



DIRECT FX

Global Currency Payments & Transfers

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# Product Disclosure Statement

An Offer of Deliverable Foreign Exchange Contracts (excluding Forward Contracts)

Issued by Direct FX Limited  
Issue Date May 28<sup>th</sup> 2015

This document provides important information about deliverable Foreign Exchange Contracts (excluding Forward Contracts), to help you decide whether you want to enter into one.

Direct FX Limited has prepared this document in accordance with its Australian Securities and Investments Commission issued Australian Financial Services Licence (291471).

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# Product Disclosure Statement

## Introduction

This Product Disclosure Statement (PDS), was prepared by Direct FX Ltd, (“Direct FX”, “DFX”, “we”, “us”, “our”) New Zealand company number 1133594, New Zealand Financial Service Provider number 16781, Australian Registered Business Number 114 868 978, Australian Financial Services Licence number 291471, on May 28<sup>th</sup> 2015.

This PDS is for deliverable Foreign Exchange Contracts (excluding Forward Contracts), offered by Direct FX. It is designed to help you make informed decisions. It will help you to:

- Decide if this product meets your needs; and
- Compare this product with other similar products.

The information contained in this PDS is general and has been prepared without taking into account your personal circumstances. Before you decide whether this product is right for you, please consider obtaining independent financial advice from a qualified financial adviser.

The information contained in this PDS is current at the time of preparation but may be subject to change from time to time. If any new information is material, Direct FX will either issue a new PDS, or a Supplementary PDS, containing the new information. If any new information is not considered material, the information will be available on our website: [www.directfx.co.nz](http://www.directfx.co.nz) or by contacting us directly.

## About Direct FX

Direct FX, the issuer of the product, is registered in New Zealand as a private company limited by shares under the New Zealand Companies Act 1993. It was initially registered on 23 April 2001. Direct FX was registered as a foreign company in Australia on 21 June 2005.

Direct FX provides Foreign Exchange services to retail and wholesale markets. At the Interbank level, Direct FX provides the only Spot Foreign Exchange voice broking service in Australasia. At the non-Interbank level, Direct FX arranges global currency payments and transfers. Our non-Interbank Clients’ needs range from small, one off personal transfers, to multinational companies dealing with large cross-border currency transactions on a regular basis.

We are able to provide an excellent service to our Clients. We can do this because:

- We process a significant volume of Foreign Exchange, arranging hundreds of millions of dollars in Foreign Exchange Transactions daily for many leading banking institutions. We arrange the equivalent of over 100 billion New Zealand dollars (NZD) in Spot Foreign Exchange annually for our Interbank Clients.
- We are experienced. Combined, Direct FX brokers have over 150 years’ experience arranging Foreign Exchange Transactions.
- We charge no, or low fees
- We are privately owned.

## Authorised financial services

The Australian Securities and Investments Commission (ASIC) has authorised Direct FX to provide general product advice and deal in a financial product by arranging for another person to issue, apply for, acquire, vary or dispose of a financial product.

We are authorised to provide these services to our retail and wholesale Clients, in the following financial products:

- Deposit and payment products limited to:
  - Deposit products other than basic deposits and products; and
  - Non-cash payment products;
- Derivatives;
- Foreign Exchange Contracts;
- Debentures, stocks, or bonds issued or proposed to be issued by a government; and
- Securities.

Direct FX is also licenced by the New Zealand Financial Markets Authority, as a derivatives issuer pursuant to the New Zealand Financial Markets Conduct Act 2013. The Financial Markets Conduct Act 2013 classes Foreign Exchange Forward Contracts as derivatives. Our derivatives issuer licence authorises us to provide Foreign Exchange Forward Contracts. This PDS, does not cover Foreign Exchange Forward Contracts issued by Direct FX.

## Product benefits

Personal and business related Foreign Exchange Transactions are necessary for many reasons. Any company exporting or importing goods or services may be invoiced or receive payment in a foreign currency. This entails selling one currency and buying another. For individuals moving to another country or selling an asset overseas it may mean selling one currency to buy another.

Even for companies and individuals with some Foreign Exchange experience, arranging Foreign Exchange Transactions with their bank will often be time consuming, expensive, and result in transactions executed at Exchange Rates that are a considerable distance from where the Interbank market is trading. The overall level of service many banks give their Clients is, in our view, often inadequate, given the volume and complexity involved.

When dealing in Foreign Exchange Transactions, we are an alternative to traditional banks. We get better results for our Clients because we:

- Have experience in arranging transactions directly for banks in the Interbank market;
- Can pass on significantly better Exchange Rates to Clients than traditional banks;
- Understand the global bank payment system; and
- We charge no, or low fees

We give general product advice in plain English. We explain the choices, benefits, and risks of Foreign Exchange products. This helps Clients make informed decisions when choosing to trade in a specific product.

## Fees or commissions

We do not charge fees or commissions. Our revenue is the spread income derived from the transaction. Spread income is the difference (spread) between the wholesale Exchange Rate where your trade is off set with our liquidity providers, and the Exchange Rate provided to you. The spread we take will vary, depending on the size of the transaction, the currencies bought and sold, and the prevailing market's conditions.

We do not charge fees on the basis that the full amount of your bought currency is paid by us to your nominated beneficiary account in one transaction, correctly, in reliance of correct payment instructions provided by you to us. We may however charge you a fee, in the following circumstances:

- You require us to make more than one settlement payment to you
- You require us to amend an incorrect payment instruction, after it has been sent
- You require us to trace a payment or receive a bank confirmation of credit

The possible fees for these and an explanation of when they may be charged, is set out below:

#### Multiple payments

We do not charge fees to send bought currencies to beneficiary accounts, on the basis that each contract is settled with one payment from us to you, or your beneficiary. If you request us to split your settlement payment, to multiple accounts, at our discretion we may charge you a fee for each additional payment. Example. If you have bought USD 100,000, and you require us to make three settlement payments, then the second and third payment may incur a fee.

When applied: At our discretion, if you require us to make more than one settlement payment. We may request this fee to be paid prior to the settlement of your transaction, after the settlement of your transaction, or the fee may be deducted from the settlement amount, when the payment is made. We will communicate this to you in advance, and it will be dependent on the individual circumstances of the payment.

Amount: NZD 25.00 or the foreign currency equivalent.

#### Transaction instruction amendments

You are required to provide us with accurate payment instructions, which we rely on, to make payments for you. If subsequent to making our settlement payment, you require us to amend the payment instruction, we will incur a cost to do so, as our bank will charge us to amend the payment instruction. At our discretion we may seek reimbursement from you of these fees. In these instances we will only seek a reimbursement, for the amount we have been charged, or will be charged, if we request the amendment to be sent.

When applied: At our discretion. If applicable, when you request us to send the amendment, but before we do so, or after we send the amendment message. Please note, if an amendment message is required to be sent, due to a DFX error, you will not be charged.

Expected amount: NZD 30.00

#### Payment trace and credit confirmations

If funds we have sent to you or your beneficiary, have not been received, and you require our a trace on the payment, or if you require a confirmation from the beneficiary bank, that the beneficiary account has been credited, our bankers will charge us a fee to process both requests. At our discretion we may seek reimbursement from you of these fees. In these instances we will only seek a reimbursement, for the amount we have been charged, or will be charged

When applied: At our discretion. If applicable, when you request us to trace or seek confirmation the payment has been received, but before we do so, or after we process the request. Please note, if your requests has been required due to a DFX error, you will not be charged, or if you have been, you will be reimbursed.

Expected amount: NZD 30.00

#### Other bank fees

You need to be aware of other possible bank fees, that may be charged, after your payment has been sent by our bankers. These are not Direct FX fees. They are as follows:

- Intermediary bank fees
- Receiving bank fees
- Return of funds fees

The possible fees for these and an explanation of when they may be charged, is set out below:

#### Intermediary banks

When we make payments to you of currencies other than AUD or NZD, dependent on who the beneficiary bank is, an “intermediary bank” may charge a fee. An intermediary bank is a third bank, who most likely will be needed to complete delivery of the payment, and most likely will charge a fee. The below list of intermediary bank fees should be expected to be applied. This information is provided as a guide only and lists only the intermediary bank fees our bankers are aware of. These fees can change at any time.

**When applied:** These amounts, if charged, will be deducted from the amount sent by us, by the intermediary bank, before the payment reaches your beneficiary bank. Example, if we send USD 100,000 to you, we would expect an intermediary bank to charge a fee of USD 25. Therefore you should expect to receive USD 99,975. Please note if a country is not listed, we are unable to advise on the expected amount, as our bankers have been unable to advise us.

<b>Expected amount:</b>	Australian dollars (AUD)	-	
	US dollars (USD) globally	USD	25
	New Zealand dollars (NZD)	-	
	Euros (EUR) to Euro Zone	EUR	12.50 to 15
	Pounds sterling (GBP) to United Kingdom	GBP	7 to 12
	Canadian dollars (CAD) to Canada	CAD	10
	Japanese yen (JPY) to Japan	JPY	1,500 to 2,000
	Swiss francs (CHF) to Switzerland	CHF	12.00
	Hong Kong dollars (HKD) to Hong Kong	HKD	60 to 230
	Singapore dollars (SGD) to Singapore	SGD	10 to 20
	South African rand (ZAR) to South Africa	ZAR	125
	Swedish krona (SEK) to Sweden	SEK	60
	Norwegian krone (NOK) to Norway	NOK	100
	Danish krone (DKK) to Denmark	DKK	40 - 75

#### Receiving banks

The bank receiving your bought currency (the beneficiary bank or “receiving bank”), may deduct its own bank fees. New Zealand dollar payments we make, to New Zealand based retail banks, and Australian dollars payments we make, to Australian based retail banks, should not have receiving bank fees taken from them. Payments made in other currencies, may have receiving bank fees taken from them, as they are international money transfers, as opposed to domestic transfers, that are used when sending NZD and AUD payments to you in New Zealand and Australia respectively.

**When applied:** If applicable, normally when your payment is receipted by the beneficiary bank, or, at a later date, when the beneficiary bank charges fees to you.

**Expected amount:** Every bank has its own policy and schedule regards to such fees. Only by contacting the beneficiary bank directly, can you ascertain what these fees may be.

#### Return of funds

If a payment is returned to us, due to an incorrect payment detail having been provided, the beneficiary bank, and or the intermediary bank, may charge a fee to return the funds. Therefore in those situations, we will receive back a lesser amount than the amount we sent to you

**When applied:** If applicable, prior to the funds being returned to us a fee may have been deducted from the payment amount.

**Expected amount:** We have no way of knowing what the beneficiary bank may charge to return funds. If an intermediary bank charges a fee to return funds, it is likely it will be in line with the intermediary bank fees listed earlier.

### **Using Direct FX to send your third party currency payments**

If the currency you buy is to pay a third party, as is often the case with many of our business Clients, we can complete this payment transfer for you.

For example, a New Zealand importer who purchases equipment from China and is invoiced in US dollars (USD), can purchase the USD to pay the invoice from us, using NZD. We will then send the USD to the invoicing party, using the payment instruction supplied by our Client, and any invoice reference notation required. By outsourcing foreign currency payments to Direct FX, Clients avoid paying bank transaction fees, receive an appropriate level of assistance, and a competitive Exchange Rate. Payments can be arranged quickly and easily. The same payment made through a bank will incur transaction fees and will often be executed at a poor Exchange Rate.

### **Using Direct FX to receive your inbound foreign currency receipts**

Many businesses operating internationally invoice offshore customers in foreign currencies. They are often faced with dealing with foreign currency receipts and their subsequent conversion into NZD. For many businesses, this can also be complex, time consuming and expensive. To prevent this, our Clients can use our foreign currency Client Fund Accounts to receive their inbound foreign currency payments. Once our Client's payment is received, it is converted to NZD and transferred to their local NZD account. We do not charge fees for this service.

Inbound foreign currency payments made to our Client Fund Accounts can only be made with our prior approval. We will need to know the currency and amount expected and we will also need to identify the remitting party to satisfy our anti-money laundering obligations. For regular payments easily identified, approval from us may only be required once.

### **Product information and significant features**

A Foreign Exchange Transaction is an agreement to exchange one currency for another, at an agreed Exchange Rate, on a predetermined Settlement Date.

The Exchange Rate quoted is the price of one currency (the base currency) in terms of another currency (the terms currency). For example, the cost of a NZD, is expressed in USD terms (NZD/USD). If the NZD/USD Exchange Rate is 0.72, it means one NZD (the base currency) can be exchanged for 0.72 USD (the terms currency).

We provide our non-Interbank Clients with four types of deliverable Foreign Exchange Contracts. They are detailed below. These Contracts are available in all major currencies and are an agreement to buy and sell currencies for physical delivery only.

#### Same Day Contracts

This is a Foreign Exchange Transaction where settlement will take place on the day of entering the transaction.

#### Contracts settled tomorrow

These are Foreign Exchange Transactions where settlement will take place the business day after entering the transaction.

#### Spot Contracts

This is a Foreign Exchange Transaction where the Settlement Date is two Business Days after entering the transaction.

#### Forward Contracts

This is a Foreign Exchange Transaction where the Settlement Date is later than two Business Days, after entering the transaction. This PDS does not cover Foreign Exchange Forward Contracts issued by Direct FX.

It is important to note the decision to enter into a Foreign Exchange Transaction is always yours alone. Direct FX cannot predict what future Exchange Rates may be. Our Exchange Rate quotations are not a forecast or advice on where we believe Foreign Exchange Rates will be at a future date. We will calculate your Exchange Rate by taking into consideration the amount of currency you wish to buy and sell, and the price where we can obtain the currency bought and divest the currency sold in the wholesale market.

We will never deliver to you or your beneficiary your bought currency without having first received your sold currency in Cleared Funds.

We only accept and make electronic bank payments. We do not accept cash, cheques, or credit card payments of any kind.

While we will endeavour to always deliver your bought currency on Settlement Date, we are not responsible for late delivery due to late receipt of your sold Cleared Funds, bank payment system related issues, or other third party provider problems out of our control.

## **Dealing with Direct FX**

Before you deal with us you will need to complete our application process. Please see page 12 of this PDS.

Once your application has been approved, you can instruct us to transact on your behalf. This can be done in three ways: telephone, email, or fax.

## **Communication between us**

### By telephone

Interbank Foreign Exchange markets are constantly fluctuating. Unlike a bank's "blackboard" Exchange Rate for the day, the Exchange Rates we provide to Clients constantly change. We can provide you with the best Exchange Rate by off setting your trade as close to our Interbank rate as possible. We then take less spread income than a bank. Because of our reduced spread income, our Exchange Rate needs to constantly change to reflect our constantly changing Interbank rate. As a result, dealing by phone is preferred. Where possible we will digitally record our phone conversation with you. If a discrepancy later arises, we will go back to the taped records to verify the transaction.

### By email or fax

You can also instruct us by email or fax. At Market Orders sent this way will be executed at the prevailing Exchange Rate available when your instructions are received. However, when placing and cancelling orders, emailed or faxed instructions from you are not considered to have reached us until we respond.

Sometimes the cancelation of an order by telephone, email, or fax may reach us after your order has been completed. This may be because of the time taken to process faxes and emails, and the time it may take to contact you to confirm an order has been completed. This is irrespective of whether or not we have responded to confirm we have received your initial order instructions.

You may email or fax us and ask for an indicative At Market rate. However, this rate may not be available if you subsequently instruct us to transact an At Market Order, even if this is immediately after receiving our indicative Exchange Rate quotation. This is because our Exchange Rates are constantly fluctuating.

Your instructions to us will always be carried out on a best endeavours basis. You need to understand the risks associated with the methods of communication available, and use the method that best suits you.

Please note that because FX rates change constantly, the interbank rate we use to generate the Exchange Rate we quote to you, whilst current at the time we quote you, may change by the time your response back is received by us. If this movement is deemed immaterial to us, we will not need to re quote you. Our policy is to re quote you, only when a material move has occurred. Our need to re quote you, can be influenced by, but not limited to the following factors: Exchange Rate movement, the length of time you take to respond to us, and any amendments to your Client Instruction that you subsequently may request. If we ever need to re quote you, we will clearly explain why.

## **Direct FX order types**

When instructing us you will need to give one of the following order types:

### At Market Order



A request from you to trade at the current At Market Exchange Rate. Requesting an At Market Order rate from us does not constitute a transaction between us. Only if you agree to trade at the Exchange Rate is a transaction in place. At Market Orders can be requested for amounts equal to or greater than NZD 10,000, or the foreign currency equivalent. Smaller transactions may be dealt upon request.

#### Limit Order

An instruction by you to transact at an Exchange Rate not currently available. For example, if you wanted to purchase a two month Forward Contract to sell AUD and buy USD at USD 0.90, but the current Exchange Rate was USD 0.88, you can place a Limit Order with us to sell AUD and buy USD when the Exchange Rate of USD 0.90 is available. We will then watch your order 24 hours a day whilst the market is open, until it is completed or cancelled by you. Limit Orders can be left with us for amounts equal to or greater than NZD 20,000, or the foreign currency equivalent.

With all order types, the order amount, the currencies being bought and sold, and the prevailing market conditions, all have an influence over our ability to complete transactions.

Once a Foreign Exchange Transaction between us is in place, you will need to send us the payment instruction detailing where your bought currency should be deposited.

### **Trade Confirmations**

Once a Foreign Exchange Transaction between us has been agreed, we will send to you a Confirmation of the complete trade details. Details will include the:

- Currencies being bought and sold;
- Instructions from you to us;
- Transaction Exchange Rate;
- Currency amount sold by you;
- Currency amount bought by you;
- Settlement Date;
- Direct FX Client Funds Account payment instruction;
- Settlement instruction for your bought currency, if supplied in advance by you; and

Note: our Confirmation is sent to you to record the transaction. It also gives you the relevant Direct FX Client Funds Account details so you can deposit your sold funds. A Foreign Exchange Transaction is in place at the point when your instructions are completed by us, not at the point when you have received our Confirmation.

We will always endeavour to send Confirmations to you in a timely manner. Confirmations for orders completed outside of normal business hours may not be sent until the morning of the following Business Day.

### **Settling Foreign Exchange Transactions**

All settlement payments by you and Direct FX must be made electronically. While Direct FX may advise you of what deposit method you may need to use, it is your responsibility to ensure your Cleared Funds are received by us on time. Direct FX cannot deliver your bought currency until the full amount of your sold currency has been received as Cleared Funds.

For all contracts, if your Cleared Funds are received on the required date, but after normal banking cut off times, settlement of your bought currency may be delayed until the Business Day after the trade Settlement Date.

#### Same Day, the next Business Day, and Spot Contracts

When a transaction is agreed, Direct FX will advise the amount of the sold currency to be paid to Direct FX, to pay for the currency you have purchased.

With Same Day Contracts, this amount needs to be paid immediately in a way that will ensure the payment is received by us as Cleared Funds, in time for us to deliver your bought currency. Same Day

Contracts can only be effected within certain business hours and will depend on banking payment cut off times. We will stipulate the relevant cut off time.

With contracts that settle the next Business Day, your sold currency must be paid on the transaction date, and available to us in Cleared funds, the morning of the next Business Day. On that day, the Settlement Date, we will pay your purchased currency, using the settlement instruction you have supplied to us.

With Spot Contracts, your sold currency must be delivered to Direct FX as Cleared Funds the following Business Day. On the Settlement Date, we will pay your purchased currency, using the settlement instruction you have supplied to us.

### **Amending trade Settlement Dates**

Each Foreign Exchange Transaction is dealt for the specific Settlement Date you have nominated. Amending Settlement Dates can only be done at the agreement of Direct FX.

When amending Settlement Dates, the interest rate differences between the two currencies involved may mean the Exchange Rate will need amending to reflect the impact of the longer or shorter Settlement Date.

### **Close Out of Foreign Exchange Contracts**

It is important to understand that Foreign Exchange Contracts purchased cannot be cancelled. However, a contract can be Closed Out prior to or on Settlement Date in the following circumstances:

1. If a change in your circumstances renders the contract unnecessary, you and Direct FX may agree to Close Out a contract;
2. You breach a term or condition agreed between us in the Terms and Conditions;
3. You are made bankrupt; and
4. We are required to do so by a law enforcement authority.

In circumstance 1, a Close Out is effected by a Client purchasing an equal and opposite contract from Direct FX.

In circumstances 2, 3, and 4, a Close Out will be effected by Direct FX purchasing an equal and opposite contract in the market at the prevailing market rate.

In all Closed Out Transactions Direct FX will then calculate the financial gain or loss incurred. In the event a profit has resulted, Direct FX will pay you the profit amount. In the event of a loss, you will be required to pay the loss amount and any other fees or costs incurred by Direct FX in Closing Out the trade, the following Business Day.

In all cases, Direct FX may set off any Margin Payments held or other monies owing by you to Direct FX.

Note: Direct FX is not obligated to Close Out a contract if you breach a term or condition agreed in the Terms and Conditions.

### **Client Funds Accounts**

Client funds are held in accounts and are used and withdrawn in accordance with the Australian Corporations Act 2001 and our Terms and Conditions. Direct FX Client Fund Accounts are held with major banking institutions.

In accordance with the Australian Corporations Act 2001, Client funds are held separate to the solvency of Direct FX.

In accordance with the Australian Corporations Act 2001, Direct FX is not obligated to pay interest on these funds. Direct FX may earn interest on these funds but any interest earned will be retained by Direct FX.

Direct FX Client Funds Accounts are solely for the purpose of holding Client money directly associated with a Foreign Exchange Transaction or an intended Foreign Exchange Transaction. Deposits into these accounts prior to the agreement to transact can only be done with the prior consent of Direct FX. Unauthorised deposits may be transferred into non-Client Funds Accounts where they will not be segregated from the working capital of the company and will not receive the same protection as Client Funds Accounts.

### **Cooling off**

There is no cooling off period. Transactions cannot be cancelled. You must be certain of your needs before instructing us to trade.

### **Taxation implications**

Taxation law is complex and its application will depend upon your individual circumstances. When choosing a Foreign Exchange product you should consider your own taxation position and seek professional taxation advice.

### **Duty of Care**

Direct FX and any bodies authorised by us, will exercise the care, diligence and skill a reasonable licensee would exercise in the same circumstances. If we or bodies authorised by us, ever contract out any part of our service, we and any bodies authorized by us will take all reasonable steps to ensure the service is provided in the same manner, and is subject to the same duties and restrictions, as if Direct FX or any authorised body of us had provided the service directly to you.

### **Associated risks of Foreign Exchange Transactions**

Foreign Exchange Transactions involve risks. Before entering into a transaction you must carefully consider the risks. These risks will depend on your objectives at the time and may include, but not be limited to, the following:

#### Market risk

As Foreign Exchange markets are influenced by many factors, market risk is always present. This can result in extremely volatile market movements as the risk of these influences is priced into the market. Our contract may lose value because of market conditions. Conversely, market movements may increase the value of a contract.

#### Counterparty risk

This is the risk that an organisation does not pay out on a Foreign Exchange Transaction when required. When dealing with Direct FX, you will be exposed to counterparty risk with us. You will be reliant on us to complete our obligations to deliver to you or your beneficiary, the currency purchased.

Direct FX has procedures and policies in place to limit the counterparty risk you face. We do not settle trades until we have received Client sold currency in Cleared Funds. All Client trades are offset "back to back" with our wholesale liquidity providers. As a result, we are not exposed to market risk. We do not at any time speculate in the Foreign Exchange market. We are authorised by ASIC to provide our services, and the New Zealand Financial Markets Authority to provide Forward Foreign Exchange Contracts. Both the New Zealand Financial markets Authority and ASIC have issued us with financial service licences, which sets out certain financial requirements we must meet. Our Financial Statements are audited annually by PricewaterhouseCoopers and lodged with both ASIC and the New Zealand Financial markets Authority annually.

#### Liquidity risk

This is the risk that a Foreign Exchange Transaction can't be traded quickly enough in the market to prevent a loss, or make the required profit. It is solely your decision to enter a Foreign Exchange Transaction. Direct FX will always endeavour to act as quickly as possible when executing your instructions. However, we have no control over Exchange Rate fluctuations.

#### Strategy risk

This risk is the exposure to loss resulting from a defective or inappropriate strategy.

We are authorised to give general product advice. We will not give you advice that takes into consideration your specific needs. It is solely your decision to choose the right strategy for your circumstances.

## Complaint process

Our internal complaint resolution process helps resolve disputes arising from a product or service received from us. If you would like to use this process, please:

1. Contact your Direct FX representative and discuss the complaint. The representative will endeavour to resolve your complaint at this time. You may contact us to make a complaint by phone, by email, or in writing.
2. If your complaint is not resolved to your satisfaction, please contact our Complaints Officer:

Complaints Officer  
Direct FX Ltd  
PO Box 11897 Wellington, 6142, New Zealand

We are a member of an independent dispute resolution scheme operated by the Financial Services Complaints Limited ("FSCL") and approved by the Ministry of Consumer Affairs. If you are not satisfied with our response, you may refer the matter to FSCL by emailing [info@fscl.org.nz](mailto:info@fscl.org.nz) or calling FSCL on 0800 347 275.

## Compensating Clients for loss or damage

Direct FX holds adequate Professional Indemnity insurance to compensate Clients for the loss or damage attributed to breaches of any relevant legislative obligations by Direct FX or any of its representatives.

## Direct FX remuneration

Direct FX does not charge fees or commissions. Direct FX earns its revenue from the spread between the wholesale Exchange Rate, where the trade is off set with our liquidity providers, and the Exchange Rate provided.

All Direct FX representatives are paid a salary and may receive a bonus that may in part be related to achieving job related performance targets. Direct FX representatives are employees of Direct FX Ltd or Direct FX (Australia) Pty Ltd, a fully owned subsidiary of Direct FX.

## Relationships and associations

Direct FX does not have any relationships or associations with any company or organisation that may influence us when providing our service to Clients.

## Labour standards, environmental, social, and ethical considerations

No labour standards, environmental, social, or ethical considerations are taken into account when making, holding, varying, or Closing Out Foreign Exchange Transactions.

## Privacy statement

In order for us to provide our service to you, we will need to ask you for some information. We will ask for your express consent, to pass this information to a third party, to use this information to electronically verify your identify, for the sole purpose of compliance with the New Zealand Anti-Money Laundering and Countering Financing of Terrorism Act 2009.

In no other instance will we ever disclose any of this information, or additional information held by us in our records including your trading information, to third parties, unless it is required when completing a Foreign Exchange Transaction, or unless we are required to do so by law.

## Terms and Conditions

The Direct FX Terms and Conditions set out how trading will be conducted between us and the Client. Agreeing to be bound by the Terms and Conditions is part of the application process and in no way obligates you to trade with us.

## Frequently asked questions

For an extensive list of frequently asked questions, please visit <http://www.directfx.co.nz/FAQs.html>

*What is the minimum amount I can transact?*

At Market Order: NZD10,000 or the foreign currency equivalent or less by arrangement  
Limit Order: NZD20,000 or the foreign currency equivalent

*What is the maximum amount I can transact?*

There is no maximum amount.

*What currencies can I transact in?*

You can transact in any combination of the following currencies:

- Australian dollars (AUD);
- US dollars (USD);
- New Zealand dollars (NZD);
- Euros (EUR);
- Pounds sterling (GBP);
- Canadian dollars (CAD);
- Japanese yen (JPY);
- Swiss francs (CHF);
- Hong Kong dollars (HKD);
- Singapore dollars (SGD); and
- South African rand (ZAR).
- Swedish krona (SEK)
- Norwegian krone (NOK)
- Danish krone (DKK)

*Can I open a Foreign Exchange margin trading account with Direct FX?*

No. We do not provide a margin trading service. Direct FX Foreign Exchange Contracts are for deliverable purposes only.

## How to apply

Prior to entering into an agreement to purchase a Foreign Exchange Contract, you must have completed the application process, which is as follows:

- Apply online to become a client at [www.directfx.co.nz/ApplyAccount.html](http://www.directfx.co.nz/ApplyAccount.html)
- In order to fulfil our AML/CFT regulatory obligations, we will then need to verify your identity, and risk assess you. Once we have completed this and deemed you to be a suitable Client of Direct FX, we will contact you to confirm you are able to use our services.
- The Direct FX Terms and Conditions set out how trading will be conducted between us and the Client. Agreeing to be bound by the Terms and Conditions is part of the application process and in no way obligates you to trade with us.

## Contact information

Wellington

Address: Cable Street  
Wellington 6024  
New Zealand  
Phone: 1800 993 100  
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Please note: Our Sydney trading room provides services to our Interbank Clients only. We do not provide deliverable Foreign Exchange services to non Interbank Clients from our Sydney office. All non Interbank Clients of Direct FX receive their service directly from our New Zealand offices.

### **Further information**

For more information about Direct FX and the products contained in this PDS, please visit [www.directfx.co.nz](http://www.directfx.co.nz) or email [info@directfx.co.nz](mailto:info@directfx.co.nz).

## Defined terms

**At Market Order** a Client request to trade at the current At Market Exchange Rate

**Business Day** when banks are open for business to receive or pay a required currency

**Cleared Funds** funds that have been deposited into our Client Funds Account and are available to withdraw

**Client** a party or parties entering into the Foreign Exchange Transaction with Direct FX

**Client Agreement** for personal Clients, the agreement constituted by the completion and submission of the online application form [www.directfx.co.nz/ApplyAccount.html](http://www.directfx.co.nz/ApplyAccount.html). For company Clients, constituted by the completion of the Business Client Agreement given to prospective Clients to complete and return to Direct FX

**Client Instructions** includes the Client placing and cancelling orders with Direct FX

**Client Funds Accounts** as defined on page 14 of this PDS in section titled how Direct FX treats funds received from you

**Closed Out Transactions** effected by purchasing an equal and opposite contract to the original Foreign Exchange Transaction

**Confirmation** a record of the Foreign Exchange Transaction you have entered into. It is sent to you following your agreement to trade.

**Contract Face Value** the value of the Foreign Exchange Transaction in terms of the sold currency

**Direct FX** Direct FX Ltd, New Zealand Company Number 1133594, ARBN 114 868 978, AFSL 291471

**Exchange Rate** the rate at which one currency will be exchanged for another

**Foreign Exchange** a Foreign Exchange Transaction

**Foreign Exchange Transaction** an agreement to exchange one currency for another currency at an agreed Exchange Rate on the Settlement Date

**Forward Contract** a Foreign Exchange Transaction where the Settlement Date is later than two Business Days after entering the transaction.

**Interbank** bank to bank transactions.

**Interbank Market** where banks buy and sell between each other.

**Limit Order** as defined on page 9 of this PDS

**Mark to Market** a method of assigning a value to a contract held, based on the current market price for the contract

**Non Derivative Foreign Exchange Contract** in this PDS means deliverable Foreign Exchange Contracts with a settlement date of today, the next business day, or in two Business Days time

**Same Day Contract** a Foreign Exchange Transaction where settlement will take place on the same day of entering the transaction

**Settlement Date** the date on which one currency will be exchanged for another

**Spot Contract** a Foreign Exchange Transaction where the Settlement Date is two Business Days after entering the transaction

**Spot Exchange Rate** the rate at which Spot Contracts are quoted

**Terms and Conditions** the Direct FX Terms and Conditions

**Transaction Date** the date on which the Foreign Exchange Transaction is agreed