



**KVB Kunlun**  
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**19 Sep 2018**

## **BROKER'S DISCLOSURE STATEMENT**

KVB Kunlun New Zealand Limited ("KVB Kunlun") has been operating since 2001. It forms part of the KVB Kunlun Holdings Limited Group of Companies. KVB Kunlun provides margin trading service and Securities dealing on overseas Securities Exchanges to private investors, institutions, corporations and some financial intermediaries.

KVB Kunlun is a licensed derivatives issuer under the Financial Markets Conduct Act 2013, pursuant to the licence issued by the Financial Markets Authority\* on 3 November 2016. The licence expires on 3 November 2021, and is subject to the conditions listed on [www.companiesoffice.govt.nz/fsp](http://www.companiesoffice.govt.nz/fsp). KVB Kunlun is regulated in New Zealand by the Financial Market Authority.

### **1. INVESTMENT ADVISER'S DISCLOSURE STATEMENT**

To the extent that KVB Kunlun may agree in writing to give you advice, in accordance with clause 3.1 of Part A of Section 2 of KVB Kunlun's Client Services Agreement, the following additional disclosures are also required under the Financial Advisers Act 2008:

#### **(a) Types of products covered by KVB Kunlun's advisory services**

KVB Kunlun provides trading in Off Exchange Contracts, including Margined Foreign Exchange Contracts, Margined Contracts for Difference. More information about these contracts is available in the relevant Product Disclosure Statement, which you are required to read before beginning to trade. KVB Kunlun also offers dealing in Securities on Overseas Securities Exchanges and in Exchange Traded Contracts.

As stated in clause 10.8 of Part A of Section 2 of KVB Kunlun's Client Services Agreement, advice may only be given in respect of funds paid to KVB Kunlun for the purpose of investment.

#### **(b) Pecuniary Interests**

The advisory services of KVB Kunlun are provided by authorised personnel and are provided only for clients of KVB Kunlun. KVB Kunlun advisers may benefit by providing client advice where such advice leads to the Client giving KVB Kunlun orders for execution for which KVB Kunlun charges the Client fees. Advisers are not authorised to advise on securities where they have personal investments or interests without disclosing this fact to clients before providing such service.

#### **(c) Professional Indemnity Insurance**

KVB Kunlun carries professional indemnity insurance from Chubb Insurance Company of Australia Limited. The policy is current for the period 1 June 2018 to 1 June 2019 and is renewed on an annual basis with leading insurance houses.

#### **(d) Professional body**

KVB Kunlun is a member of the New Zealand Financial Markets Association.

\*The Financial Market Authority's role in licensing derivatives issuer is limited and does not imply approval or endorsement of the business, trading or solvency of KVB Kunlun, and the Financial Market Authority has not approved the "Client Services Agreement" or any of KVB Kunlun's disclosure documents.

## 2. CRIMINAL CONVICTIONS AND RELATED MATTERS

Pursuant to the Financial Advisers Act 2008, KVB Kunlun declares that during the 5 years preceding the date of giving investment advice or receiving investment money or investment property neither KVB Kunlun, its directors, principal officers, nor investment advisers have been:

- i) convicted of an offence against the Securities Markets Act 1988, the Securities Act 1978, Financial Advisers Act 2008, Financial Markets Conduct Act 2013 or a crime involving dishonesty (as defined in Section 2(1) of the New Zealand Crimes Act 1961); or
- ii) a director or principal officer of a body corporate at the time when that body corporate committed one of these offences; or
- iii) adjudicated bankrupt; or
- iv) prohibited by an Act or by a court from taking part in the management of a company or a business; or
- v) the subject of an adverse finding by a court or the FMA in any proceeding that has been taken against them in their professional capacity; or
- vi) expelled from or prohibited from becoming a member of any professional body.

At no time has KVB Kunlun ever been placed in statutory management or receivership.

In addition, if any staff at KVB Kunlun gives you investment advice, you should also receive an Investment Advisers Disclosure Statement setting out their relevant qualifications, experience as an investment adviser, absence of any criminal convictions and any fees that may be charged for the advice given (where applicable by law).

## 3. PROCEDURES FOR HANDLING CLIENT MONEY AND PROPERTY

### (a) How to pay money to KVB Kunlun

At present, deposits to Client's Margin Accounts in the On-Line Trading Facility ForexStar are in the denomination of USD, AUD, NZD and JPY. Money may be transferred to a Client Account with KVB Kunlun in any of the following ways.

### (i) Telegraphic Transfer

Client funds can be transferred directly to the segregated Client Bank Account shown below. Once the deposit has been made, the Client should forward a copy of the deposit/transfer slip to KVB Kunlun so that it can be recorded in the Client Account. Please note KVB does not accept funds from any third parties, only from the client; likewise, KVB does not make a payment to a third party on client's behalf.

#### Client funds account for KVB Kunlun New Zealand Limited

##### New Zealand Dollar – For Direct Credit to NZD Denominated Account

Beneficiary:	KVB Kunlun New Zealand Ltd
Beneficiary Bank account:	0108-0385950-000
Beneficiary Bank name:	The Bank of New Zealand
SWIFT code:	BKNZLN22

##### Australian Dollar - For Direct Credit to AUD Denominated Account

Beneficiary:	KVB Kunlun New Zealand Ltd
Beneficiary account:	646570-0002
Beneficiary Bank name:	The Bank of New Zealand
SWIFT code:	BKNZLN22

##### US Dollar – For Direct Credit to USD Denominated Account

Beneficiary:	KVB Kunlun New Zealand Ltd
Beneficiary Account No.:	646570-0000
Beneficiary Bank:	The Bank of New Zealand
SWIFT code:	BKNZLN22

**JPY Yen - For Direct Credit to JPY Denominated account**

Beneficiary:	KVB Kunlun New Zealand Ltd
Beneficiary Bank:	The Bank of New Zealand
Beneficiary Account No:	646570-0001
SWIFT Code:	BKNZNZ22

The above information is subject to change without prior notice. Please confirm bank account information with KVB representatives before you deposit.

**(ii) Other currencies**

Other currencies can be converted to the denominated currency through KVB Global Markets Limited. KVB Global Markets Limited is part of the KVB Kunlun Holdings Limited Group of Companies. KVB Kunlun will assist clients to exchange the funds and the denominated currency will be deposited to the segregated client bank account following conversion.

**(iii) Cash**

Cash is not accepted by KVB Kunlun.

**(iv) Client property**

Client property other than money may not be accepted without the Client first obtaining KVB Kunlun's written approval. The authorisation letter will provide transfer instructions.

**(b) Money and property held in segregated client bank accounts**

Client money or property received by KVB Kunlun will be held in segregated client bank account(s) for the client, and will be so held until it is disbursed or distributed in accordance with the provisions of KVB Kunlun's Client Services Agreement or as permitted by the Financial Markets Conduct Regulations 2014 (NZ). KVB Kunlun does not operate a separate client trust account.

**(c) Records**

The following records that relate to client money and property are kept by KVB Kunlun:

- Books of accounts
- Client statements
- Client details
- Records of activities
- Instructions received from clients
- Trades executed
- Brokerage fees charged

Accounting and dealing records are kept for at least seven (7) years. The records of telephone and internet conversations may be kept for one (1) year. A request for a copy of any or all of the above records must be made to KVB Kunlun in writing, by way of a medium acceptable to KVB Kunlun such as fax, mail or email. Clients will receive a copy of the records by fax, mail, or through an electronic medium. There is no charge for the issuance of duplicate statements forwarded by electronic medium. If, where applicable, original hard copies are required or if the Client requests a copy of any telephone conversation that KVB Kunlun is able to provide a copy of, KVB Kunlun will provide a quote for the reasonable costs incurred by it in providing that copy. Once the Client has accepted the quote, KVB Kunlun will duly provide the copy.

**(d) Auditor**

The records of client money and property received, held and disbursed or distributed, will be audited at least quarterly by the Compliance Reporter as required by the Financial Market Authority and by NZX Compliance.

KVB Kunlun has appointed the following person to act as its Compliance Reporter:

**PricewaterhouseCoopers**

**(e) Use of money or property**

The client consents to KVB Kunlun and any associate of KVB Kunlun earning interest, fees or commissions in connection with any of the client's deposits in the ordinary course of its business.

Money held on behalf of clients may be used as margin for trading activities and any related costs, charges, expenses or commissions relating to such trading activities, as per the relevant Client Services Agreement entered into by the client or in terms of the client's instruction.

It should be noted that:

- i) KVB Kunlun may deal as principal on its own account and take the opposite position to any order or transaction of the Client; and
- ii) pursuant to the staff dealing policies of KVB Kunlun, KVB Kunlun 's directors, employees, persons and associated entities may be allowed to trade on their own account.

In addition, the client's attention is drawn to the fact that when KVB Kunlun enters into a transaction for the client, KVB Kunlun and its associated entities or other persons connected with KVB Kunlun, may have a material interest in the transaction, contracts or services provided to the client that is in conflict with the interests of the client and the client agrees that KVB Kunlun and its associates or other persons connected to KVB Kunlun, shall not be obliged to account to the client for any resulting profit made. However, KVB Kunlun's employees are required to comply with a policy of independence and disregard any such interest or conflict of interest when entering into a transaction for the client.

**4. CREDIT INTEREST AND FEES CHARGED**

**(a) Credit Interest**

KVB Kunlun does not pay interest to clients on their free margin. This is subject to change by written notice from KVB Kunlun to the Client.

If KVB Kunlun did pay interest then KVB Kunlun is obliged to deduct withholding tax from the interest amounts paid to clients. The amount of interest credited to your account will therefore be the net amount after tax has been paid.

**(b) Fees and Charges**

**(i) Swap**

Clients dealing in margined Contracts will be liable for interest charges (usually called “swap”) on all open positions. It is charged when the open positions are rolled over, which is at 10.00am New Zealand Standard Time (NZST) and 11.00am during New Zealand Daylight Saving Time (NZDT). This interest is automatically debited or credited to the Client’s account. Swap is the net amount of the interest that the Client receives for the notional amount of the currency that the Client is buying (“long”) and the interest that the Client pays for the notional amount of currency that the Client is selling (“short”). If the Client has a position where they are selling a currency with a higher interest rate than that of the currency they are buying, they will need to pay the interest rate difference. Conversely, if the Client has a position where they are selling a currency with a lower interest rate than that of the currency they are buying, they will receive the interest rate difference. If a Client opens and closes a position within the same day and does not have an open position at the time that positions are rolled over, they will not be subject to swap. Interest rates and swap for different currencies may change without notice and for a variety of reasons, including without limitation as a result of announcements by central governments that they are changing their interest rates. Clients may check KVB trading platform ForexStar at any time for the current rates.

**(ii) Standard Accounts**

KVB Kunlun does not charge any transaction or advisory fees for trading in margin product on a standard account.

(iv) Securities Trading

**Stock Transaction Charges Schedule**

Market	Commission	Transaction Levy	Settlement Details	Returning Cash
<b>Australia</b>	Shares: 0.70% Minimum per order: AUD 30.00 Options: AUD 15 per lot (i.e. 1,000 shares). Minimum per order: AUD 30.00 Futures: AUD 15 per contract	Nil	T + 3	T + 4
<b>USA</b>	Shares: 1 to 3,000 shares: USD 0.06 per share Above 3,000 shares: USD 0.03 per shares. Minimum per order: USD 30.00 Options: USD 5.00 per contract (i.e. 100 shares). Minimum per order: USD 30.00 Futures: USD 5 per contract. Minimum per order: USD 25.00	Nil	T + 3	T + 4
<b>Canada</b>	CAD 0.03 per share Minimum per order: CAD 30.00			
<b>United Kingdom</b>	0.50 % Minimum per order: GBP 15.00	Nil	T + 3	T + 4
<b>Japan</b>	0.40% Minimum per order: JPY 2,500	Nil	T + 3	T + 4

**Data subscription fees:**

- AMEX, CBOT, NYSE, NASDAQ, OPRA main session: USD 20 per month.
- NYSE (Extended hours): USD 10 per month. London Stock Exchange: GBP 5 per month. Tokyo Stock Exchange: JPY 2,400 per month
- Australian Stock Exchange: AUD 37.50 per month
- Orders that are filled in different exchanges will be considered as new orders and relevant commission scheme will apply.
- Some fees are determined by Exchanges and are subject to change without notice

**(v) Introducing Broker Commissions**

Clients who have been introduced to KVB Kunlun by another firm may be charged commissions by that other firm. These are not charged by KVB Kunlun and the other firm is responsible for disclosing these fees to their clients.

**(vii) Currency Exchange Fees and transfer fees**

Where a client deposits money to KVB Kunlun in foreign currency or a currency other than the denominated currency, the bank may charge a fee on the inward payment or conversion however this fee is not charged by KVB and is out of KVB's control.

For foreign currency transfer on client's request, standard bank fee for Telegraphic Transfer charges apply. The charge is usually at US\$15 for each transfer.

**(viii) Default Interest**

In an Event of Default (as defined in clause 10 of part B of Section 2 of KVB Kunlun's Client Services Agreement), interest may be charged on any unpaid amount at the Default Rate (as defined in clause 13.2(e) of Part A of Section 2).

## 5. ENQUIRIES, COMPLAINTS & DISPUTES

### (i) Enquiries or Complaints

If any Client wishes to make enquiries about any of KVB Kunlun's products or services, or wishes to raise a complaint, they should in the first instance, contact the Margin Sales Division or the Securities Division (depending on the nature of the enquiry) using the contact details provided below.

KVB Kunlun New Zealand Limited Level 10, The National Bank Tower 205 Queen Street PO Box 105438 Auckland City New Zealand Phone: +64 9 359 8999	KVB Kunlun Pty Limited Level 33, Governor Macquarie Tower 1 Farrer Place Sydney NSW 2000 Australia Phone: +61 2 82630188	KVB Kunlun Pty Limited 44F, Rialto South Tower 525 Collins Street Melbourne VIC 3000 Australia Phone: +61 3 96601888
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KVB Kunlun endeavours to quickly and satisfactorily resolve the complaint, but in the event that the Client is not satisfied, they may address their complaint in writing to:

The Compliance Manager  
KVB Kunlun New Zealand Limited  
Level 10, Tower 1  
205 Queen Street  
PO Box 105438  
Auckland, New Zealand  
Phone: +64 9 359 8988  
[complaint@kvbkunlun.com](mailto:complaint@kvbkunlun.com)

Pursuant to the Financial Service Providers (Registration and Dispute Resolution) Act 2008, KVB is a member of Financial Dispute Resolution (FDR). If the Client is not satisfied with KVB Kunlun's response to their complaint, they may refer the complaint to our External Dispute Resolution Scheme, by contacting:

Financial Dispute Resolution on Freephone 0508 337 337  
Freepost 231075  
PO Box 2272,  
Wellington 6140  
Email: [enquiries@fdrs.org.nz](mailto:enquiries@fdrs.org.nz)  
Web: [www.fdr.org.nz](http://www.fdr.org.nz)

Australian clients please refer to the Financial Services Guide (FSG) for more information on KVB Kunlun's complaint resolution processes.