

KVB Global Markets Ltd

Foreign Exchange

Product Disclosure Statement (PDS)

10<sup>th</sup> October 2016

## Contents

1. Introduction .....	3
2. Who We Are.....	3
3. Foreign Exchange Contracts.....	3
4. Spot Orders.....	3
5. Same Day Value Transactions.....	4
6. Market Orders.....	4
7. How to Execute an FX Contract.....	4
8. Settlement.....	4
9. Close out of Foreign Exchange Products .....	5
10. How We Are Paid.....	5
11. Significant Risks .....	5
11.1 Market volatility.....	5
11.2 Counterparty Risk .....	5
11.3 Systems Risk.....	5
11.4 Communication Risks.....	6
12 Significant Benefits .....	6
12.1 Protect an Exchange Rate.....	6
13 Terms & Conditions .....	6
14 Complaints .....	6
15 Investment Brokers & Investment Advisors Disclosure .....	6
16 Tax Implications .....	6
17 Cooling Off .....	7
18 Ethical Considerations.....	7
19 Privacy .....	7
20 Currency of this PDS.....	7
21 Product Provider Contact Details.....	7
22 Communication.....	7

## 1. Introduction

This Product Disclosure Statement (“PDS”) outlines information on the service we offer you. It is designed to:

- Give you information you need in order to understand the foreign currency services provided by KVB Global Markets Ltd (“KVB”)
- Explain the terms and conditions of our service
- Help you compare KVB products with those of other providers

Should you have any queries, please contact us. All contact details are provided on page 7.

This PDS is an important document and is designed to provide you with sufficient information in deciding whether to acquire the financial products offered by KVB.

Please note that the information contained in this PDS does not take into account your personal objectives, financial situation and needs. It does not constitute a recommendation, advice or opinion.

Before entering into a foreign exchange transaction, you should obtain independent advice to ascertain whether it is appropriate for your particular financial objectives, needs and circumstances. We recommend that you take all reasonable steps to fully understand the outcomes of specific foreign exchange trades and strategies adopted in relation to utilising the products provided by us. Independent taxation and accounting advice should also be sought in relation to the impact of foreign exchange gains and losses on your particular financial situation. If you do not understand any part of this PDS, please contact us.

## 2. Who We Are

KVB Global Markets Ltd is a New Zealand based entity (Company Number 2162885, Financial Service Provider FSP1782), and the issuer of this product. KVB is part of the KVB Group which operates several financial services business throughout the world, including Sydney, Melbourne, Toronto, Hong Kong, Auckland and Beijing (representative office only).

In New Zealand, KVB offers 3 services – Spot FX, Same Day Value FX and Market Order FX.

## 3. Foreign Exchange Contracts

A foreign exchange transaction is an agreement between two parties to exchange one currency for another currency at an agreed exchange rate on a predetermined date (being the ‘value date’), which can be either spot value or same day value. The agreement between the parties is not transferable to another party or entity. Neither KVB nor you have the right to sell an interest in a foreign exchange contract.

The rate of exchange used in the transaction is the price of one currency (the base currency) in terms of another (the other currency), such as the price of the New Zealand dollar in terms of the US dollar, which is expressed as NZD/USD 0.57 means one New Zealand dollar is equal to, or can be exchanged for 57 US cents.

Foreign exchange transactions are available in all major currencies.

KVB Global Markets Ltd cannot predict future exchange rates. Our rate quotations are not a forecast of where we believe foreign exchange rates will be at a future date. We calculate foreign exchange rates taking into consideration the current wholesale (interbank) “spot” exchange rates and the value and currency that you wish to buy or sell. The decision to transact at a particular rate will always be your decision.

## 4. Spot Orders

A foreign exchange spot transaction has a value/settlement date of two business days from the transaction date. That means that the currency that you have sold must be received into KVB’s nominated client bank account within two days of the transaction date, and the currency that you have bought will be paid to your nominated bank account two business days after the transaction date. The exchange rate quoted will be the current inter-bank spot rate plus our profit margin. The profit margin will vary depending on the value of the transaction and currency.

## 5. Same Day Value Transactions

When you or your company needs to exchange one currency for another with immediate value payment to the beneficiary, KVB can provide you with this payment option at a competitive quote. Some conditions apply. Please discuss with our Representative.

## 6. Market Orders

Market Orders allow you to establish the exchange rate at which you would like to transact. KVB will place the order in our system at your desired rate, and a transaction will be created once the rate is reached.

In normal market conditions, clients can minimise downside risk by the use of stop loss orders where KVB will sell a currency for the client if the currency reaches a particular level. In abnormal market conditions however, no assurance can be given as to whether a stop loss order is filled.

Clients may also use limit orders which allow them the opportunity to benefit from favorable upside market movements. KVB cannot commit to the execution of limit orders since this will depend on the prevailing market conditions.

## 7. How to Execute an FX Contract

You need to undertake the following steps to effect orders with KVB:

1. Read this Product Disclosure Statement.
2. Read the Foreign Exchange Master Agreement provided to you by KVB and return the completed application form together with necessary identification documents. When the application is received and accepted by KVB, the Foreign Exchange Master Agreement acts as an agreement between us.
3. A copy of the Foreign Exchange

4. Contact your KVB Representative to discuss your currency transaction requirements. We record telephone conversations at all times to ensure that instructions can be verified in the event of a dispute.
5. Based on the quotations offered by KVB, you may enter into a foreign exchange contract with KVB.
6. Once you have instructed KVB to buy or sell a currency at an agreed rate you have entered into a contract. You are legally bound from the time a transaction is agreed between you and KVB. FX transactions are valid and binding even without written confirmation of its terms.

A Confirmation of Foreign Exchange Transaction is sent to confirm the transaction. The confirmation provides details of the transaction including the amount of currency bought and sold, the exchange rate, and value date. If any information shown on the confirmation is incorrect, please advise your KVB representative immediately.

You must then provide us details of your onward payment instructions to enable your currency to go direct to your nominated destination.

## 8. Settlement

On the day that you enter a Spot FX transaction KVB will advise you of the full amount required for settlement. This amount should be deposited to KVB's nominated client bank account.

***NOTE: - KVB does not accept or allow physical cash to be used for the payment of International or Domestic transfers/remittances. If/when cash is used, it will be returned to the depositor.***

When your trade reaches value date (settlement date), and KVB has received your cleared settlement funds, KVB will instruct its bank to send your purchased currency via international payment systems, in accordance with your instructions. All transactions are effected electronically and KVB retains detailed records of all settlement transactions.

In order for same day contracts to effectively settle prior to close of business on the trade date, your settlement amount must be received by KVB within standard banking and currency cut off times. If funds are not received by this time, settlement will occur on the next working day.

In order for Spot FX contracts to effectively settle, the balance of your sold currency amount must be received one working day before the Value Date. Onward payment of the bought currency is sent by KVB on the receipt of the sold currency.

## **9. Close out of Foreign Exchange Products**

A foreign exchange transaction can be closed out before and up to the value date in the following circumstances:

- a) as agreed in the Foreign Exchange Master Agreement; or
- b) by agreement between you and KVB Global Markets Ltd.

Close out events under the Foreign Exchange Master Agreement include a breach of a term or condition by you, your insolvency or bankruptcy or your failure to comply with an obligation to KVB.

In the event that KVB closes out your contract we may also terminate the Foreign Exchange Master Agreement between us.

## **10. How We Are Paid**

KVB earns its revenue from the spread between its wholesale price and the price offered to you. The spread varies in accordance with the size of the transaction and the type of product. When you agree an exchange rate and confirm the amount of

currency you wish to transact, the total amount payable by you to KVB will be based upon the agreed exchange rate.

Transactions requiring electronic transfers incur a fee of between \$NZD20 and \$NZD25 per transaction. Recipient banks may also charge transactional costs for receipt and payment of funds. Such costs are outside the control of KVB and are normally borne by the recipient.

For a full list of fees charged, please contact KVB representative. Please note KVB has its own discretion to change the fees without notification to its client in advance.

## **11. Significant Risks**

### **11.1 Market volatility**

Foreign exchange currency markets are subject to many influences which may result in rapid currency fluctuations (market volatility).

Foreign exchange transactions can sometimes result in a loss if exchange rates or interest rates change. You should understand these risks and monitor your positions. KVB does not guarantee any profit and is not liable for your loss.

### **11.2 Counterparty Risk**

Given you are dealing with KVB as counterparty to every trade, you will have an exposure to us in relation to each trade. You are reliant on KVB's ability to meet its obligation to settle the relevant foreign exchange product with you.

### **11.3 Systems Risk**

KVB relies on a number of technology solutions to provide you with efficient foreign exchange services.

In this regard KVB relies on third party international settlement system providers to assist in currency transfers between accounts. KVB cannot control the activities of third parties. KVB shall not be liable to you for any failure, hindrance or delay in performing its obligations where such failure, hindrance or delay arises directly or indirectly from circumstances beyond its reasonable control.

Such events shall include but not limited to

technical difficulties such as telecommunication failures or disruptions due to maintenance, downtime, civil unrest, terrorism, war, natural disasters, strikes, lock-outs, fire or such at KVB's premises, notwithstanding that KVB is a party to the conflict and including cases where only part of KVB's functions are affected by such events.

#### **11.4 Communication Risks**

There are risks inherent in providing electronic instructions. Fraudulent or other unauthorised instructions may be transmitted by electronic communication. Facsimile instructions may be transmitted to incorrect numbers, may never reach KVB and may become known to third parties.

You should not give electronic instructions unless you understand and accept these risks.

## **12 Significant Benefits**

### **12.1 Protect an Exchange Rate**

KVB offers its clients the ability to buy and sell foreign currency using same day or spot contracts. This facility enables clients to protect themselves against adverse market swings in a short timeframe.

## **13 Terms & Conditions**

Our Terms & Conditions for Spot FX contracts for one time retail customers are outlined on the Confirmation of Foreign Exchange Transaction deal ticket, which you accept at the time of transacting with KVB.

Terms & Conditions for Spot Contracts for recurring retail and commercial customers are outlined in our Foreign Exchange Master Agreement. The Foreign Exchange Master Agreement governs the trading relationship between you and KVB. This agreement must be signed before you can trade in foreign exchange contracts with us and sets out the basis on which future transactions will take place.

## **14 Complaints**

KVB has internal and external dispute resolution processes in place. If you have a

complaint about the services or products provided to you by KVB, you should take the following steps:

- a) Contact your KVB Representative and discuss your concerns.
- b) If your complaint is not satisfactorily resolved, contact KVB to inform us about your complaint. You may do this by telephone, facsimile, email or letter.
- c) If you are dissatisfied with the outcome, you have the right to complain to our external complaint scheme Financial Dispute Resolution (FDR). We are a member of Financial Dispute Resolution. The Financial Dispute Resolution can be contacted at the following Address:

Financial Dispute Resolution

Level 9  
109 Featherston Street  
Wellington 6011

P O Box 5730, Wellington 6145  
New Zealand

Freephone 0508 337 337  
Email: [enquiries@fdr.org.nz](mailto:enquiries@fdr.org.nz)  
Web: [www.fdr.org.nz](http://www.fdr.org.nz)

If you require any further information about our dispute resolution system, please contact KVB and request a copy of our dispute resolution procedures.

## **15 Investment Brokers & Investment Advisors Disclosure**

KVB does not provide advice in relation to its Spot or Same Day FX contracts. Therefore, you will not receive an Investment Brokers Disclosure from KVB or our staff.

## **16 Tax Implications**

By entering into a foreign currency product the client acquires rights to either buy or sell foreign currency. A foreign currency gain or loss may arise by reason of differences in exchange rates of foreign currencies.

We advise that you should obtain independent tax advice, as the implications may be complex and will relate to your specific

financial circumstances.

## 17 Cooling Off

There is no cooling off period or arrangement for any foreign currency transactions nor are they transferable to other parties or entities (3rd parties).

## 18 Ethical Considerations

Labour standards or environmental, social or ethical considerations are not taken into account by KVB when making, holding, varying or ending foreign currency transactions.

## 19 Privacy

In making an application pursuant to this PDS you consent to KVB disclosing in connection with Financial Services and Anti Money laundering and Countering of Terrorist Financing laws, any of your personal information (as defined in the Privacy Act 1993) and the details of any transaction to any regulatory authority as required by Law.

In certain circumstances we may be obliged to freeze or block an account where it is being used in connection with illegal activities or suspected illegal activities. Freezing or blocking can arise as a result of the account monitoring that is required by the AML/CFT Laws.

## 20 Currency of this PDS

The information in this PDS is up to date as at the issue date, and is subject to change from time to time.

If the new information is materially adverse to your relationship with KVB, we will either issue a new PDS or a supplementary PDS with the new information. If the new information is not materially adverse to you, we will not issue a new PDS or a supplementary PDS to you, but you will be able to find the updated information on our website at [www.kvbkunlun.com](http://www.kvbkunlun.com), or by calling us using the contact details provided.

## 21 Product Provider Contact Details

Products referred to in this PDS, and additional information on the services that KVB provides, are available from:

KVB Global Markets Ltd

Level 10, The National Bank Tower  
205 Queen Street  
Auckland, New Zealand

**Website:** [www.kvbgc.com](http://www.kvbgc.com)  
Telephone +64 9 359 8988  
Fax +64 9 359 8989

Principal contact: Business Development Manager

## 22 Communication

In order that transactions may be quickly and efficiently processed, KVB is entitled to rely upon and act in accordance with any communication received from or purportedly sent by you or an Authorised Signatory. Communications can be given in any form agreed between KVB and the Customer, provided that, in KVB's conclusive view, any such communication is clear and unambiguous as to its terms.

KVB is not bound to make any enquiry as to the accuracy of the information contained in any communication and are entitled to assume that any communication given by an authorised signatory has been authorised by you.

To help improve the services provided by KVB, and in the interests of security, KVB may monitor and/or record any telephone calls with you or any Authorised Signatory. Any recording may be used as evidence in the event of any dispute.