PRODUCT DISCLOSURE STATEMENT

CONTRACTS FOR DIFFERENCE

ISSUED BY BLACK BULL GROUP LIMITED
26 June 2020

This document provides important information about contracts for difference (**CFDs**) to help you decide whether you want to enter into any of these derivatives. There is other useful information about this offer at http://www.companiesoffice.govt.nz/disclose.

Many derivatives are complex and high-risk financial products that are not suitable for most retail investors. If you do not fully understand a derivative described in this document and the risks associated with it, you should not enter into it. You can also seek advice from a financial adviser to help you make your decision. You should ask if that adviser has experience with these types of derivatives.

Black Bull Group Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013.

This is a product disclosure statement for contracts for difference (**CFDs**) provided by Black Bull Group Limited (**BlackBull**, **we**, **us**, or **our**). CFDs are derivatives, which are contracts between you and us that may require you, or us, to make payments. The amounts that must be paid or received will depend on the price, value or level (as the case may be) of the underlying currency (FX) pairs, precious metals, energy/commodity prices, and indices (**Underlying Assets**). The contract specifies the terms on which those payments must be made.

2. WARNINGS

Risk of loss due to change of price, value, or level of Underlying Asset

If the price, value, or level (as the case may be) of the Underlying Asset changes, you may suffer losses. In particular, unlike most other kinds of financial products, you may end up owing significant amounts of money. You should carefully read Section 2 ('Key features of the derivatives') of this PDS on how payments are calculated.

You may need to make additional payments

We may require you to make additional 'margin' payments to contribute towards your future obligations under CFDs. These payments may be required at short notice and can be substantial. You should carefully read Section 2 ('Key features of the derivatives') of this PDS about your obligations.

Credit risk

When you enter into derivatives with us, you are exposed to a risk that we cannot make payments as required. You should carefully read Section 3 of the PDS ('Risks of these derivatives') and consider our creditworthiness. If we run into financial difficulty, the margins you provide may be lost.

BlackBull is a licensed derivatives issuer. We offer CFDs through our online MetaTrader 4 trading platform (**Trading Platform**). You can find more information about us in Section 6 ('About BlackBull') of this PDS.

This PDS covers CFDs issued by us in relation to Underlying Assets such as currency (FX) pairs, precious metals, energy/commodities, and indices.

By using CFDs, you can replicate the risks and benefits of the Underlying Assets without owning them. You can use CFDs to speculate on price movements in relation to the Underlying Assets. You can also use CFDs to hedge your exposure to Underlying Assets. Each CFD is cash-settled based on the change in price, value or level (as applicable) of the Underlying Asset. No delivery of the Underlying Asset takes place.

As CFDs are traded over the counter ('OTC'), you are entering into a contract with us. Our CFDs are not traded on a licensed derivatives market. The CFDs we offer from time to time are at our discretion and the prices and our margin requirements will vary to reflect changing market conditions.

If you invest on a leveraged basis, that is where you only deposit a fraction of the total value of the CFD in order to open a position (i.e. enter into a CFD), your profits and losses will be magnified on the basis that they are calculated on the full value of the CFD. You can also trade CFDs on a non-leveraged basis.

Section 2 ('Key features of the derivatives') of this PDS discusses in further detail key uses and key benefits of CFDs.

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SECTION 2: KEY FEATURES OF THE DERIVATIVES

1. NATURE AND EFFECT OF THE DERIVATIVES

A CFD is a contract between you and us under which we agree that one of us must pay to the other the difference between the opening and closing price, value or level of an Underlying Asset. The Underlying Assets that we offer CFDs in relation to are currency (FX) pairs, precious metals, energy/commodity prices, and indices. See below for a description of some of the key features of CFDs.

CFDs are derivatives

CFDs are 'derivatives', meaning, that the amount that one party to the CFD has to pay to the other is derived from the price of the Underlying Asset. If the price of the Underlying Asset changes, so too will the value of the CFD. Our pricing, however, can be different from the price of the Underlying Asset on the open market (i.e. its underlying market(s)).

Using a CFD, you can make a profit or loss from changes in the price of the Underlying Asset without either party taking ownership of, or having interests in, the Underlying Asset itself. This also means that no party has any of the rights associated with owning or having an interest in the Underlying Asset.

Our CFDs are traded 'over the counter' (OTC) and not on an exchange

CFDs are 'over the counter' (or 'OTC') derivative contracts, meaning that they are created and traded between you and us off market rather than on a recognised exchange (such as the NZX). For the purposes of this PDS and the CFDs we issue, the two parties entering the CFD are you and us. Practically, this means that we are the counterparty to each trade you undertake, and positions can only be opened and closed (i.e. terminate a CFD) with us.

CFDS can be leveraged

CFDs are financial products which can be leveraged. This means that you can enter into a CFD by paying a fraction of the total value of the contract (known as a **margin**) in order to open a position and gain exposure to the full value of the contract. Your profits and losses in relation to the CFD are, however, calculated on the full value of the contract. This can have the effect of magnifying both your potential returns and your losses. This could also mean, for example, that you could lose more money than you have deposited with us and those losses could be substantial. You can also trade CFDs on a non-leveraged basis.

2. KEY BENEFITS AND USES OF CFDs

We set out some of the key benefits and uses of CFDs below.

2.1 Speculating

Speculation involves taking on a position with the expectation of benefiting from a movement in its value in your favour. CFDs allow persons to speculate on the movement of the price, value or level of the Underlying Asset, with a view to making a profit.

Example - Using CFDs for speculating:

If a trader believes that specific market circumstance will result in an exploitable change in the value of an Underlying Asset, then they may wish to enter a position to take advantage of this speculation. For example, if a trader believes the value of gold may increase in proportion to United States Dollars (USD) due to market uncertainty, then the Trader could enter any sized buy (or long) position and close the position once they have reached their desired profit.

2.2 Hedging

The process of hedging means entering into a position to protect a position already in place. You can use CFDs to hedge your exposure to movements in prices that could otherwise affect your investment portfolio. Instead of needing to sell investments during a period where prices are falling or market conditions are volatile, you can mitigate potential losses by 'selling' the equivalent position using a CFD. If the price of the Underlying Asset falls, then any profit you earn can offset the losses incurred on the value of the physical holdings of the Underlying Asset in your investment portfolio.

Example - Using CFDs for hedging:

If a firm or entity wishing to export goods to a market where they will have to incur a currency exchange, they will want to hedge the value of this exchange to offset any changes in the currency value that occur between agreeing to the contract and receiving payment. Hedging against this ensures that the firm or entity can expect to receive close to the exact value that was agreed upon when the contract was created.

2.3 Leverage

The process of using leverage in respect of a position allows you to gain greater exposure to an Underlying Asset without having to pay the full value of the contract from the outset. If you use leverage, you would pay a deposit to us which represents a small percentage of the full value of the contract and we, in essence, loan you the rest of the value of the contract. Your profits and losses are calculated on the full value of the contract (i.e. your deposit and the money that we have loaned to you), meaning that your potential profits are magnified but so too are your potential losses. These losses can exceed the amounts deposited with us and they can be substantial.

Example - Using leverage with CFDs:

If the leverage is 1:100 (1%), you only deposit initially 1% of the value of the Underlying Asset. You are still legally entitled to the same gains or losses as if you had paid 100% of the value.

For example, you can use 1,000 NZD in the Trading Account as margin to entering into a CFD with a starting value equivalent to 100,000 NZD.

2.4 Trade in both rising and falling markets

CFDs allow you to trade on the price of an Underlying Asset increasing, as well as the price of an Underlying Asset decreasing. This enables you to trade in both rising and falling markets. The paragraph, 'Entering into CFDs' below, provides further detail on the type of positions that you could take if you think that the price of the Underlying Asset might increase and/or decrease.

2.5 No Expiry

Our CFDs do not have an expiry date. This means that when you open a position, it will remain open until it is closed by you or us. 'Closing out a position / terminating a CFD' below provides further detail on how, and when, a position may be closed.

3. ENTERING CFDS AND HOW YOU OR WE CAN ALTER THE TERMS OR TERMINATE A CFD

3.1 How to create a Trading Account

In order to trade CFDs using our system, you are required to have an account with us (**Trading Account**), which will generally be either our **Standard Account** or a **Prime Account**. Each type of Trading Account has its own set of fees and charges, which are discussed in Section 4 ('Fees') of this PDS. For some clients, we may open a Trading Account with bespoke fees and charges (different to the usual fees and charges of our Standard or Prime Accounts). The client application process is covered in further detail in Section 9 ('How to enter into a Client Agreement') of this PDS.

3.2 How to trade CFDs

Once your application is approved and you become our client, you will be able to trade CFDs on our system via our Trading Platform. This platform is in software form and can be downloaded from our website at https://blackbullmarkets.com/en/platforms/metatrader-4/.

3.3 Entering into CFDs

Trading CFDs with us requires you to take certain steps. The first step is opening a position on the CFD you wish to trade. Immediately below, there is a general overview of how to open and close a CFD with us.

Select an Underlying Asset

The first step is to decide the Underlying Asset in relation to which you wish to open a position. We offer CFDs in relation to the following:

- Currency (FX) - specifically, most major currency trading pairs.
- Energy and commodity prices - NGAS, Brent, and WTI.
- Precious metals – gold and silver.
- Indices – large market index funds, including but not limited to, ASX200, DAX30, FTSE100, S&P500.

The specific Underlying Assets in relation to which we are currently offering CFDs are specified on the Trading Platform from time to time.

Choose to buy (go long) or sell (go short)

The two options that are available when trading CFDs are a buy position (going long), or a sell position (going short). If you believe that the value of the Underlying Asset is going to decrease, then you would open a sell position (going short). Alternatively, if you believe the value of the Underlying Asset is going to increase, then you will open a buy position (going long).

We quote CFDs using two prices

- A **bid price** (also known as a sell price). The bid price is the price to open a short CFD.
- An **ask price** (also known as a buy price). The ask price is the price to open a long CFD.

We determine the quoted bid price and the quoted ask price with reference to the current market price for the Underlying Asset. The bid price, however, will almost always be lower than the current market price for the Underlying Asset and the ask price will almost always be higher than the current market price for the Underlying Asset. On the very rare occurrence that a spread becomes negative, it is called an 'inverted market'. This occurs in the rare occurrence when a multitude of market participants have locked in a sell **OR** buy (never both) that holds them to the price they are locked in at and the market moves against them. The difference between the bid and ask price is known as the 'spread'. The spread's difference in certain Trading Account set-ups also can include a mark-up which is a fee that we can earn from the trade. Spread is discussed in further detail in Section 4 ('Fees') of this PDS as well as detailing which specific Trading Account set-ups have a spread with a mark-up.

Example - Quotes:

*A 1 Lot trade of NZDUSD has the notional value of USD$100,000 worth of NZD. Meaning an unleveraged 0.05 Lot trade of NZDUSD has the value of USD$5,000 (0.05*100,000 = 5,000).*

Please note: the notional value of FX pairs is typically in the base currency (the first currency listed in the pair); this is called the 'margin currency'. However, there are some exceptions, the above example being such an example, where the NZD is the base currency, but the margin currency is in USD. The Margin

Currency can be found on the Market Watch window in the Trading Platform, by right-clicking on the CFD and selecting specifications. In the specifications of each CFD, you will see the currency used as the margin currency.

Determine the size of the CFD

CFDs are traded in units that are referred to as 'lots' (**Lots**). Lots are set to a standardised quantity which varies depending on the Underlying Asset being traded. The size of the Lots in relation to the Underlying Assets that we offer CFDs in, are set out in the table below.

UNDERLYING ASSET	CFD UNIT	MINIMAL VOLUME	MAXIMAL VOLUME	MAXIMUM LEVERAGE
Currency (FX)	1 Lot = 100,000 units (of the Margin Currency, which is most commonly USD)	0.01 Lots	100 Lots	1:500
Precious Metal (gold)	1 Lot = 100 ounces	0.01 Lots	100 Lots	1:500
Precious Metal (silver)	1 Lot = 5000 ounces	0.01 Lots	100 Lots	1:500
Energy/Commodity (Natural Gas)	1 Lot = MMBtu	1 Lot	1,000 Lots	1:100
Energy/Commodity (Brent Oil)	1 Lot = 1 Barrel	1 Lot	1,000 Lots	1:100
Energy/Commodity (WTI Oil)	1 Lot = 1 Barrel	1 Lot	1,000 Lots	1:100
Indices (all have the same specifications))**	1 Lot = 1 Index Unit	1 Lot	10,000 Lots	1:100

*In certain market conditions we may reduce the maximum leverage of specific Underlying Assets due to inherent underlying market risk (covered below in the paragraph "Changing the Leverage").

**The base currency of all indices is specific to the local market. For example, the ASX200 has AUD as the base currency, FTSE100 has GBP as the base currency, SMI20 has CHF as the base currency, etc.

We may set a different Lot size for CFDs from time to time through the Trading Platform.

Minimum and maximum trade sizes are available on the Trading Platform, under "specifications" this can be found on the Market Watch window in the Trading Platform, by right-clicking on the symbol and selecting specifications. In the specifications of each symbol you are able to see the "minimal volume" and "maximal volume".

Manage your risk

The Trading Platform has multiple tools to assist you in managing risk exposure. The most used tools to manage risk are 'stops' (a **Stop-Loss**) and 'limits' (**Limits**).

A Stop-Loss is used to stop losses past a certain decided by you. If the price of the Underlying Asset drops below (if you are in a long position) or rises above (if you are in a short position) the level you have designated for your Stop-Loss, then your position will be **closed out** (i.e. the CFD is terminated) at the closest market value available. The Stop-Loss will usually close at the price you have specified, however slippage and gaps in the market can affect this, particularly at the server rollover period (sever time usually around 23:55 to 00:05), UTC, generally within 5 minutes of the close of the New York markets (**Server Rollover**). The exact timing of the Server Rollover period in New Zealand changes as a result of daylight savings in New Zealand and the United States. We will notify clients no less than three trading days in advance before any change to the commencement of the Server Rollover period.

A Limit is used to close out your position at a specified price so that you can realise profits of your position. This can be used in uncertain markets with high volatility, or when you think there is a support or resistance line that you want to get as close to as possible.

Both of the above methods have benefits and drawbacks. For example, if either Stop-Losses or Limits are enacted too soon, you can potentially miss out on profits. However, if used correctly, you can also mitigate potential losses, or even in some circumstances lock in a profitable close on certain positions.

For more information about the types of orders that can be placed on the Trading Platform, please contact us using the contact details contained in Section 6 ('About BlackBull') of this PDS.

Margin

In order to open and maintain a position (enter into a CFD with us), you will need to deposit money into your Trading Account. This money is known as **Margin** and is discussed in further detail below.

Confirmation

The bid price and ask price listed on the Trading Platform are quotes only and are not offers to contract. Instead, when you open a Position, you will be deemed to be making an offer to us to trade at the quoted prices when you click 'buy' or 'sell' on the Trading Platform. We may accept or reject your order in our sole discretion.

An order is deemed to be accepted and legally binding when it is recorded as executed by us and we send you a confirmation. The confirmation will appear in the Trading Platform. If you do not receive a confirmation from us, or if the details contained in the confirmation are incorrect, you must contact us immediately. If you do not receive a confirmation, then no trade will have occurred. If the details contained in the confirmation are incorrect and you do not notify us of this fact, then the confirmation will be deemed to have been accepted.

3.4 Holding and monitoring a position

Monitor positions

Once you have opened a position, the movement in the price of the Underlying Asset will affect your profit and loss. The Trading Platform permits you to monitor, among other things, your open positions and your profit and loss in real time. You can also enter new stops and limits, and amend and remove existing ones.

Additional Margin

If the market moves against your position (i.e. there is an adverse price movement in the Underlying Asset), you may need to deposit further money (**Additional Margin**) into your Trading Account to maintain the required level of Margin. This is known as **Additional Margin**. This is discussed in further detail below ('Margin').

Holding Costs

If you hold a position through the Server Rollover, it will be rolled to the next trading day which will result in you paying a **Swap Charge** or you receiving a **Swap Benefit**. Section 4 ('Fees') of this PDS discusses Swap Charges and Swap Benefits in further detail.

3.5 Rights to alter the terms of a CFD

Your rights

The only right that you have to alter the terms of a CFD is to "partially close" out a position. A position can be partially closed out by following the process described below ('Closing out a position / terminating a CFD').

Our rights

We may, at any time during the term of the CFD, vary the permitted Leverage. The paragraph called 'Initial Margin' below discusses in further detail how we can vary the permitted Leverage and the effect that it will have on your open positions.

The Client Services Agreement sets out other circumstances where we may alter the terms of a CFD. We recommend that you read the Client Services Agreement carefully and familiarise yourself with, among other things, these circumstances and what actions we can take should they arise.

3.6 Closing out a position / terminating a CFD

Our CFDs do not have an expiry date

The CFDs that we offer do not have a set expiry date. This means that the positions you create will remain open until closed by you or us, or by either party terminating the CFD or our relationship in accordance with the Client Services Agreement.

How you can close out a position

You can close a position by taking the opposite action that you took when opening the position originally. You can do this manually or you can set parameters on the Trading Platform that, if met, will close out your position automatically. These parameters can include **take profit** and **stop loss** options. There is no guarantee, however, that your position will be closed at the exact price specified. As noted in the paragraph 'Entering into CFDs' above, this is known as **price gapping** and **slippage** which are concepts discussed in further detail in Section 3 ('Risks of these derivatives') of this PDS.

Our rights to close out a position

We can close out some, or all, of your positions in certain circumstances. These circumstances are called **Events of Default** and are set out in the Client Services Agreement. You must read the Client Services Agreement carefully and familiarise yourself with, among other things, the Events of Default and what actions we are able to take if an Event of Default occurs.

You may only open a position if the Total Equity in your Trading Account exceeds the value of the Initial Margin (see page 10 for more information about "Total Equity"). You are at all times required to ensure that your Total Equity exceeds the aggregate of the Margin requirements for all open positions held with us (**Margin Level**). If your Margin Level drops below 50% you will encounter what is called a **Stop Out**. If a Stop Out occurs, your positions will be automatically closed by the Trading Platform. This Stop Out can be avoided by depositing more Funds into your Trading Account to increase your Margin Level (as defined in paragraph 4.1 below).

Terminating our relationship under the Client Services Agreement

Either party can terminate our relationship by giving the other party notice in accordance with the Client Services Agreement. If our relationship is terminated in this way, all of your open positions will be closed out and all amounts owing by either party will become immediately due and payable.

3.7 Closing positions

If a position is closed at a loss, that loss will be immediately deducted in real time from your Trading Account. If a position is closed at a profit, that profit will be immediately credited to your Trading Account.

3.8 Reports

You can opt-in to receiving daily emails summarising your daily trading activity (**Daily Report**). Where you choose to receive the Daily Report, the Trading Platform will automatically generate a Daily Report.

The Daily Report provides an account summary that includes account balances, and open and closed positions.

4. MARGIN

4.1 Overview of Margin

Margin is the money that you are required to deposit into your Trading Account to open positions with us and maintain those positions. There are two types of margins to be aware of when trading with us: **Initial Margin** and **Additional Margin**.

The Initial Margin is the amount of money that you need to open a position with us. It represents a small percentage of the full value of the contract, that is proportional to your Leverage, and is the minimum amount of money that we require from you to open a position. Initial Margin and Margin Level are discussed in further detail below ('Initial Margin') and ('Margin level').

4.2 Initial Margin

The Initial Margin that we require from you when you open a position is determined as a percentage of the value of the CFDs and is calculated using the formula set out below.

Initial Margin Formula

Initial Margin = (CFD Price X CFD Units) x Leverage

CFD Price means the price per CFD Unit.

CFD Units are discussed above in the paragraph 'Entering into CFDs'.

Leverage is decided upon by you when you are initially creating your trading Account with us. This can be changed at your request by contacting us and informing us of this. We withhold the right to enact this change at a time best suited to us based of prevailing market conditions.

- **Account Type**: We currently offer our clients three Trading Account types. **Standard Accounts**, Prime Accounts, and Institutional Accounts. All Trading Account types entitle our clients to leverage their position using a ratio of up to 1:500. This means that for every $1 deposited by a client, that client may trade up to $500. In specific instances, Institutional Accounts may request custom leverage ratios per instrument. This is available on a negotiation only basis, and only for well-known clients
- **Market factors**: Prevailing market conditions such as the volatility of the Underlying Assets that make up the CFD and market liquidity. If there is a likelihood of massive Client over exposure, we withhold the right to alter the leverage level of individual instruments to prevent an extremely high-risk scenario.
- **Underlying Assets**: All Indices are limited to 1:50 Leverage, all Commodities are limited to 1:10, all Precious Metals are limited to 1:100, irrespective of the account leverage settings.
- **Regulatory requirements**: Regulatory requirements existing at the time.
- **Other factors**: Any other circumstance that we deem relevant in our sole discretion.

Changing the Leverage

We may, at any time during the term of the CFD, vary the Leverage after having regard to the factors set out above. We will attempt to notify our Clients before or as soon as possible to a Leverage change, however certain circumstances (such as a Market reaction to a surprise news event) we must act faster than is it possible for us to warn of the impending Margin Level change. The variation will take immediate effect following that notification and will have retrospective application, meaning that it will automatically adjust any positions that are open at the time that the Leverage was varied.

Total Equity

You may only open a position if the Total Equity in your Trading Account exceeds the value of the Initial Margin. Total Equity refers to:

- cash balance in your Trading Account;
- unrealised profits and losses in your Trading Account; and
- adjustments required for costs and fees payable by you to us and which are discussed in Section 4 ('Fees') of this PDS.

The Total Equity in your Trading Account is communicated to you through the Trading Platform on a *continuous basis.*

Example – Initial Margin:

*If a trading account is in USD and has a leverage of 1:500 (0.2%), then USD$1 is equivalent to USD$500. This means that a 1 Lot trade of EURUSD, which has a value of USD$100,000, can be opened with an Initial Margin of just USD$200. This is because 200*500=100,000.*

4.3 Additional Margin

You are at all times required to ensure that your Total Equity exceeds the aggregate of the Margin requirements for all open positions held with us (i.e. "Margin Level"). The Margin Level will be calculated on an ongoing basis and will be communicated to you through the Trading Platform on a continuous basis. It is presented in a percentage format, with 100% being equivalent to your Total Equity being equal in amount to your Initial Margin. The Margin Level may change from time to time.

Where there is a shortfall between the Total Equity and the Margin level (**Margin Shortfall**), the Trading Platform will highlight the live calculations shown to you until you deposit further cleared funds into our Client Trust Account and there is no longer an ongoing Margin Shortfall, or the position turns profitable. The Trading Platform will highlight your live calculation in red once your Margin Level falls below 70%.

Example – Margin Level:

For example, a client has a Trading Account of US$200 with 1:500 leverage and purchases 1 Lot of EURUSD. To open this position the Initial Margin will be $200. At the point in time that this position is opened, the Margin Level will be at 100%, meaning that 100% of the Total Equity of the Trading Account is being used to facilitate the opening of this trade. If the value of the underlying instrument negatively affects the position and reduces the Total Equity to $150 due to losses, the Margin Level will be 75%. We strongly advise that traders monitor this and to manage their risk to keep their Margin Levels above 100%.

Margin Calls

We will not make Margin Calls. It is your sole responsibility to monitor your Additional Margin requirements.

4.4 Stop Out

If your Total Equity falls below 50% of the Margin Level, your position or positions will be automatically closed by the Trading Platform (previously defined as a **Stop Out**). This will occur without prior notice and the positions closed will be selected by us, in our sole discretion.

You will have access to the transaction history available on the Trading Platform, which will include records of any Stop Out, and in the 'Closed Transaction' section of the Daily Report. Refer to paragraph 3.8, ('Reports'), on page 8 above, for further information on the reports received from the Trading Platform and their contents.

Example – Stop Out:

For example, a Trading Account has USD$200 in balance, 1:500 leverage, and a position of 1 Lot of EURUSD valued at USD$200.

If the value of the trade were to be reduced to below USD$100 the Margin Level of this Account will be below 50%, at this point the position will be closed out and losses will be realised.

4.5 Calculating the amounts payable

Trading Platform

The Trading Platform calculates all amounts payable in real time.

Currency for CFDs

Your Trading Account will be maintained in either NZD, USD, EUR, GBP, JPY, CAD, SGD, AUD (which you can nominate). All amounts will be calculated and debited or credited to your Trading Account in the nominated currency of your Trading Account (**Base Currency**). If a trade is denominated in a currency other than your Base Currency, your unrealised profit or loss will be calculated in real time using the current exchange rate between the currency of the trade and your Base Currency.

SECTION 3: RISKS OF THESE DERIVATIVES.

1. OVERVIEW OF RISKS ASSOCIATED WITH CFDS

This section lists what we see as the material risks linked with trading CFDs, and which are described in this PDS. These risks are as follows (we have used corresponding headings below):

- ('Product risks').
- ('Issuer risks').
- ('Risks when entering or settling derivatives').

Risk Warning: Trading foreign exchange on margin carries a high level of risk and may not be suitable for all investors. The high degree of leverage can either work against you as well as for you. Before deciding to trade foreign exchange, you should seek independent financial advice and carefully consider your investment objectives, level of experience, and risk appetite.

The possibility exists that you could sustain a loss of some or all your initial investment and therefore, you should not invest money you cannot afford to lose. Before making an investment, you should make yourself aware of all the risks associated with foreign exchange trading and seek advice from an independent financial advisor if you have any questions or concerns as to how a loss would affect your lifestyle.

2. PRODUCT RISKS

Set out below is our view of the material product related risks associated with CFDs.

2.1 Market volatility

The value of a CFD is determined by the price of the Underlying Asset. When market factors change, the price of the Underlying Asset changes as well. Sometimes the market factors can be unpredictable and volatile which results in the price of the Underlying Asset changing rapidly.

This rapid movement in the markets can lead to **gapping**. A gap occurs when the opening prices is above or below the previous closing price, with no trading activity in between. When this occurs, it is possible that you will be unable to place an order during this movement. There is also a risk that any **Stop-Loss** order you may have in place will not be executed at that price. When the expected price of the order is not executed at that same price, the difference is known as **slippage**.

2.2 You can lose more than you deposit

If you invest in CFDs using leverage, you will gain exposure to the full value of the contract by only paying a small percentage of the value of the contract using your Total Equity. Profits and losses are calculated on the full value of the contract, meaning that any move in the price of the Underlying Asset will have an even greater or magnified effect on your returns and losses. This means that you may lose more than the amounts deposited with us, notwithstanding that the Trading Platform has tools you can use to help you minimise your risk of loss (such as a Stop Loss order or a Stop Out). Any tools available on the Trading Platform do not protect you from suffering no losses, and you should not rely on them without taking due care.

2.3 Involuntary closing of your positions

You must ensure that you keep enough Total Equity in your Trading Account to meet your Additional Margin requirements. Failure to do so, may result in some, or all, of your positions being closed out. This is known as Stop Out and is discussed in Section 2 ('Key features of the derivatives') of this PDS. For this reason, you should carefully monitor your Total Equity and Additional Margin on an ongoing basis. When monitoring your Total Equity, we also suggest that you consider the effect that market volatility and rapid changes in the price of the Underlying Assets may have on your positions and, consequently, the Total Equity in your Trading Account.

You should ensure to keep enough Total Equity in your Trading Account in order to meet your Additional Margin requirements. If you have insufficient Total Equity, some, or all, of your positions may be closed out. This is known as a Stop Out (as discussed above).

2.4 Foreign exchange risk

Should you enter CFDs in a currency that is not the nominated Base Currency of your Trading Account, you are exposing yourself to foreign exchange risk. Where this occurs, your profit or loss will be determined by movements in the price of the Underlying Asset and by the movements in the foreign exchange rate. Adverse foreign exchange rate movements could cause you to incur losses.

2.5 Fees and charges

There may be times when the spread charged by us is larger at the time that you close out a position than it was at the time that you opened the position. Further, depending on the positions that you hold, and how long you hold them for, you may incur Swap Charges and be required to pay a commission on each trade. There is a risk that, even if the price of an Underlying Asset does not move between the time of opening and closing your position, you could incur a loss because of these fees and charges.

2.6 You make a mistake

If you place an order by mistake, you will be responsible for the order and any applicable fees and charges.

2.7 We may not accept your order

When you place an order, we can, in our sole discretion, refuse that order (without giving you reasons). This may result in losses to you. We will not be responsible for these losses.

3. ISSUER RISKS

Set out below is our view of the material risks related to us as the issuer of the CFDs described in this PDS.

3.1 Issuer risk

BlackBull will be the counterparty to every contract you enter on the Trading Platform. This means that in all cases, you will be reliant on our ability to meet our obligations to you under the terms and conditions of each contract. If we become insolvent for whatever reason, we may be unable to meet our obligations to you. <u>To help mitigate this risk, we will hedge some of these positions with reputable counterparties we have vetted and approved</u>.

We must comply with the financial requirements imposed under our derivative issuers licence issued under the Financial Markets Conduct Act 2013. Once we are required to prepare, and procure the audit of financial statements in accordance with Part 7 of the Financial Markets Conduct Act 2013, these financial statements will be available on the offer register by request to the Registrar at www.business.govt.nz/disclose.

Our creditworthiness has not been assessed by an approved rating agency. This means that we have not received an independent opinion of our capability and willingness to repay our debts from an approved source.

3.2 Hedging risk

We enter into hedging positions with third party financial institutions. If one of our hedging counterparties becomes insolvent or breaches its arrangements with us, this may affect our ability to rely on those hedging arrangements. If this happens we may not have a claim against the hedging counterparty's assets. This may affect our ability to perform our obligations to you under our Client Services Agreement.

3.3 Conflict of interest

The CFDs contemplated in this PDS are created may be traded between you and us (i.e. we may take the opposite position to you each time you open or close a position). This means that our interests may conflict with your interests.

3.4 We determine the prices quoted to you

The prices quoted in the Trading Platform and via dealers are provided by our counterparties who we have approved to function as counterparties and who we consider to be reputable companies. As such, the prices quoted via the Trading Platform may be different to other market prices.

4. RISKS WHEN ENTERING OR SETTLING THE DERIVATIVES

Set out below is our view of the material risks related to entering or settling CFDs.

4.1 MetaTrader 4 Trading Platform

BlackBull will make all reasonable efforts to ensure that the Trading Platform is stable and available to you continuously. We cannot, however, guarantee this. We do not accept any liability arising from the operation of the Trading Platform except to the extent stated in our Client Services Agreement.

You are solely responsible for ensuring that you have the necessary means to access and use the Trading Platform. This includes being able to access the internet and possessing a device that can access the Trading Platform. If you are unable to access the Trading Platform, you can contact us via post, email or telephone using the contact details contained in Section 6 ('About BlackBull') of this PDS.

4.2 Market volatility

Where markets are volatile, it may be difficult or impossible to close your position. We may also force you to close your position at a price that may cause you to suffer a substantial loss. Please refer to ('Product risk') for further detail regarding market volatility risks.

SECTION 4: FEES.

1. OVERVIEW OF FEES AND CHARGES

The following fees and charges may be payable by you to us:

FEE / CHARGE	EXPLANATION	EXAMPLE
Spread	Spread is the difference between the bid price and the ask price for a CFD as quoted to you by the Trading Platform. Spread increases the cost to you when entering into a CFD. Spreads vary depending on a range of factors including the nature of the Underlying Asset, and underlying market activity and liquidity.	*For example, let's say the bid price of EURUSD is 1.1000 while the ask price of EURUSD is 1.1005 (1.1000/1.1005).* *The client can only purchase on the ask price and sell at the bid price.* *If a customer purchases 1 Lot EURUSD on 1.1005 and instantly sells 1 Lot EURUSD, the selling price would be 1.1000 with spread of 0.0005.*
Holding Costs	When you hold a position overnight, it will be rolled to the next Working Day which will result in you paying a **Swap Charge** or receiving a **Swap Benefit**. The amount of the Swap Charge or Swap Benefit is determined by us, at our discretion, and depends on our **Swap Rate**. The Swap Rate is a varying rate which is derived from the applicable interbank rate for the Underlying Asset to which the position relates, the duration of the rollover period and the size of the position. Swap Rates are available through the Trading Platform and are calculated on an ongoing basis by us. Swap Charges and Swap Benefits will be accumulated and communicated to you through the Trading Platform. Your Trading Account will be adjusted by the value of the Swap Charge or Swap Benefit, whichever is applicable in the circumstance, with immediate effect during Server Rollover. Swap Rates are tripled at the end of Wednesday's trading day (when the New York market closes on Wednesday). This is to account for any positions held over the weekend. As such, when positions are held over Wednesday night, the holding cost is three times the normal Swap Rate value. This occurs regardless of whether the position was held over the weekend or not. The Client Services Agreement provides further detail on Swap Charges and Swap Benefits.	***Swap Charge*** *Assume the swap rate of EURUSD is -5 points for trading the long side. If client A goes long in respect of EURUSD, client A will pay 5USD per Lot per day of swap overnight.* *If the swap rate occurs at the end of Wednesday's trading day, client A will pay 15USD per Lot per day of swap overnight.* ***Swap Benefit*** *Assume the swap rate of EURUSD is 2 points for trading the long side. If client A goes in respect of EURUSD, client A will receive 2USD per Lot per day of swap overnight.* *If the swap rate occurs at the end of Wednesday's trading day, client A will receive 6USD per Lot per day of swap overnight.*

Commission	When you place an order, we may charge a commission fee. This is dependent on the contract size of the order. Commission is not charged on all CFDs. Commission is calculated when an order is opened by you and is charged to your Trading Account when the order is closed. The commission has an impact on the performance of the order.	*Assume the commission to open 1 Lot of EURUSD is 6USD. If client A goes long or short in respect of EURUSD, client A will pay 6USD when the order is closed.*

There are no other fees or charges that will be payable by you.

Clients with Standard Accounts will be required to pay a spread and holding costs, but no commissions. Clients with Prime Accounts will be required to pay a spread, holding costs and commissions at a cost of USD$6.00 per Lot on some but not all types of CFDs traded.

We may change our spreads, holding costs and commissions payable from time to time and notify you through our website. We may, at our discretion, charge different spreads, holding costs and commissions to different clients.

We will deduct spreads and any trading commissions at the time the trade is made, and any swap rates at the end of the trading day. Details of fees and charges payable and / or deducted will be available on the Trading Platform or our website.

SECTION 5: HOW BLACKBULL TREATS FUNDS AND PROPERTY RECEIVED FROM YOU.

The section provides information in relation to the following:

- How we treat money received from you (refer to the paragraph, 'How we treat money from you', below).
- How to make payments to us (refer to the paragraph, 'How to make payments to us', below).
- How to make withdrawals (refer to the paragraph, 'How to make withdrawals', below).

Other than client money, we do not hold any other client property.

2. HOW WE TREAT FUNDS AND PROPERTY RECEIVED FROM YOU

2.1 Client Trust Account

We hold all money received from clients on trust for the benefit of each respective client in a segregated client trust account (**Client Trust Account**). The Client Trust Account is held with ANZ Bank; a New Zealand registered bank. Client monies are co-mingled with other clients' monies in the Client Trust Account.

Our Client Trust Account is operated in accordance with our internal Client Money Policy, the requirements of our derivative issuer's licence issued under the Financial Markets Conduct Act 2013 and the terms of our Client Services Agreement. A copy of our Client Services Agreement is available on our website https://blackbullmarkets.com/en/our-company/legal-policies/

We may hold a buffer of our own funds within the Client Trust Account. In the unlikely event that we are placed under management or put into receivership or liquidation, client monies held in the Client Trust Account will remain the property of the clients on whose behalf the monies are held, unless those monies qualify for payment out of the Client Trust Account.

We will not accept payments from or make any payments to a third-party (i.e. a person who is not our client).

2.2 Interest on money in your Trading Account

We may retain interest earned on any client money held in the Client Trust Account as a fee for our services at our discretion and in such circumstances it will not be credited to any client.

2.3 Permitted use of client money

We will only withdraw client money from the Client Trust Account if the withdrawn funds are:

- repaid to the client;
- used in the settlement of a derivative with the client;
- used to acquire a derivative;
- used for our hedging activities conducted in accordance with our internal hedging policy from time to time.

Where client money is used for hedging activities, we will use only the amount of client money that is reasonably required for hedging with certain counterparties we have vetted and approved (at our discretion), or for setting or securing positions with such a counterparty.

2.4 Prohibited use of client money

Client money will not be used for any purpose other than as noted above. We may not use client money for:

- satisfying our debts or liabilities; or
- meeting our general operations.

3. HOW TO MAKE PAYMENTS TO US

3.1 Depositing money to our Client Trust Account

You may only deposit money to our Client Trust Account by:

- electronic transfer from a New Zealand bank account that is in the same name as your Trading Account and which has previously been verified by us (Verified Bank Account);
- using a third party payment provider approved by us;
- using a credit card provider approved by us; or
- payment gateway providers approved by us.

3.2 Cleared funds

Monies in our Client Trust Account will be deemed to be cleared funds once it has been received and processed by us, we have confirmed to you that it is showing on your Trading Account, and we have credited the amount to your Trading Account.

If you are making an urgent payment to satisfy Additional Margin requirements, we recommend that you contact us using the contact details set out in Section 6 ('About BlackBull') of this PDS and advise us of the same.

3.3 Currency

You may choose to transfer the following currencies to us and open a Trading Account with any of these Base Currencies for trading:

- NZD.
- USD.
- EUR.
- GBP.
- CAD.
- JPY.
- AUD.
- SGD.

If you have different Base Currency accounts, you can request that we convert some currency on your behalf for a fee of approximately 2% (or such other fee that we determine at our discretion from time to time). If you are entering into CFDs in a currency that is not the Base Currency of your Trading Account, you are subjecting yourself to foreign exchange risk. Section 3 ('Risks of these derivatives') of this PDS discusses foreign exchange risk in further detail.

4. HOW TO MAKE WITHDRAWALS

You can request to withdraw money held in your Trading Account by logging in online to your Client Portal Area. Within your online Client Portal Area, you will find an online withdrawal form. Enter your withdrawal details and submit the form to request a withdrawal.

If you are unable to find the withdrawal form, or for whatever reason, unable to access the withdrawal form; you can request to make a withdrawal by contacting us. Our contract details are contained in Section 6 ('About BlackBull') of this PDS.

Withdrawal requests will only be processed if there are sufficient funds in your Trading Account after taking into account any positions that are in the process of being closed, margin requirements and fees and charges.

Furthermore, Withdrawal requests will only be processed if details are accurate and adhere to our AML/CFT checks. We may request information from you in order to verify information to process your withdrawal. You are required to provide us this information or we may be unable to process your withdrawal request.

We will process any withdrawal requests as soon as practically possible, but this may take up to two Working Days. Withdrawals will be paid by electronic transfer to your Verified Bank Account.

SECTION 6: ABOUT BLACKBULL.

1. ABOUT BLACKBULL

Black Bull Group Limited (FSP403326) is registered as a financial service provider on the Financial Service Provider Register and it is licensed by the Financial Markets Authority under the Financial Markets Conduct Act 2013 as a derivatives issuer.

We are a New Zealand registered company that operates from Auckland, New Zealand. We are the issuer of this PDS and of the CFDs described in this PDS. We offer the CFDs described in this PDS primarily through the Trading Platform. Our trading hours follow the trading hours of the New York markets and are published on our website from time to time.

2. CONTACT DETAILS FOR BLACKBULL

Our contact details are as follows:

Office Address	Level 22 120 Albert Street Auckland, 1010 New Zealand
Postal Address	Black Bull Group Limited Level 22 120 Albert Street Auckland, 1010 New Zealand
Website	www.blackbullmarkets.com
Email	support@blackbullmarkets.com
Phone	+64 (9) 558 5142

SECTION 7: HOW TO COMPLAIN.

A complaint may be made to us by email, letter, verbally or in person by using any of the contact details set out below.

Contact	Complaints Officer
Address	Level 22 120 Albert Street Auckland, 1010 New Zealand
Email	compliance@blackbullmarkets.com
Phone	+64 (9) 558 5142

We will make all reasonable efforts to acknowledge receipt of your complaint within five Working Days of receiving your complaint. On receipt of your complaint, our Complaints Officer will investigate your complaint and will attempt to resolve your complaint in a manner satisfactory to you. We aim to resolve all complaints within 30 Working Days of receipt of the complaint. **All complaints will be handled free of charge.**

If you have any questions regarding our complaints handling process, please contact us using the contact details set out in Section 6 ('About BlackBull') of this PDS.

Dispute resolution scheme

We are a member of Financial Services Complaints Limited (**FSCL**), an approved dispute resolution scheme for the purposes of the Financial Service Providers (Registration and Dispute Resolution) Act 2008.

If you are not satisfied with our complaint handling process or the resolution offered by us, you may make a complaint to FSCL. **All complaints to FSCL will be handled free of charge**. More information about FSCL's dispute resolution process can be found at http://www.fscl.org.nz/.

The contact details for FSCL are as follows:

Address	PO Box 5967, Wellington 6140
Email	complaints@fscl.org.nz
Phone	0800 347 257 or +64 (4) 472 3725
Website	http://www.fscl.org.nz/

SECTION 8: WHERE YOU CAN FIND MORE INFORMATION.

Information about us and the CFDs offered by us can be found on the offer register, including copies of our latest financial statements. A copy of information on the offer register is available on request from the Registrar at www.companiesoffice.govt.nz/disclose.

You can also contact us or visit our website if you require copies of documentation or further information about us or the CFD offered by us. Our contact details are set out in Section 6 ('About BlackBull') of this PDS.

There will be no charge for any documents or information requested from either us or the offer register.

SECTION 9: HOW TO ENTER INTO A CLIENT AGREEMENT.

This section sets out the application process to become a client of ours. You can find out more information about the client application process and can obtain copies of the documents referred to in this section by contacting us or by visiting our website. Section 6 ('About BlackBull') of this PDS contains our contact details.

Application

You are required to complete our online Application process (**Application**) and provide us with all documents and information requested in the Application.

Product Disclosure Statement (PDS)

The Application requires you to confirm that you have read and understood this PDS. We recommend that you carefully read this PDS as it contains important information about our products and services and the manner in which we provide our products and services to you. If you have any questions in relation to the PDS, you can contact us using the contact details contained in Section 6 ('About BlackBull') of this PDS.

Client Services Agreement

The Client Services Agreement set out the terms and conditions that apply to our relationship. The Application requires you to acknowledge that you have read and understood the terms and conditions of the Client Services Agreement and that you agree to be bound by those terms and conditions.

It is important that you read and fully understand the Client Services Agreement prior to submitting your Application. It contains important information about the terms and conditions on which we will offer our products and services to you and our respective rights and obligations in relation to those products and services.

Documents and information that we need from you

As part of your Application, we will request certain documents and information from you. We may also request further documents and information from you throughout the course of our relationship. You are required to provide all documents and information requested by us. If you do not, you will not be eligible to be our client.

Suitability assessment

As part of your Application, we may also conduct an assessment of your suitability to become a client of ours. Suitability in this regard, refers to whether you have the requisite knowledge, experience and understanding to trade derivatives, understand the terms and conditions on which you are trading derivatives and understand the risks involved. If we form the view that you are not suitable to trade CFDs with us, you will not be eligible to become a client.

Minimum amount in your Trading Account

A minimum initial deposit of $200 (or the equivalent in the nominated Base Currency) is required to open a Trading Account. After this, we do not require a minimum amount to be deposited into your Trading Account to remain a client of ours. Provided you have sufficient funds in your Trading Account to meet margin requirements, you will be able to place orders through the Trading Platform.

Acceptance as a client

Acceptance of a new client is at our sole discretion. If you are accepted as a client, we will contact you and provide you with the following:

- General information about us, our products and services and the Trading Platform.

- Details of our Client Trust Account.
- Access to your online Client Portal Area.
- A unique username and password to access the Trading Platform and your Trading Account.

We recommend that you seek your own professional advice to fully understand the consequences of opening Trading Accounts and entering into CFDs with us.