is not required to be delivered. At the time of closure the profit or loss is settled between both parties and the margin, plus or minus the profit or loss, is returned.

These contracts are "derivatives" as, amongst other things, the value of the amount to be paid by one party to the other is ultimately determined, is derived from, or varies by reference to the value or amount of something else. In the case of our contracts, the underlying asset is a specified currency pair, commodity, or stock market index.

The contracts work in a similar way to the underlying asset and the value of a contract is derived from the related underlying asset. However, contract holders do not actually hold the underlying asset and may not enjoy the same rights as the holders of the underlying asset, nor are they entitled to sell or transfer ownership to another person or entity.

For the meanings of terms used in this PDS that have a specific meaning in relation to our contracts, please see the Glossary on page 27.

Margin

One of the conditions of entering into our contracts is that you provide us with margin in the form of cleared funds. We provide you with leverage in return for the margin contribution.

The amount of margin required depends on the rate of leverage applied, which in turn depends on the underlying currency pair, commodity, or index. For our products, this is usually set at 1%. However, we can change margin requirements from time to time according to market conditions.

Details of available underlying assets

See our Product Schedule which can be found at our website at www.gppmarkets.com for our current products, and the required margin for trading in each. Details of minimum lot sizes for each underlying asset can be found on our online platform. The products we offer may change from time to time.

Terms of the contracts

Each contract will continue until you or we cancel it. When a contract is held overnight, you will either pay or receive amounts known as "swap costs", as set out under "Rollover charge / swap costs for holding contracts overnight" below.

You can decide to put a "take profit" or "stop loss" limit on your trades, using the pre-set parameters on the trading platform. This means that your trade will be closed out if your profit or loss on that trade reaches a predetermined level. Take profit or stop loss orders must be set at least 1 "pip" away from the current market price. Please note that there is no guarantee that positions will be closed in periods of excess volatility as outlined on page 17.

We can change the minimum margin requirement, up to the full value of the position, at any time. If you do not maintain the required level of margin, your position may be automatically closed.

Examples of potential terms for a contract, and an explanation of "pips", are set out under "Examples" below.

Main uses and key benefits of our contracts

Main uses

Our contracts can be used for speculation, where a contract is taken to make a profit from the market movement of the underlying asset. Speculation of this nature can also mean that traders could suffer a loss if the price or value of the underlying asset does not move in their favour.

Other traders could use our contracts to hedge their exposure to an underlying asset, which they currently hold. By doing this it locks in the price at the time the contract is entered into and allows the trader to maintain ownership of the underlying asset. An example of this would be where a trader holds physical gold and hedges to mitigate the effect of further market fluctuations on the value of that gold.

A position is opened by either buying ("longing") or selling ("shorting") a contract on the online trading platform or through the Dealing Department.

A trader buys or goes "long" on a contract when they expect that the price of the underlying asset will rise. In that situation, you will only profit if the price or value of the underlying asset increases, similar to if you owned the asset. A trader sells or goes "short" on a contract when they expect that the price of the underlying asset will decrease. In that situation, you will only profit if the price or value of the underlying asset decreases, similar to if you sold the asset on the basis that you could buy it back at a later date for a lower price.

Main benefits

Our contracts replicate the risk and return profile of the underlying asset you choose (the currency, index, or commodity). They provide many of the benefits of trading without having to physically hold the underlying currency or commodity, or shares in the relevant index.

However, as they are highly leveraged derivatives, you have significantly greater risk than an investment in the relevant underlying asset. There are a number of types of risk that you should be aware of before beginning to trade, including the possibility of losing some or all of the money that you invest. You may lose even more money than you invest as the money you invest represents the margin on larger nominal values for which you are ultimately responsible.

In entering into a contract with us you are making an investment in a financial product and therefore are subject to investment risk. We recommend that you take all reasonable steps to fully understand the outcomes of utilising the products provided by us, as you need to understand and accept the risks of investing in these contracts.

How to calculate the amounts payable under the contracts

Each underlying asset will have a bid price and an offer price. To buy a contract over the underlying asset (go long on the contract), you will pay the offer price multiplied by the contract size. If you sell a contract over the underlying asset (go short on the contract), you will receive the bid price multiplied by the contract size.

For example, if the EUR/USD currency pair is quoted at 1.14430/1.14440:

- to buy EUR (offer), you would pay 1.14440 x contract size; and
- to sell EUR (bid), you would receive 1.14430 x contract size.

In this example, the difference between the two prices is the “spread”. We can change the spreads at our discretion. See section 4 (fees) for more information on spreads, including where you can find current spread information.

Clients can use the online platform to see all orders, open positions, profit and loss reports and statements at any time. As this shows in real time their profit and loss results, clients are able to use this information to determine whether they wish to close their positions. As soon as a position is closed, any resulting funds can then be used as margin for further positions.

Rollover charge / swap costs for holding contracts overnight

Open positions held overnight attract ‘rollover interest’ (also referred to as a swap cost).

This is essentially the prevailing interest rate differential on the underlying assets bought or sold. If, for example, you buy EUR against USD, and the EUR interest rate is higher than USD, you will receive interest. If you buy USD you will pay interest. Swap rates are determined by our counterparties – see section 4 (fees) for more information.

Obligation to make payments

If your trade position moves against you there are 3 possible outcomes:

- You provide us with additional margin and keep the position open.
- You close the position and crystallise the loss.
- The system automatically creates an order for your position to be closed out when your total equity falls below any ‘stop loss’ level you have chosen through the online platform. There is no guarantee that positions will be closed in periods of excess volatility as outlined on page 17.

In addition, our trading system will automatically place a liquidation order for a client’s open position(s) when their total equity balance falls below 30% of the initial margin required for all open positions.

Although we have the right to do so, we do not currently make margin calls. If we make margin calls in the future, you will be required to deposit the required additional margin as required by us.

The trading platform allows you to monitor your positions and control risk exposure in real time. Accordingly, we expect clients to monitor their margin requirements using the trading platform.

The close-out process will be implemented without further notice to the client, and we can recover any loss from the client. This process is intended to limit the potential loss of the client, us, and any counterparties. However, there is no guarantee that the positions can be closed, and you will be liable to us for any shortfall.

Examples

Set out below is an example of how to calculate amounts payable under our contracts and the term of the contracts.

Example 1

You believe that the EUR will appreciate against the USD in the near future. You see that the prices quoted on the EUR/USD currency pair by GPP Markets is 1.14430 (bid) / 1.14440 (offer). The "offer" is the buy price, so you buy a contract of EUR/USD, at one lot, which is equal to €100,000. You want to sell it later at a higher price. Your base currency is US dollars.

Buy €100,000 at offer price: 1 x 100,000 x 1.14440 = $114,440 USD (contract size)

Assume the contract is leveraged on a 1:100 ratio. That means that we require an initial margin from you to be deposited into our account, which is 1%, calculated as followed:

114,440 x 0.010 = $1,144.40 USD (Initial Margin)

GPP Markets receives the "spread", which is the difference between the bid and offer prices that it quotes to you. However, as this spread is inclusive of our own costs, we only retain part of it. In this example, the difference is 0.0001 (known as "pips"), which amounts to $10 USD. It is built into the price when you close your position, because you will sell it back at the bid price. The spread is calculated as follows:

(1.14440 -1.14430) x 100,000 = $10 USD

Rollover Interest/Swap Cost
When a position is held open overnight, you are paid or debited interest depending on the currency pair. In this example, you technically are borrowing the Euro, which has a higher interest rate than the USD, so you must pay interest on this position. These swap rates float daily based on overnight interest rates. Current swap rates are posted on our company website and on our online trading platforms. In this case, you must pay $1.30 per 1 lot per day, calculated as follows:

1 lot x -1.30 (EURUSD Short Swap Rate) = $1.30 USD

Profit/Loss Calculation
Your gross profit or loss is the difference between the opening position and the closing position.

Closing the Position for Profit
The following day the price of EUR/USD has increased to 1.14460 (bid) / 1.14470 (offer). The trade has moved in your favour and you decide to take your profit and close the position by selling at the bid price.

1 x 1.14460 x 100,000 = $114,460 USD

Your gross profit is 114,460.00 - 114,440.00 = $20.00 USD. Your net profit is the gross profit less the costs. The spread was built into the price. Your net profit is:

20.00 (gross profit) – 1.30 (rollover interest paid) = $18.70 USD

Closing the Position at a loss
The following day the price of EUR/USD has decreased to 1.14460 (bid) / 1.14480 (offer). The trade has moved against you and you decide to take a loss and close the position by selling at the bid price.

1 x 1.14460 x 100,000 = $114,460 USD

Your gross loss is 114,460.00 – 114,480.00 = -$20.00 USD. Your net loss is the gross loss plus costs. The spread was built into the price. Your net loss is:

20.00 (gross loss) + 1.30 (rollover interest paid) = $21.30 USD

Example 2

You believe that the price of gold is undervalued and you decide to enter into a contract in respect of gold in the expectation that the gold price will rise. Our online platform is showing the price of gold (XAU/USD) as being USD $1,225.200 (bid) / $1,225.500 (offer). One lot is equal to 100 ounces. You decide to buy 1 lot.

Opening a Position
You "buy" a CFD in respect of 100 ounces of gold at the offer price: 1 x 1,225.50 x 100 = $122,550 USD

Assume the contract is leveraged on a 1:100 ratio. That means that we require an initial margin from you to be deposited into your account, which is 1% of the contract value, calculated as follows:

122,550.00 x 0.010 = $1225.50 USD

GPP Markets earns part of the “spread”, which is the difference between the bid and offer prices that we quote to you. In this example, the difference is $0.30, which amounts to $30 USD. It is built into the price when you close your position, because you will sell it back at the bid price. The spread is calculated as follow:

(1,225.50 – 1,225.20) x 100 = $30 USD.

Rollover Interest/Swap Cost
When a position is held open overnight, you are paid or debited interest depending on the contract. In this example, you technically are borrowing Gold in terms of the USD, so you must pay interest on this position. These swap rates float daily based on overnight interest rates. In this case, you must pay 1.217 pips per 1 lot per day. The rollover interest is calculated as follow:

1 lot x -1.217 (XAUUSD Short Swap Rate) = you pay $1.217 USD

Closing the Position

The next day the price of Gold has increased by $10 USD to 1,235.200 (bid) / 1,235.500 (offer). The trade has moved in your favour and you decide to close your position.

1 x 1,235.20 x 100 = $123,520

Profit/Loss Calculation
Your total gross profit is the buy price less the sell price calculated as follows:

123,520 - 122,550 = $970.00 USD

Your total net profit is the gross profit less the costs. The spread was built into the price. Your net profit is:

970.00 (gross profit) – 1.217 (rollover interest paid) = $968.78 USD

In the above example, you deposited USD $1,225.50 as your initial margin on this trade and made a profit of $968.78 USD.

The examples above are for demonstration purposes only, and each provides an example of one situation only. They do not reflect the specific circumstances or the obligations that may arise under a derivative entered into by a client.

How to enter into a contract

Entering into a Client Agreement

Clients who wish to enter into contracts with us after reading this PDS and the other information set out in our offer register entry will need to establish an Account by completing a GPP Markets' Account application form.

By opening an Account, you agree to our Client Agreement and this PDS. You will be required to provide us with the information set out in the application form and Client Agreement. There is no minimum amount required to open an account, although you will need margin in your trading account before you can trade.

If you are accepted as a client:
- you will be advised where to deposit your trading funds
- an online trading platform account and password will be allocated to you
- we will process your trading and settlement instructions
- you will have access to ongoing reporting through our online trading platform.

In applying to use our products, you must confirm that you have the ability to evaluate and understand the terms, conditions and risks of the transactions entered into via our online platform. These include, but are not limited to, understanding the concepts of leverage, margins, volatility, interests or rights in the underlying asset(s) along with the processes and technologies used in trading.

You must also confirm that you are willing and able to accept those terms and conditions and to assume (financially and otherwise) those risks. You acknowledge your responsibility for monitoring and managing the risks of trading. When you sign the application form, you are providing that confirmation.

Margin deposit

You must provide your margin to us in cleared funds before we will enter into contracts with you. We accept payments by credit card (online), third party payment portal, and bank deposit.

When a client deposits money with us, the client's funds are pooled with other clients' funds and held in segregated accounts on trust for our clients and separate to our business operating accounts. Some of this money is considered margin for open positions. Consequently, this is deposited with our Hedging counter-party. See section 5 (How GPP Markets treats funds and property received from you) for more information.

If you would like to withdraw funds, please complete the withdrawal form available from our website.

Entering into a contract

You can place trading instructions (i.e. open or close a position / enter into or exit a contract) through our online system, MetaTrader 4.

We offer you a contract price based on our assessment of the prevailing market conditions, plus the pre-set dealing spread. Your instructions will need to nominate the underlying asset, the amount, and whether you are buying or selling.

Our software has been configured so that in most cases orders are executed automatically, although in some cases dealers have to manually execute orders, such as when a market order has a price that has moved significantly from the current market price. Orders can only be executed when the underlying market is open and there is sufficient volume to execute the deal.

When positions are opened or closed, a trade confirmation is immediately forwarded to your online trading platform account.

Any instruction you send will only be a valid instruction and/or binding contract between us and you when it has been recorded as executed by us and we send you a trade confirmation (which is sent to your online trading platform account). The transmission of an instruction by you will not in itself result in a binding contract between us and you. When positions are opened or closed, a trade confirmation is immediately forwarded to your online trading platform account.

As we do not provide discretionary investment services, you must authorise all trading instructions (including by appointing an authorised person under the Client Agreement).

Rights to alter terms of the derivative

You are able to partially close out a position at any time during trading hours by reducing the size of your position (for example, by decreasing the number of lots held). An existing position cannot be added to (although you can enter into a new contract to increase your exposure to a particular underlying asset). Corporate actions, e.g. a share-split, and dividends could alter the price of a CFD as the CFD mirrors the economic effect of the underlying asset.

You will be responsible for paying any outstanding costs where you partially close out a position (for example, if you have made a loss or if you have held a position overnight and incurred swap costs).

We can also change the margin requirements at any time. We will advise clients of any changes to margin requirements by means of email and via the messaging system of the trading platform before those changes are implemented.

Rights to terminate derivative

The Client Agreement may be terminated at any time by one party giving written notice to the other to that effect. Your ability to terminate requires that you do not hold unsettled positions at that time and do not owe any debts to us. If you do hold unsettled positions or owe us money, you must discharge that liability before you can terminate the Client Agreement. Termination does not affect already agreed transactions or the existing rights and obligations of ours and yours at termination.

Although you cannot terminate a contract, you can close out your position under the contract, crystallising your profit or loss. This will be credited or debited to your account. We can also close out your position in the circumstances set out above.

You will be responsible for paying any outstanding costs where you close out a position (for example, if you have made a loss or if you have held a position overnight and incurred swap costs).

As set out in the Client Agreement, we reserve the right at any time to:

- not accept any person or company as a client;
- revoke, suspend, or terminate the registration of any person or company as a client; or
- restrict the activities of any client, including allowing you to only close open positions.

In addition, system error or rogue prices from the price feed may trigger the online trading platform to execute orders automatically. However, unless the price was tradeable at that time, we may reject these executions and reverse affected trades. We will notify you if this happens.

3. Risks of these derivatives

There are a number of risks associated with entering into these contracts, which can be divided into product risks, issuer risks, and risks when entering or settling the derivatives. Set out below are what we believe to be the significant risks associated with entering into our contracts.

Product Risks

Set out in the table below is an outline of the significant risks for clients that arise from the contractual terms of the contracts and from the Client Agreement.

Risk	Circumstances that may give rise to the risk / example of how it arises
Market risk	The risk that the value of an investment will decrease due to moves in market factors. Foreign exchange rates, commodity prices, and share markets are unpredictable and volatile. Changes in prices may cause the value of your positions to lose value and you may suffer the loss of some or all of your investment, and/or be required to immediately deposit additional funds to maintain your positions or cover your losses. In fast moving markets, there may not be sufficient time to warn you, for you to monitor the impacts of market movements on your positions, or for you to take remedial actions: these effects may cause you loss or exacerbate your losses. Historical prices and relationships are no guide for future prices, movements and relationships. You should keep in mind that during such volatile market conditions stop-loss orders may not be honoured at the price you have requested and “price gaps” may occur (see below).
Price gaps	The value of a contract could move significantly in a short space of time, even where no trade in the underlying asset has occurred. This is known as ‘price gapping’. For example, announcements of unforeseen negative financial results by a company within an index, unforeseen economic or political events, natural disasters or catastrophic events, or technical issues could result in an immediate shift in value of the underlying asset and therefore the value of your position. The effect of an event is likely to be greater where that event occurs outside trading hours, or where the market for the underlying asset is illiquid. The result of this could be a drop (or ‘gap’) of the price of your contract, potentially below any stop-loss level you have chosen, causing you significant losses.
Illiquidity	Under certain conditions it may become difficult or impossible for you to close out your contract. This can occur when there is a significant change in the price of the underlying asset over a short period of time (such as where a price gap occurs). Some international markets may have a lower trading volume than other more liquid international markets, which may increase the risk that the liquidity of a currency, commodity, or index is decreased or removed from the market due to unforeseen events. In that situation, you may not be able to liquidate your position to gain

	profits or prevent larger losses. Drastic price changes can occur in a short period of time in an inactive or illiquid market. In these conditions, even if you can liquidate your position, you may be forced to execute it at a price that may cause a substantial loss.
No guaranteed orders	Stop-loss orders and limit orders may not be accepted, or may be executed at a different price to the one specified by you if the price of the underlying asset moves suddenly. In this case any loss that yields from this investment may be higher than your expectations.
Unregulated markets	These contracts are 'over the counter' derivatives that allow you to take a position in relation to the underlying assets. This product is not traded or regulated by any exchange, and therefore does not provide you with any of the protections currently available to transactions made in those traditionally regulated markets.
Costs you pay	Because of the difference between the buying and selling price of a contract, the relevant contract price must move favourably before you can break even. In other words, if the contract price does not move at all and you close your position, you will make a loss to the extent of the spread between the bid/offer price and of any charges and mark-ups which have been charged (see section 4 (Fees) below). In addition, spreads, interest rates and the value of the underlying assets can go up or go down. If the spread between the bid/offer prices is larger at the time you close out the position than it was at the time you opened it, the costs of closing out that trade will be higher. In addition, other factors such as economic cycles, the profitability of companies and different market sectors, business confidence and government policies can also affect both the underlying asset performance and interest rate movements.
Margin top ups and involuntary close-out	If prices move against your position such that your margin is insufficient to cover any potential losses, you will need to deposit additional funds or we will close out your position. In that situation, we can recover any losses from you. We currently do not, and are not, under any obligation to make margin calls. You are required to monitor your margin level in order not to be 'stopped out' when the margin falls below the stop out level. If your margin falls below the stop-out level, the positions in your account will be closed-out. This close-out feature is designed to limit your, our, and any counterparties' potential losses. However, due to market volatility there is no guarantee that the positions can be closed, and you will be liable to us for any shortfall.

	We can alter our margin requirements for any contract position at any time at our discretion. This will retroactively alter your existing total margin requirement if you entered into a position before the adjustment. Changes in margin requirements will be announced in the Mailbox section of GPP Markets' trading platform and via e-mail in advance of the change. Clients should also note the timing for processing payments, and the implications of late payments, as outlined in section 5 (How GPP Markets Treats Funds and Property Received from You).
Liquidation	We have the right to close out contract positions without your agreement, in a number of circumstances. Accordingly, you may not be able to anticipate or control the time at which a position is closed out. For instance, our trading system will automatically place a liquidation order for a client's open position(s) when their total equity balance falls below 30% of the initial margin required for all open positions.
Risk of loss greater than amount of margin	You may sustain a loss greater than your initial margin. You will be required to pay funds to us for any additional losses and other fees on your open and closed derivative positions. For example, if the initial margin payable at the time a contract is established is $1,000 USD and the market moves against your position, you could lose much more than the initial $1,000 USD deposited to open the position.
Foreign exchange risk	GPP Markets accounts are denominated in a currency nominated by you when you open the account based on a list that GPP Markets can provide (your base currency). As the platform is based on the United States Dollar (USD), all margins, profits, losses, interest and rollover fees in relation to each contract are calculated using USD. Accordingly, your profits or losses may be affected by fluctuations in the applicable foreign exchange rate between the time the order is placed and the time the contract is closed. Upon closing a contract, the USD balance will be converted to your base currency in order to make payment to you. Any conversion will be at the exchange rate quoted by GPP Markets. Until the USD balance is converted to your base currency, fluctuations in the relevant foreign exchange rate will affect the amount you receive. In addition, the interest rates that clients receive or pay in relation to their

	balance can be affected by fluctuations in the interest rate specified by GPP Markets for the currency in which their account is denominated.
Potential magnified loss	If you are borrowing the capital to fund your margin from another party, the risks associated with a contract will be even higher. For example, with a leverage of 100 times, a 1% loss of the amount traded will result in a 100% loss when trading contracts. The loss is in addition to any other fees such as swap costs.

Issuer Risks

As GPP Markets issues the contracts, you are exposed to financial and business risks, including credit risk, associated with dealing with GPP Markets. That is, as GPP Markets is the counterparty to each contract, you are exposed to the risk that GPP Markets becomes insolvent and is unable to meet its obligations to you under the contracts.

GPP Markets enters into arrangements with third party counterparties for the facilitation of transactions and settlements, and uses money received for margin and settlements to pay such providers for this purpose. If the financial conditions of GPP Markets, its counterparties or the parties with which we hold client assets deteriorate, then you could suffer loss because the return of your capital and other clients' capital could become difficult.

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

GPP Markets acts as counterparty in all positions opened by clients and, therefore, acts as the buyer when a client sells and the seller when a client buys. As a result, GPP Markets' interest may conflict with the client's interest. Unless otherwise specified in this PDS, GPP Markets establishes the prices at which it offers to trade with clients, which may differ from the actual trading price of the underlying asset on the market. The prices GPP Markets offers might not be the best prices available and GPP Markets may offer different prices to different clients.

We manage our risk exposures by hedging some transactions through transactions with the third party counterparties noted above. If we elect not to cover our own trading exposure, then clients should be aware that we may generate more revenue if the market goes against the client. In addition, if we do not completely hedge our positions with you, and/or if one of our hedging counterparties fails to make a payment to us, the risk of us being unable to meet our obligations under the contracts may be increased.

Once we have audited financial statements, these will be able to be obtained from the Disclose register at www.disclose-register.companiesoffice.govt.nz. In addition, client funds are held on trust in segregated accounts for our clients and separate to our business operating accounts. Please refer to section 5 for more information.

GPP Markets has Professional Indemnity Insurance in place to cover itself and its representatives for the financial services we provide. We believe that the cover is adequate to meet GPP Markets' requirements under its Derivative Issuer License in New Zealand. This insurance does not cover your funds.

Risks when Entering or Settling the Derivatives

The significant risks that arise from the processes by which our contracts are entered into and settled are as follows:

Electronic On-line Trading System
You are responsible for providing and maintaining the means by which to access our online trading platform (including the required personal computer and internet access). If you are unable to access the Internet and thus, the electronic online platform, it will mean you may be unable to trade in contracts offered by GPP Markets (including to close existing positions) and you may suffer a loss as a result.

Furthermore, in unforeseen and extreme market situations, GPP Markets reserves the right to suspend the operation of its electronic online trading platform or any part or section of it. In such an event, GPP Markets may, at its sole discretion (with or without notice), close out your open contracts at prices it considers fair and reasonable. GPP Markets may impose volume limits on client accounts at its sole discretion. Please note that such measures would only be implemented in extreme market conditions, and such discretion only reasonably exercised in the best interests of the client.

Trading Platform Closure
GPP Markets aims to provide trading services whenever the underlying assets are trading, however there may be circumstances when we close the trading platform when the underlying market is still trading. Due to the dynamic nature of the financial markets, it is possible that the value of your open positions will change while the trading function of GPP Markets is closed. In this case, you will not be able to trade in any contracts until the trading function reopens. You may suffer a financial loss or opportunity loss as a result.

Regulatory Changes
Change in taxation and other laws, government, fiscal, monetary and regulatory policies may have an adverse effect on clients' dealings with GPP Markets, such as the ability to open an account with GPP Markets, trade activity/volume, the acceptance of certain client deposits, etc.

Execution Risk
Slippage - GPP Markets aims to provide you with the best pricing available and to get all orders filled at the requested rate. However, there are times when, due to an increase in volatility or volume, orders may be subject to what is referred to as "slippage". This most commonly occurs during fundamental news events or gapping in underlying markets. The volatility in the market may create conditions where orders are difficult to execute.

Execution is subject to available liquidity at any and all price levels. Although you may be looking to execute at a certain price, the market may have moved significantly or liquidity may have been exhausted, in which instance your order would be filled at the next best price or the fair market value.

Reset Orders - Market volatility creates conditions that make it difficult to execute orders at the given price due to an extremely high volume of orders and/or available liquidity and therefore orders may be reset. By the time orders are able to be executed, the bid/offer price at which GPP Markets (or its counterparty) is willing to take a position may be several pips away. For limit orders, the order would be rejected and reset until the order can be filled.

Hanging Orders / execution delay - During periods of high volume and increased volatility, hanging orders may occur. This is a condition where an order is not instantly executed. Generally, a hanging order is pending review by our Dealing Desk. During periods of heavy trading volume, it is possible that a queue of orders will form. That increase in incoming orders may sometimes create conditions where there is a delay in confirming certain orders.

Technical issues with your internet connection to the GPP Markets servers may also cause delays or hanging orders.

Mobile Trading
GPP Markets will make its best efforts to fulfil your trade requests made via the MetaTrader 4 mobile software. However, trading CFDs online with a mobile device, regardless of how convenient or efficient, does carry inherent risks. The risks associated with utilizing a mobile-enabled, Internet-based trading platform include, but are not limited to, the failure of hardware, software, and Internet connection.

Since GPP Markets does not control all factors in successfully executing trades using the MetaTrader 4 mobile platform, we cannot be responsible for communication failures, distortions, or delays when trading via the MetaTrader 4 mobile software.

Clients should always be ready to utilize another system to trade in case of any unexpected failures. Clients agree to take on the responsibility to learn how to properly use the software and agree to take full responsibility for all consequences of using this software, including but not limited to trades opened and closed prematurely and incorrect orders being executed.

4. Fees

Fees and charges related to contracts may incorporate any or all of the following:
- Spreads;
- Rollover interest at GPP Markets' Rollover Rates;
- Commissions on trades executed;
- Mark-ups on trades executed;
- Administration charges (currently deposit, withdrawal, and inactivity fees).

Fees and charges may change from time to time.

Fee or charge	Amount or how its calculated	When it is payable
Spreads	GPP Markets earns part of the "spread", which is the difference between the bid and offer prices	The spread is determined (based on

	that it quotes to you. The spread differs depending on which underlying asset the contract relates to, and will increase the cost to you of entering into the contract. The portion of the spread we retain is the difference between the price at which we can enter a position and the price we offer to you. Spreads are variable and depend on the underlying market activity and liquidity. For example, during European and American night time hours there are fewer traders in the underlying market which may cause spreads to widen. GPP Markets aims to offer competitive spreads to its clients. We retain the right to amend the spread for any reason.	prevailing market conditions) and payable when you enter into a contract and when you close it. For more detailed spread information, please refer to the product specifications which are available on the online platform or from our website.
Rollover interest	You may pay or receive rollover interest if you hold a position overnight. This is calculated according to our applicable rate according to the duration of the period of rollover and the spread (Rollover Rate). These Rollover Rates are calculated on an ongoing basis by GPP Markets and the relevant Rate will be determined at the time of rollover. Current Rollover Rates are also posted on our company website and on our online trading platforms. This will either increase the cost of entering into the contract (if you pay the rollover interest) or decrease it (if you receive the rollover interest).	At the end of each trading day.
Commissions on Trades	We may charge commission when you have been referred to us by an Introducing Broker (IB). The commission charge on any given trade executed will be negotiated between the IB and the client or GPP Markets and the client. Clients referred by an IB will be required to fill out a commission agreement which will describe all additional commissions paid to either GPP Markets or the IB. GPP Markets will not charge any commissions without full disclosure of commissions charged and client's acknowledgement of commissions.	Commission will be debited from your account immediately after an order is executed, and will therefore increase the cost to you of entering into the contract. All commissions are charged in the currency in which the instrument is denominated. Commission charges are viewable in your

	Furthermore, commission charges can differ from client to client based on the agreement reached between the client and the IB or the client and GPP Markets. GPP Markets may change its commission structure from time to time.	account statement at any given time. Commissions owed to IBs are paid on a monthly basis.
Price Mark-ups on Trades	When an IB introduces a new client to GPP Markets, the IB and the client may enter into a Mark-up Agreement. Mark-ups are added to the spread by GPP Markets when a new position is opened, and will therefore increase the cost to you of entering into the contract. The amount of the mark-up is determined by the agreement signed between the client and the IB. Mark-ups are collected on all round-turn transactions. All mark-ups collected by GPP Markets are paid to the respective IB at the end of the trading month. GPP Markets has no influence on the drawing up of the terms of a Mark-up Agreement. Mark-up Agreements can change at any time. Clients also have the right to cancel any Mark-up Agreement directly with GPP Markets without the consent of the IB. The client would need to submit a letter to GPP Markets requesting their Mark-up Agreement with the IB be cancelled. The cancellation of the mark-up would be effective immediately upon receipt and confirmation of the letter. All of the client's open positions must be closed out for the cancellation of the mark-up to become effective.	A Mark-up simply adds typically 2-3 pips to the bid/offer spread of any given instrument. When the client executes a trade on a spread with 3 pips mark-up, that 3 pips is charged immediately to the client and is paid to the IB at the end of the trading month. GPP Markets does not charge an Administrative Fee or take a percentage of the Mark-up in any way.
Interest on client funds held	Money paid by you to GPP Markets for margin and fees is held in separate segregated accounts, as set out in section 5 (How GPP Markets Treats Funds and Property Received from You). Any interest earned on client funds is retained by GPP Markets.	The applicable interest rate will be set and paid by the relevant bank in accordance with its standard terms.
Deposit and withdrawal fees	*When you make withdrawals* Electronic Transfer to: A NZ bank account in NZD — Free A Non-NZD account — $20.00 USD *When you make deposits* USD Telegraphic Transfer — Free	When a deposit or a withdrawal is processed.

	NZD Telegraphic Transfer Free Credit Card (See terms below) 3% of deposit value The correspondent bank used for a transfer may also charge around $15.00 USD (or equivalent) for non-local currency payments. An intermediary bank may also impose a charge to a beneficiary account.	
Inactivity fee	$20.00 NZD per month	This fee is payable when there has been no activity on an account for more than six months and the account balance is below $100.

Administrative charges are subject to change at GPP Markets' discretion.

Withdrawal Restrictions

Please note that if a client opens and funds an account with GPP Markets, and closes the account without initiating trade activity, the client will be liable for all transaction fees accrued in the process of remitting funds.

5. How GPP Markets Treats Funds and Property Received from You

GPP Markets only accepts money and does not accept property from clients. As a derivatives issuer, we are subject to the rules set out in the Financial Markets Conduct Act 2013 and Financial Markets Conduct Regulations 2014 for dealing with investor money.

See 'Payments and Withdrawals' below for an outline of our processes for receiving money from, and paying money to, clients.

Treatment of funds received

GPP Markets does not accept funds unless we are satisfied the payment has come from you and you have complied with all anti-money laundering and counter terrorism financing requirements.

Money paid by you to GPP Markets for margin and fees is held in separate segregated accounts for client funds. This money is not part of the assets of GPP Markets and cannot be accessed by GPP Markets except to pay for hedging contracts with counterparties, fees and margin calls as described in the Client Agreement between us and outlined below.

GPP Markets maintains a balance in the client trust account to meet its obligations such as client withdrawals etc. The remaining funds are forwarded to our counterparties as outlined below and applied against your margin, fee and settlement obligations. We reconcile our client trust accounts against the client funds in our trading platform on a daily basis and will take appropriate action if necessary to maintain our client trust account balance to meet our obligations.

Client trades can only be placed when there are cleared funds in the client's account. Accordingly, no scenario is anticipated which would result in a shortfall in the client trust account, and in the event that there was, GPP Markets would immediately deposit its own funds to meet this shortfall.

You will not receive interest on balances in your Trading Account. GPP Markets is entitled to retain any interest earned on these funds as per the Client Agreement.

When you enter into the Client Agreement, you agree that GPP Markets may transfer from your Trading Account moneys to be used for 'authorised hedging activities'. This means the hedging of our exposure to clients under contracts by entering into, securing, or settling offsetting derivatives with a hedging counterparty. This means that money may be transferred to a hedging counterparty as is reasonably required for entering into derivatives with the hedging counterparty or for settling or securing those derivatives with the hedging counterparty in accordance with the Financial Markets Conduct Act 2013 and Financial Markets Conduct Regulations 2014. When money is moved from the client trust account to a counterparty for hedging purposes it may no longer be afforded the protection of being held in trust.

Accordingly, clients are indirectly exposed to the financial risks of our counterparties and organizations with whom GPP Markets holds client funds. If the financial condition of GPP Markets or assets of our counterparties or the parties with which we hold client assets deteriorate, then clients could suffer loss because the return of the client's capital could become difficult.

We will select our hedging counterparties with care and will only deal with companies that are themselves registered and licensed within their own jurisdiction to provide financial derivative trading and are regulated in the UK, US or New Zealand.

We expect that LMAX Limited (a company registered in the United Kingdom) will be the counterparty to the hedging arrangements outlined above. You can find more information about LMAX Limited at www.lmax.com.

Payments and Withdrawals

Clients may deposit funds by electronic bank transfer. All funds must be cleared funds before they can be made available for you to use in dealing in contracts. Processing times vary for different payment methods and GPP Markets will deem a payment to have been accepted and cleared only when it has been cleared and processed by GPP Markets during normal working hours and applied to your account. When making a payment to meet your minimum margin requirement you should consider the processing time involved. A position may still be liquidated even if funds are in transit if they have not been cleared and processed by GPP Markets. You should contact us if the timing of a deposit is critical to meeting your margin obligations. GPP Markets will not accept funds from any third party.

Clients may withdraw funds from their account by sending GPP Markets a completed and signed Withdrawal Request Form specifying personal details, account number, the amount of the withdrawal and the method of payment. If you do not wish to close your account, you will need to maintain the minimum balance that GPP Markets requires you to hold in your account.

The Withdrawal Request Form is available for download online at our website. Withdrawal Request Forms can be submitted to GPP Markets via fax, email scan, online, or paper mail.

Please note that GPP Markets may at its discretion withhold any payments if:

- Open positions on your account show notional losses;
- GPP Markets reasonably considers that funds may be required to meet any current or future margin requirements on open positions;
- You have any contingent liability to GPP Markets or to any of its associates in respect of any other account you have opened with them;
- GPP Markets reasonably determines that there is an unresolved dispute between you and GPP Markets;
- GPP Markets considers it necessary or desirable to enable GPP Markets to comply with regulatory/legal obligations; and/or
- GPP Markets determines that your trading is in breach of any terms of the Client Agreement.

GPP Markets will not pay funds to any third party. Withdrawals will only be sent to a banking account via electronic bank transfer or may be credited back to credit cards or via the third party payment portal through which funds were originally deposited (such as PayPal). Funds requested for withdrawal will only be paid to a banking account in the same name as the account held with GPP Markets.

Funding Processing Time
Bank transfers may take up to two business days to be applied to your GPP Markets trading account.

A third-party credit card transaction processor processes credit card deposits made by clients. Transactions may require up to 7 business days to be credited to your GPP Markets trading account. However, please note that in some cases, delays in processing may occur which may result in longer processing times.

If you are making an urgent payment to meet your margin requirements, please contact us first to discuss the timeframe for the payment. Any payment will not be considered when calculating your margin requirement until it has been processed and applied to your GPP Markets trading account.

6. About GPP Markets Limited

GPP Markets is a New Zealand registered company and is licensed under the Financial Markets Conduct Act 2013 as a derivatives issuer. GPP Markets was incorporated on 9 October 2015. The Financial Markets Authority in New Zealand regulates GPP Markets.

We can be contacted as follows:

By phone: +64 9 281 2012

By email: info@gppmarkets.com

By post: GPP Markets Limited
PO Box 5382
Wellesley Street
Auckland 1141
New Zealand

In person: GPP Markets Limited
Level 21
191 Queen Street
Auckland
New Zealand

Our website: www.gppmarkets.com

7. How to Complain

In the event that you wish to make a complaint, you should contact us first. You can call us on +64 09 281 2012 to discuss your complaint, but will then need to make the complaint in writing. Your complaint will need to detail the nature of the complaint and be sent to:

The Compliance Officer
PO Box 5382
Wellesley Street
Auckland 1141
New Zealand

On receipt of your complaint, GPP Markets will confirm to you that it has received the complaint and will respond to you within 5 days.

Dispute Resolution Scheme

In the first instance the Compliance Manager will try and resolve any complaints. GPP Markets is also a member of an independent dispute resolution scheme and if a satisfactory outcome cannot be achieved, you may refer your complaint to Financial Services Complaints Limited ("FSCL"). FSCL is an approved dispute resolution scheme under the Financial Service Providers (Registration and Dispute Resolution) Act 2008. Our participant details can be found at http://www.fscl.org.nz/ and our membership number is 6397.

FSCL will not charge a fee to any complainant to investigate or resolve a complaint.

Their contact details are:

Financial Services Complaints Ltd
PO Box 5967
Wellington 6145
New Zealand

Telephone: +64 4 472 3725 or

Freephone: 0800 347 257
Email: complaints@fscl.org.nz
Website: http://www.fscl.org.nz/

8. Where you can find more Information

Further information relating to GPP Markets and the contracts as described in this PDS (for example, financial statements) can be obtained on the offer register at www.disclose-register.companiesoffice.govt.nz. A copy of the information on the offer register is available on request to the Registrar of Financial Service Providers.

The offer register contains a link to GPP Markets' unaudited financial statements. Those financial statements are not prepared in accordance with the Financial Markets Conduct Act 2013 for the most recently completed accounting period. Instead, those financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) accounting standards.

Requesting Additional Information

For general information about contracts, opening an account and placing orders etc., please contact a GPP Markets Representative by making a request by telephone or emailing us. No charge will be made for any information requested. Other information relating to us and the contracts offered can be found on our website at www.gppmarkets.com.

Information contained in this PDS is subject to change from time to time.

9. How to Enter into Client Agreement

Establish an Account

In order to transact with us you will first need to establish a trading account by completing GPP Markets' Account application form.

By opening an Account, you agree to our Client Agreement and this PDS. These are important legal documents containing the terms and conditions which govern our relationship with you.

We recommend that you consider seeking independent legal advice before entering into the Client Agreement, as the terms detailed therein are important and affect your dealings with us.

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

If we are not satisfied that you have the ability to understand these particular types of derivative and the risks involved, we cannot accept you as a client.

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

- **we are required to request information from you in order to assess whether the derivative is suitable for you; and**
- **without this information there is a strong risk we will not be able to assess whether you have the necessary ability to understand the derivative and the risks involved.**

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

To open an account, please complete the account application on our website or complete the individual application form attached to the PDS. For company application please contact us for an application form.

Glossary

Bid price
The price at which the market is prepared to buy a product. Prices are quoted two-way as bid/offer.

Derivative
A financial contract whose value is based on the value of an underlying asset. Some of the most common underlying assets for derivative contracts are indices, equities, commodities and currencies.

Gap / Gapping
A quick market move in which prices skip several levels without any trades occurring. Gaps usually follow economic data or news announcements.

Leverage
The percentage or fractional increase you can trade from the amount of capital you have available. It allows traders to trade notional values far higher than the capital they have.

Lot
A unit to measure the amount of the deal. The value of the deal always corresponds to an integer number of lots. For currency pairs a lot is equivalent 100,000 of the base currency.

Margin
The required funds that an investor must deposit to hold a position.

Margin call
A request for additional margin to be deposited in respect of a position that has moved against the client. Currently, we only accept funds as margin, and do not make margin calls.

Offer price
The price at which the market is prepared to sell a product. Prices are quoted two-way as bid/offer.

Pips
The smallest unit of price for any foreign currency, pips refer to digits added to or subtracted from the fourth decimal place, i.e. one pip is equivalent to 0.0001 in most currencies. Also referred to as a basis point.

Roll-over
A roll-over is the simultaneous closing of an open position for one day's value date and the opening of the same position for the next day's value date at a price reflecting the interest rate differential between the two currencies.

Round-turn
The opening and subsequent closing of a position.

Short position

An investment position that benefits from a decline in market price. For currency pairs, when the base currency in the pair is sold, the position is said to be short.

Slippage
The difference between the price that was requested and the price obtained typically due to changing market conditions.

Spread
The difference between the bid and offer prices.

Stop Loss Order
A stop-loss order is a type of limit order that specifies the exact price at which to close out an open position and make a loss.

Swap Costs
The cost charged to maintain an open position overnight when a market is closed.

Take Profit Order
A take-profit order is a type of limit order that specifies the exact price at which to close out an open position for a profit.

Tick (size)
A minimum change in price, up or down.