Global Currency Payments & Transfers

Product Disclosure Statement

An Offer of Forward Foreign Exchange Contracts

Issued by Direct FX Limited
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This document provides important information about Foreign Exchange Forward Contracts, to help you decide whether you want to enter into one. There is other useful information about this offer at http://www.business.govt.nz/disclose

Direct FX 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 a Foreign Exchange Transaction called a Forward Contract, provided by Direct FX Limited (“DFX”, “we”, “our, “us”). Forward Contracts are derivatives that are deliverable. They require you and DFX to make currency payments to each other, and may also require you making Margin Payments to DFX. The Margin Payment amounts that may be required by you will depend on the rate of the underlying Spot Exchange Rate. The Forward Contract specifies the terms on which payments from you to DFX, and DFX to you, must be made.

Warning

Your liability to make Margin Payments

DFX may require you to make Additional Margin Payments to contribute towards your future obligations under these Forward Contracts. These payments may be required at short notice and can be substantial. You should carefully read the section titled Additional Margin on page 6 of this PDS about your obligations

Risks arising from issuer’s creditworthiness

When you enter into derivatives with DFX, you are exposed to a risk DFX cannot make payments or deliver a currency as required. You should carefully read section 3 of the PDS (risks of these derivatives) and consider DFX’s creditworthiness.

About Direct FX Limited

DFX is a non bank financial intermediary, providing Foreign Exchange services to retail and wholesale markets.

Which derivatives are covered by this PDS?

This PDS covers Foreign Exchange Forward Contracts. Under these contracts, DFX and you agree to exchange the principal currency amounts of the contract, at a fixed Exchange Rate, later than two Business Days time.

Forward Contracts may allow you to manage the Exchange Rate risk associated with the need to sell one currency and buy another. However eliminating this risk via a Forward Contract, means you will not receive the benefit of rate movements in your favour.

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2. Key features of the derivatives

Key benefits or main uses of Forward Contracts

Currency Forward Contracts are an obligation to deliver your sold currency to us, and receive your bought currency from us, at a pre agreed Exchange Rate, but on a Settlement Date later than two Business Days forward. Forward Contracts are used to manage the Exchange Rate risk that is caused by currency market volatility. Exchange Rate certainty gained via Forward Contracts can help protect you against the cost of a currency you need to purchase, increasing in the future.

Typically Forward Contracts are used by importers who need to buy their product in a foreign currency, or by exporters who are paid in a foreign currency, who want to hedge the risk that the currency markets will move against them, prior to their need to exchange those currencies. Forward contracts are also often used by those migrating between countries, in order to again hedge the risk that the currency they to sell, will lose value prior to their need to make their currency exchange.

Because a Forward Contract locks in an Exchange Rate for a date in the future, subsequent Exchange Rate movement have no impact on the value received at that future date. That value is a certainty, at the point they have agreed to enter into a Forward Contract.

Why Forward Contract Exchange Rates differ from Spot Contract Exchange Rates

Exchange Rates for Forward Contracts, are different to Spot Contract Exchange Rates. They are different because they are the Spot Contract Exchange Rate, adjusted, to mitigate the interest rate benefit one of the parties to the transaction receives, over the other party, prior to the nominated Settlement Date.

This rate adjustment is required, because in most cases different currencies receive different rates of interest, so one party to the transaction, will receive more interest for the funds they will be holding, than the other party, prior to the eventual Settlement Date. When Forward Contracts Settlement Dates are many months or even weeks into the future, the different amounts of interest received can be considerable.

For example: If NZD's on deposit were receiving a 3% interest rate, but EURO's were only receiving 1% interest, then over the course of one year, the holder of the NZD's would benefit by 2% more than the holder of the EURO's. Therefore if an agreement to sell NZD 100,000, buy EURO's in one years time, had been agreed using the Spot Exchange Rate, the holder of the NZD would receive interest of NZD 3,000 over the course of that year, whilst the holder of the EURO, would only receive the NZD equivalent of 1,000 in interest, on their EURO's. Therefore the NZD seller, would receive a NZD 2,000 benefit.

This difference or "benefit" that one party will receive, can be expressed or equated in Foreign Exchange points. For example, the NZDEUR Exchange Rate is quoted to the fourth decimal place (NZDEUR 0.6843). Each 0.0001, is what is termed a foreign exchange point.

Therefore when calculating the Forward Contract Exchange rate, the Spot Exchange Rate (the rate where you can exchange in two Business Days time), is adjusted, by adding or subtracting foreign exchange points. This is done to mitigate the underlying interest rate differential. By doing this, neither party receives a benefit over the other, due to the different amounts of interest they receive on the funds they will hold, and exchange on the eventual settlement date.

Amounts Payable

Initial Margins

Whilst Forward Contracts are an obligation to deliver your sold currency to us and receive your bought currency, on the Settlement Date agreed, market volatility prior to the Settlement Date will occur and potentially expose DFX to market risk. To mitigate this risk DFX may require you pay an Initial Margin. This acts as your security to us, for your contract obligations.

The Initial Margin we may require you to pay will be determined by us and communicated to you, prior to the completion of your Client Instruction. When determining the Initial Margin, we will take into consideration the currency pair traded, the amount traded, and the contract duration.

In all cases when an Initial Margin is due, it will either be 10 or 5 percent of the Forward Contract sold currency amount. In some situations we will accept the Initial Margin, in a different currency to the sold currency. For example, if your contract is to sell GBP 100,000 buy NZD with a Settlement date of three months' time, and we require a 10% Initial Margin payment, but you won't receive the GBP until a few days prior to the Settlement Date, we may accept the equivalent value in NZD.

The Initial Margin must be received in Cleared Funds the Business Day after entering the transaction.

In some instances, we may require you to pay an Initial Margin, before we will transact on your behalf. When determining if we will require an Initial Margin first, we will take into consideration the currency pair traded, the amount traded, the volatility in the market, and your prior transactional history with DFX.

If any Margin Payment to us is received in a currency, other than the sold currency, repayment of that amount to you, will made on the Settlement Date, separate to the settlement payment we make to settle your Forward Contract.

Additional Margins

Forward Contracts will be monitored on a Mark to Market basis. If adverse market moves result in the Mark to Market value of the margin we hold, dropping below a certain value, we may require an Additional Margin payment from you. It is important to note, that whilst we may require Additional Margin payments for you, the total amount you are obligated to pay under the contract, unless you request and we agree, to a change of the contract amount, or an adjustment to the Settlement Date, will never be greater than the sold currency amount of the Forward Contract.

If we have required a 10 percent Initial Margin from you, and adverse market moves result in the Mark to Market value of the Initial Margin dropping below 5 percent of the Contract Face Value, at our discretion, we may require an Additional Margin Payment from you, to restore the security held by us to 10 percent of the Contract Face Value.

If we have required a 5 percent Initial Margin from you, if the Mark to Market value sees the Initial Margin drop below 2 percent of the Contract Face Value, at our discretion, we may require an Additional Margin payment from you, to restore the security held by us to 5 percent of the Contract Face Value.

Further falls in the Contract Face Value could lead to further Additional Margin payments being required, to restore the security held by us to the Initial Margin percentage level required, of the Contract Face Value.

If you are required to make an Additional Margin payment, you will receive a Margin Call from us by telephone, email, or fax. Additional Margin payments must be received in Cleared Funds, the following Business Day.

Your Initial Margin and any Additional Margin payments to us, will be held in our Client Fund Account. We will not forward your Margin Payments onto any other party. When we offset your Forward Contract with our counterparty, Margin Payments we are required to make, are made with our own operational capital.

Final Settlement Payments

In all instances the balance of your sold currency must be received by us in Cleared Funds, no later than the Business Day before the Settlement Date. On the Settlement Date, we will pay your purchased currency to you or your beneficiary account.

Forward Contract Term

Forward Contracts can be transacted for a maximum term of six months.

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

When amending Settlement Dates, the interest rate differences between the two currencies involved may mean the Forward Contract Exchange Rate will need to be amended, to reflect the impact of the longer or shorter Settlement Date. Any amendment to the Exchange Rate, due to the amendment to the Settlement Date, will be discussed with you at that time.

Forward Contract example

Note: Amounts in the below example, do not contain cents. An actual Forward Contract would contain cents. Cents have been removed for the sake of simplicity.

A company in Australia is importing goods from the USA. The goods are due for delivery in 3 months and full payment of USD 50,000 is due in 2 months. The company is concerned the AUDUSD Exchange Rate could move unfavourably, resulting in the goods costing more than expected.

The company contacts DFX, who quotes:

- A current AUDUSD Spot Contract Exchange Rate to sell AUD of 0.7000;
- Two month Forward Contract foreign exchange points adjustment of - 0.0030;
- A resulting 2 month Forward Contract Exchange Rate of to sell AUD of AUDUSD 0.6970 (0.7000 - 0.0030 = 0.6970)
- An Initial Margin payment requirement of 5% of the Forward Contract sold currency, due the next Business Day, if the Forward Contract is purchased

The company decides to purchase the 2 month Forward Contract, therefore agreeing to buy USD 50,000 and sell AUD 71,736 (50,000 / 0.6970 = 71,736), for a Settlement Date in 2 months.

The Initial Margin due the next Business Day is AUD 3,587 (71,736 X 5% = 3,587).

If no further Margin Payment is required (Additional Margins), the company then pays the balance of the sold funds 68,149 (71,736 - 3,587 = 68,149), the Business Day prior to the Settlement Date.

Two months later when the Settlement Date is reached, the Spot Exchange Rate is 0.6700. As the company has had the Forward Contract in place, it exchanges AUD for USD, at the agreed Forward Contract Exchange Rate of 0.6970.

If the company had not purchased the Forward Contract, and had instead dealt on the prevailing Spot Contract Exchange Rate of 0.6700, the goods would have cost AUD 74,627 (50,000 / 0.6700 = 74,627), an extra 2,891.

However, if in two months the prevailing Spot Contract Exchange Rate is 0.7300, and the company had not purchased the Forward Contract, the company could exchange at the Spot Contract Exchange Rate. The goods would then cost only AUD 68,493 (50,000 / 0.7300 = 68,493), a saving of 3,243.

If the AUDUSD Spot Contract Exchange Rate prior to the Settlement Date, starts to appreciate, the value of the Initial Margin, as a percentage of the Contract Face Value, will start to decrease. Using the example above, if the AUDUSD rate increases to .7200, the initial margin as a percentage would decrease to 1.8%. How does this calculation work?

The Forward Contract rate was 0.6970, therefore the Contract Face Value was AUD 71,736. But an appreciation of the Spot Exchange Rate to .7200, would see the same transaction cost only AUD 69,444 (50,000 / 0.7200 = 69,444), if dealt on a Spot Contract basis. Therefore the Forward Contract Face Value, on a Mark to Market basis, has dropped from AUD 71,736 to 69,444, a decrease of AUD 2,292. Therefore the value of the Initial Margin held has dropped to AUD 1,295 (3,587 - 2,292 = 1,295). As a percentage of the Forward Contract Face Value, this now represents 1.8% (1,295 / 71,736 = 0.018 = 1.8%)

DFX decide that given this, they will require the company to make an Additional Margin payment, so as to ensure DFX continue to hold security that equates to 5% of the Forward Contract Face Value, on a Mark to Market basis. DFX therefore Margin Calls the company by emailing the request, to confirm the company is required to make a payment of AUD 2,292, to be received by DFX in Cleared Funds, the next Business Day.

Note: Examples of Exchange Rates used in any transaction calculation in this PDS are for illustrative purposes only and do not reflect current market rates. This example provides one situation only and does not reflect the specific circumstances or the obligations that may arise under a Forward Contract, entered into by a client of DFX

Entering Forward Contracts and rights to alter or terminate

Dealing with Direct FX

Before you deal with us you will need to complete our application process. Please refer to the section titled How to enter into an agreement on page 15 of this PDS, for a description of that process.

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

Communication between us

By telephone

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 provide you with our Exchange Rates, by off setting your trade as close to the Interbank rate as possible. Our Exchange Rate needs to constantly change to reflect the 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 Exchange 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, and sometimes volatility in the market can be extreme.

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 Exchange 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 two 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 for Forward Contracts can be requested for amounts equal to or greater than NZD 20,000, or the foreign currency equivalent.

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 for Forward Contracts 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 Forward Contract between us is in place, you will need to send us the payment instruction detailing where your bought currency should be paid to, on the Settlement date.

Trade Confirmations

Once a Forward Contract has been agreed between us, we will email 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;
- Initial Margin due, if required; and
- Your final settlement payment amount and due date

Note: Our Confirmation is sent to you to record the transaction. A Forward Contract Foreign Exchange Transaction is in place at the point when your Client 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.

Rights to alter or terminate Forward Contracts

It is important to understand that Forward Contracts purchased cannot be cancelled. There is no cooling off period. You must be certain of your needs, before instructing us to trade.

However, a contact 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 DFX 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 DFX.

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

In all Closed Out Transactions, DFX will then calculate the financial gain or loss incurred. In the event a profit has resulted for you, DFX will pay you the profit amount. In the event of a loss, you will be required to pay the loss amount incurred in Closing Out the trade, the following Business Day.

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

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

3. Risks of these derivatives

Product Risks

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:

Altering the terms of a Forward Contract or terminating

An amendment to the Settlement Date of your Forward Contract, may mean the contract will cost you more. For example, if you have sold a currency that attracts a higher interest rate than the purchased currency, for a Settlement Date of two months in the future, but you request to amend the Settlement Date to four months, then the cost of the contract will increase. The reason for this, is you will be receiving an interest rate benefit over what the seller of the other currency receives, by holding your higher yielding currency for an additional two months. You will be receiving an interest rate benefit, so the Forward Exchange Rate will be adjusted to negate this, so that you and the other party receive the same value, but at the later date requested by you. The Exchange Rate adjustment won't be in your favour, as the adjustment will provide the other party with more value, to mitigate the impact of the lesser interest they will receive. As a consequence, the cost of the contract for you will increase, whilst it will decrease for the other party.

Terminating a Forward Contract will require you to purchase an equal and opposite contract in the market at the prevailing market rate. Interest rate differentials and the underlying Spot Contract Exchange Rates can both move, at times violently. Adverse moves and the termination of a contract, may result in your locking in a loss on the contract.

Market risk

As Foreign Exchange markets are influenced by many factors, market risk is always present. As noted above, this can result in extremely volatile market movements as the risk of these influences is priced into the market. Your Forward Contract may lose value because of these market conditions. Conversely, market movements may increase the value of your contract.

It is important to note however, that unless you request and we agree to a change of Settlement Date, or contract amount, the amount payable by you to purchase your Forward Contract, can never be more than the sold currency amount, at the point the transaction was agreed. Any loss of value due to adverse market movements, and not as a result of the two fore mentioned requests by you, is an implied opportunity cost.

If the underlying Spot Exchange Rate moves adversely, you may be required to make an Additional Margin payment at short notice. Margin Call payments are due the next Business Day. You will need to consider this possibility, as you will need to have the funds on hand, to meet those obligations, if they arise.

Breach of terms

If you breach a Term or Condition agreed in the Terms and Conditions, or a term or condition of this PDS, including failing to meet an Additional Margin payment obligation, DFX has the right to terminate your Forward Contract. Such a termination would leave you exposed to Exchange Rate fluctuations, at that point, that had otherwise been eliminated by the purchase of the Forward Contract. If the Exchange Rate subsequently moves adversely, you will potentially be exposed to losses.

Counterparty risk

This is the risk that an organisation does not pay out on a Foreign Exchange Transaction when required. When dealing with DFX, 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, on the Settlement Date.

Liquidity risk

This is the risk that a Forward Contract 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 Forward Contract. DFX will always endeavour to act as quickly as possible when executing your Client Instruction. However, we have no control over Exchange Rate fluctuations and the subsequent liquidity risk.

Strategy risk

This risk is the exposure to loss, resulting from a defective or inappropriate transaction strategy you may choose.

Issuers risks

In the unlikely event the DFX becomes insolvent, you may be exposed to the risk that the DFX is unable to meet its obligations under the derivatives.

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

Risks when entering or settling the derivatives

Currency markets are constantly fluctuating. Therefore the need for timely and accurate communication between DFX and you, when entering derivatives, is extremely important. Please see sections Communication between us, on page 8 and Direct FX order types on page 9, to gain an understanding of these risks.

The settling of contracts requires payments of specific amounts from you to us, and us to you, on a specific date or dates. Failure to complete your payment obligations to us as set out in the contract, may constitute a breach of terms. As a result you run the risk that DFX may terminate your contract, as set out in the section titled Rights to alter or terminate Forward Contracts.

4. Fees

Direct FX Exchange Rate spread

DFX revenue gained from derivatives, is the spread income we derive from your Forward Contract. Spread income is the difference (spread), between the wholesale Forward Contract Exchange Rate where we off set your trade with our liquidity providers, and the Forward Contract Exchange Rate we provide to you.

The spread charged is determined on an individual client basis. The spread charged is implied in the Exchange rate we quote you. The spread will be determined by the following factors:

- **Transaction size**. As transaction size increases, the spread we may require decreases. The rate of decrease, is applied on an individual client basis.
- **Currencies bought and sold**. Currency pairs that are not as heavily traded, or are less liquid in the wholesale market, may be priced at wider spreads than those that are. An example of a currency pair that is not liquid, is the USDZAR.
- **Market conditions**. In volatile markets, spreads may increase due to the increased market risk DFX faces, between quoting a rate to you, and you communicating your intentions or otherwise back to DFX, to deal on that rate. That said, please note DFX retains the right to re quote a rate, if rates have moved materially adversely, between the time we quote you, and hearing back from you.
- **Contract duration**. A longer dated contract may result in a wider spread than a shorter dated contract. This is reflective of the increased risk to DFX, that adverse market moves occur, prior to the Settlement Date. Such moves may result in Margin Call from us to you, and from our liquidity provider to us. Longer dated contracts also tie up DFX operational capital that we have used to secure your contract, for longer. Therefore we may require a greater return on the contract, to compensate us for the loss of use of those funds.
- **Client transaction history**. Those who deal higher volumes on a regular basis with DFX, may receive preferential Exchange Rates. Those rates may have smaller spreads implied, than rates received by Clients who deal less frequently and in small volume.

A decrease in DFX spread, will result in a drop in the cost of a Forward Contract. Conversely a larger spread, will result in an increase in the cost of a Forward Contract. The DFX spread is implied in the Exchange Rate we quote you.

Multiple payment fees

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 your 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.

Intermediary bank fees:

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.

Expected amount:	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 bank fees:

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.

Transaction instruction amendment fees:

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 confirmation fees

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 possible

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.
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.

5. How Direct FX treats funds received from you

Client funds are held off balance sheet in separate Client Fund Accounts, segregated from the business bank accounts of DFX. Client Fund bank accounts are held in accordance with the requirements of our Australian Financial Services Licence, and our New Zealand Derivatives Issuer Licence. Client Funds are used and withdrawn in accordance with those licences, and our Terms and Conditions.

Client Funds in Client Fund bank accounts are held on trust by Direct FX on behalf of clients, and Direct FX has no beneficial interest in Client Funds or the bank accounts in which they are held. In the unlikely event that DFX was placed under management or put into receivership or liquidation, Client Funds held in such accounts would remain the property of the clients on whose behalf the funds are held.

Client Fund bank accounts are held with major banking institutions in New Zealand and Australia.

DFX does not use the Client Funds for the purposes of authorised hedging activity. DFX uses its own operating capital, to secure all hedging activities, with its counterparties.

Client Fund Accounts are solely for the purpose of holding client money directly associated with a Foreign Exchange Transaction or an intended Foreign Exchange Transaction. Payments to these accounts prior to the agreement to transact, can only be done with the prior consent of Direct FX.

Client Funds Accounts are reconciled daily. We do not pay interest on Client Fund balances held.

6. About Direct FX

Direct FX registered in New Zealand as a private company limited by shares under the New Zealand Companies Act 1993, in 2001. Direct FX was registered as a foreign company in Australia in 2005. DFX provides Foreign Exchange services to retail and wholesale markets. In the Interbank Market, DFX provides the only Spot Foreign Exchange voice broking service in Australasia. At the non-Interbank level, DFX arranges Forward and Spot Foreign Exchange contracts. Our non-Interbank Clients' needs range from small, one off personal transactions, to medium to large sized companies dealing with cross-border Spot and Forward Contract transactions on a regular basis.

Direct FX can be contacted using the below details:

Wellington: 82 Cable Street Wellington. Phone: 0800 560 006 & +64 4 381 3284
Tauranga: 171 Oceanbeach Road. Phone: 0800 560 006 &+64 7 5722 933
Sydney: The Cooperage, 56 Bowman Street, Pyrmont. Phone: 1800 993 100 & +61 2 9009 3333
Note: We do not provide Forward Contract services from our Sydney office. Our Sydney office operates on behalf of our Interbank Clients only. Whilst we welcome client visits to all offices, these can only be made by prior arrangement.

7. How to complain

Our internal complaint resolution process has been established to help 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 or calling FSCL on 0800 347 275. The FSCL scheme will not charge a fee to any complainant to investigate or resolve a complaint.

8. Where you can find more information

Further information relating to DFX is available from the offer register. A copy of information on the offer register is available on request to the Registrar at http://www.business.govt.nz/disclose

The offer register contains a link to DFX's group financial statements for the most recently completed accounting period before the date of the PDS, that comply with GAAP and have been audited by a qualified auditor, and the qualified auditor's report on those statements.

You may also contact us directly, with any questions about our services. You can contact us via the details listed in the About Direct FX section. There is no charge for this information.

9. How to enter into client agreement

Prior to entering into an agreement to purchase a Forward 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
- In order to fulfil our AML/CFT regulatory obligations, we will then need to verify your identity, and risk asses 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.
- To read how a Forward Contract can be purchased, please read in full the section titled Entering Forward Contracts and rights to alter or terminate on page 8 of this PDF.
- 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.

10. 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.

11. Tax 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

12. 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.

Defined terms

Additional Margin payments required for Forward Contracts to restore the security held by Direct FX to 5 or 10 percent of the Contract Face Value
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. 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.
Initial Margin the security payment required for Forward Contracts
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
Margin Call will be made by us to you if you need to pay an Additional Margin to us. Made by us to you by telephone, email, or fax.
Margin Payments includes the Initial Margin and any Additional Margins
Mark to Market a method of assigning a value to a contract held, based on the current market price for the contract
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