

# **PRODUCT DISCLOSURE STATEMENT**

**for**

## **Derivative Products**

**issued by**

**APPFX Limited**

**VFSC 40293**

25 March 2020 Version 1.8

This document provides important information about Derivative Products issued by APPFX Limited to help you decide whether you want to enter into them.

There is other useful information about this offer on <https://www.appfx.com>

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.

APPFX Limited has prepared this document in accordance with the Vanuatu Financial Service Services Commission Act 2013.

# 1. Key Information Summary

## 1.1 What is this?

This is the Product Disclosure Statement (“PDS”) for Derivative Products provided by APPFX Limited (“APPFX”).

APPFX’s Products are derivatives, which are contracts between you and APPFX that may require you or APPFX to make payments. The amounts paid or received will depend on the value of the Underlying Reference Instrument, which may be a currency, commodity, or index. The contract specifies the terms on which those payments must be made.

## 1.2 Warning

### *1.2.1 Risk that you may owe money under the derivative*

If the value of the Underlying Reference Instrument 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 2.12 of the PDS on how payments are calculated.

### *1.2.2 Your liability to make margin payments*

APPFX may require you to make additional Margin Payments to contribute towards your future obligations under these derivatives. These payments may be required at short notice and can be substantial. You should carefully read section 2.8 of the PDS about your obligations.

### *1.2.3 Risks arising from issuer’s creditworthiness*

When you enter into Products with APPFX, you are exposed to a risk that APPFX cannot make payments as required. You should carefully read section 6 of the PDS and consider APPFX’s creditworthiness. If APPFX runs into financial difficulty, the margin you provide may be lost.

## 1.3 About APPFX Limited

APPFX Limited is an issuer of derivatives Products through the trading Platform.

## 1.4 Which derivatives are covered by this PDS?

This PDS is issued by APPFX Limited (referred to in this PDS as “APPFX”, “we”, “us”, “our”) with the Products that offered by us. The Products that offered under this PDS are instruments that allow you to make profit or loss from the fluctuation of prices from Underlying Reference Instrument, that may include currency, commodity or index.

It is important that you understand when you enter into a Product contract you are not trading in (and do not own or have any rights to) the Underlying Reference Instrument.

By entering a Trade, you are entitled to be paid an amount of money, or required to pay an amount of money depends on the movements in price of a Product.

## **2. Key Features of the Derivatives**

### **2.1 What are the products offered under this PDS**

The financial products offered by APPFX allowed you to make profit or loss from fluctuation in the price of an Underlying Reference Instrument. The price of a Product depends on the price of the Underlying Reference Instrument. The Underlying Reference Instrument including currency, commodity, and index.

The amount of profit or loss of your Trade is determined by the following factors:

- The difference between your Trade's Entry Price and your Exit Price.
- The number of Lots you enter with your Trade.
- Any holding Swap Charges or Swap Credits associated with your Trade.

The Products are not traded on an exchange. That means they are Over-the-Counter (OTC) in nature. When you enter into a Trade, APPFX is your counterparty. All trades also need to be closed with us.

### **2.2 Trading with APPFX Limited**

It is important to note that APPFX Limited is the counterparty of all the Trades you entered through our Platform. You can only close your APPFX's Trades through our Platform. You cannot close the Trades with any other providers.

You are entering the Trade based on the prices provided on our Platform. Please note that these prices may not be identical to similar financial instruments or their Underlying Reference Instruments quoted on exchange or similar regulated markets.

The Products and Services are primarily provided online. When you are not able to access your Platform, you can contact our Dealing team to access the Platform on your behalf. When you are trading on our Platform, you are trading the OTC Products. The tradable prices are the prices quoting on the Platform, not the Underlying Reference Instrument's prices quoted on exchange.

### **2.3 Types of Products**

The types of Products that we offered through our Platform are:

- Currency
- Commodity
- Index

They have the same Product features, however their prices are deriving from different Underlying Reference Instruments. All of these types of Products offered on our Platform are considered as financial derivative Product – Contract for Differences (CFDs).

## 2.4 What types of order can you place?

Different types of orders are available on our Platform. Below are the examples:

**Market Order:** An instruction at the current available price to enter into a Trade or exit from an existing Trade.

**Stop Entry Order:** A pending instruction to enter a Trade at a specific Target price that is less favorable than the current market price.

**Limit Entry Order:** A pending instruction to enter a Trade at a specific Target price that is more favorable than the current market price.

**Stop Loss Order:** An instruction to exit an existing Trade with a specific Target price that is less favorable than the entry price.

**Take Profit Order:** An instruction to exit an existing Trade with a specific Target price that is more favorable than the entry price.

**Trailing Stop Order:** An instrument to exit an existing Trade at a Target price. The Target price is automatically adjusted based on the movement of the market price in the direction of your trade based on the distance you specific.

You may modify or cancel a Pending Order at any point until that Order has been executed. If the conditions of an Order are met, the order will be executed only when your account has sufficient Free Margin, which is the available free cash in your account. If your account does not have any enough Free Margin to open the Trade, the order will be canceled.

## 2.5 Prices

During trading hours for any Product, the Platform will generate Prices. Certain factors , such as the speed of your computer and the internet connection speed may impact the speed at which prices are displaying on our Platform. Therefore, we cannot guarantee that the Prices showing on the Platform and the Executed Price at any time will always be actual and up-to-date.

Prices are displayed as a Sell Price (the lower number) and a Buy Price (the higher number). The direction of your Trade (buy or sell) determines which of the Buy Price or Sell Price your Trade will be entered into or closed at as follows:

- If you are trading in the expectation that the Price of the relevant Product will go up (“going long”), your Trade should be entered at the Buy Price. The Sell Price will be used to close the Trade.
- If you are trading in the expectation that the Price of the relevant Product will go down (“going short”), your Trade should be entered at the Sell Price. The Buy Price will be used to close the Trade.

Please note that due to variety of factors, your order’s actual executed price may not be exactly the same as your nominated price.

## 2.6 Trades

To enter into a Trade, you must place an Order on the Platform by completing an Order ticket for the type of Order that you want to enter into. The Order Ticket specifies the Product, and the direction of the Trade, the type of Order, the nominated Entry Price, the number of Lots, and any associated Stop Loss order or Take Profit order.

If you have an existing open position, you can also place an opposite Trade with the same number of lots. That is, Hedging Trades are permitted on our Platform. These opposite Trades are not netting each other off. When you decided to close of these trades, you need to close them separately, the profit or loss of each opposite Trade will be calculated separately.

## 2.7 Margin

Margin is the security we take from you to allow you to enter into a Trade. When you enter into a Trade, you will either open a new Position or adding Positions to your existing Positions. The level of Margin required to open these open positions is called the Initial Margin. You need to ensure your account has sufficient Free Margin to be taken as Initial Margin. The sum of your Margin required for all of your open positions is your Total Margin. Further, where your Trade that is denominated in a currency other than the Base Currency of your Account, your Margin Requirement may also be affected by fluctuations in the relevant foreign exchange rate. This Initial Margin is calculated as follows:

Initial Margin = (Number of Trade Lots x CFD Price) x Margin Percentage

### APPFX Margin Rates

Account Type	Balance	Leverage	Margin Percentage	Explanation	Liquidation Level
ECNSTP	0 – 2000	1:500	0.2%	This means that for every \$1 you deposit with us, you can trade to a value of \$500 or \$300 or \$200 or \$100 or \$50 accordingly.	50% of Margin Requirement
	2000-30000	1:300	0.33%		
	30000-50000	1:200	0.5%		
	50000-100000	1:100	1%		
	Above 100000	1:50	2%		

## 2.8 Continuing Margin Obligation

In addition to the Initial Margin, you have a continuing obligation in relation to your Margin as set out below in respect of all open Positions on your Account.

Your continuing Margin obligation to us is to ensure that at all times your total equity during which you have open Position, is at least the Margin that we require you to have, such Margin

(the Margin Requirement) for each open Position being: (Number of Trade Lots x CFD Price) x Margin Percentage.

Your total Equity will be determined by us on an ongoing basis during the day. We calculate your total Equity at any time as the net aggregate of:

- The current cash balance in your Account
- The current unrealized profits and losses on your open positions
- Any Swap Charges or Swap Credits associated with your Trade.

If there is any shortfall between your Total Equity and your Total Margin for all your open Positions, you are required by us to deposit additional funds into your account to cover the difference. These funds are due and payable to us immediately on your Total Equity falling below your Total Margin for all your open Positions.

Margin Requirements will fluctuate with the value of the Underlying Reference Instrument on which the Trade is based. Further, where you entered a trade that is denominated in a currency other than the Base Currency of your Account, your Margin Requirement may also be affected by fluctuations in the relevant foreign exchange rate. Also we may vary the Margin Percentage (and therefore the Margin) at any time at our discretion.

The Total Equity of your Account will fluctuate according to the money you have deposited in your Account, the dealings conducted on your Account and the Positions you hold. During the trading day, your Account is constantly calculated in line with movements in our prices. It is your responsibility to monitor and manage your open Positions and exposures and ensure that your Account is sufficiently funded at all times for Margin. This may require:

- Closing or reducing one or more of your open Position(s) in order to reduce your
- Margin Requirement; and/or
- Depositing additional funds into your Account in order to satisfy the Margin requirement.

If you choose to deposit additional funds into your Account, these additional funds must be receivable in our bank account as cleared funds before they will be treated as having satisfied your obligations.

## **2.9 Changing the Margin Requirement**

We may vary the Margin Percentage at any time at our discretion. Without limitation, we may vary the Margin Percentage in response to or in anticipation of the following:

- Changing volatility and/or liquidity in the Underlying Reference Instrument or in the financial markets generally;
- Economic news;
- Requirement by regulator, if any

You should note that there may be other circumstances which may require us changing your Margin Percentage.

## 2.10 Liquidation

You are required to keep sufficient funds in your Account to maintain your Total Equity at any time above our Liquidation Level (Total Equity less or equal to 50% of Total Margin), or our Platform will trigger the Liquidation Order when Total Equity falls below 50% of Total Margin. The Liquidation Order may close some or all of your open Positions. We will not be responsible for any consequences of such closing of your open Positions.

## 2.11 You Must Monitor Margin

Through the trading Platform, you may have access to your Account and have the exact margin percentage figure to enable you to monitor if it is getting close to 50%. You need to maintain your Margin Level above 50% at all time to avoid liquidation orders. It is your responsibility to ensure that you obtain all relevant information in respect of your Account (including when placing any orders over the telephone, to request such information before placing any orders to open or close a Position), including all information in respect of your current open Positions.

It is your responsibility to monitor at all time (including by checking on the Platform) the amount of Margin deposited, the amount of Total Margin currently required and any additional Margin that may be necessary in association with:

- Your open Positions;
- The volatility of any relevant Underlying Reference Instrument;
- The volatility of the relevant market;
- The volatility of the markets generally;
- Any applicable exchange rate risk; and
- The time it will take for you to remit sufficient cleared funds to us.

## 2.12 The Examples of Trading derivative CFDs Products

This section provides hypothetical examples of CFDs trading. All reference prices are provided only for illustrative purpose, and should not be taken as personal recommendation.

### Trading Currency CFD: Buy NZD/USD

Day 1	Buy 1 Lot NZD/USD at 0.7200 by paying 1% margin=NZD 1000
	(equivalent USD 720)
Day 4	Close position 1 Lot NZD/USD at 0.7300
Gross Profit	USD 1000=(0.7300-0.7200) x 100,000
SWAP Cost	USD 5.781=1.927 x 3

Net Profit*	USD 1005.781
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\*Based on Long SWAP rate of \$1.927/Lot/day

#### Trading Currency CFD: Sell NZD/USD

Day 1	Sell 1 Lot NZD/USD at 0.7200 by paying 1% margin=NZD 1000
	(equivalent USD 720)
Day 4	Close position 1 lot NZD/USD at 0.7300
Gross Loss	USD -1000=(0.7200-0.7300) x 100,000
SWAP Cost	USD -24.84=-8.28 x 3
Net Loss*	USD 1,024.84

\*Based on Short SWAP rate of -\$8.28USD/Lot/day

#### Trading Commodity CFD: Buy Gold

Day 1	Buy 1 Lot Gold at 1177 by paying 1% margin=USD 1177
Day 4	Close position 1 Lot Gold at 1187
Gross Profit	USD 1000=(1,187-1,177) x 100
SWAP Cost	USD -9.39=-3.13 x 3
Net Profit*	USD 990.61

\*Based on Long SWAP rate of -\$3.13/Lot/day

#### Trading Commodity CFD: Sell Gold

Day 1	Sell 1 Lot Gold at 1177 by paying 1% margin=USD 11177
Day 4	Close position 1 Lot Gold at 1187
Gross Loss	USD -1000=(1,177-1,187) x 100



SWAP Cost	USD -8.76= -2.92 x 3
Net Loss*	USD 1,008.76

\*Based on Short SWAP rate of \$-2.92/Lot/day

#### Trading Index CFD: Buy AU200 Index

Day 1	Buy 1 Lot AU200 Index at 4000 by paying 1% margin=AUD 40
Day 4	Close position 1 Lot AU200 Index at 4500
Gross Profit	AUD 500=(4500-4000)x1
SWAP Cost	AUD -4.5=-1.5 x 3
Net Profit*	AUD 495.5

\*Based on Long SWAP rate of \$-1.5/Lot/day

#### Trading Index CFD: Sell AU200 Index

Day 1	Sell 1 Lot AU200 Index at 4000 by paying 1% margin=AUD 40
Day 4	Close position 1 Lot AU200 Index at 4500
Gross Loss	AUD -500=(4000-4500)x1
SWAP Cost	AUD -4.5=-1.5 x 3
Net Loss*	AUD 504.5

\*Based on Short SWAP rate of \$-1.5/Lot/day

### 2.13 The Example of Liquidation

Peter opens a ECNSTP USD trading account with the following features:

- Minimum margin requirement as 1%
- Liquidation at 50%
- Initial deposit of USD 5000
- He entered a Lot of Long position of NZD/USD at 0.7200
- Initial Margin 1% = NZD 100,000 x 1% = NZD 1000 = USD 720 at NZD/USD 0.7200

If NZD/USD exchange rate goes down, Peter will incur a loss due to the Long position he holds. When his margin level drops below the level of 100%, he will need to increase his margin in order to keep his position open.

If NZD/USD rate keeps dropping,

When the margin level is less than 50%, his position will be closed out automatically by the Platform due to Liquidation order. (Liquidation Order is triggered at Total Equity falls below 50% of Total Margin). Total Equity at liquidation point =  $720 \times 50\% = \text{USD } 360$ .

\*Liquidation level 50%: our Platform will automatically close out positions for you at the best available market price. For multiple open positions, the Position with largest loss will be closed out first, and so on, until the margin level is back within required limits.

\*Calculation formula:  $\text{Margin Level} = \frac{\text{Total Equity}}{\text{Total Margin}}$

## **2.14 Trading Instructions**

When you enter into a CFD Trade with APPFX, you will be entering into a OTC contract with APPFX. APPFX is the counterparty to each of your position. APPFX has appropriate risk management system designed to manage liquidate risk, market risk and counterparty risk

APPFX manages its risk exposure by hedging most transactions with a range of counterparties. Due to the nature of high liquidity in Underlying Reference Markets, there will be a significant level of 'natural' hedging arising from client taking positions opposite to other clients. APPFX accepts some risks due to natural hedging.

## **2.15 General**

### **2.15.1 Opening Account with APPFX**

Before you begin trading on the Platform, you must complete a Client Service Agreement and be approved by us to open an account.

You must provide us with your identification documentation as set out in the Client Service Agreement. APPFX may request further information from you to assist with the account opening. If you meet our client qualification policy and are accepted as a client:

- You must enter into a written Client Service Agreement with APPFX.
- You will be informed how to deposit margin into your Account.
- An online trading account and password will be allocated to you

### **2.15.2 Qualification Policy**

We require that you fully evaluate your understanding of the derivative Products and your suitability in order to open an account with APPFX.

APPFX's client qualification policy intends to ensure that prospective clients are adequately qualified before entering into any CFD Trades.

To meet our minimum qualification to trade with us, you need to pass our Suitability Test. The test consists of 12 multiple choice questions. Our compliance department will make a decision based on your provided answers. The questions will cover below areas:

- Previous experience in investing in financial instruments, including securities and derivatives;
- An understanding of the concepts of leverage, margins and volatility;
- An understanding of the nature of CFDs Trading;
- An understanding of the nature of the processes and technologies used in trading;
- A preparedness to monitor and manage the risks of trading.

### **2.15.2 How to Enter into a CFD Trade**

You may enter a CFD Trade in two ways:

- By trading through our Platform with a computer connected to the internet.
- By telephoning our dealing team.

APPFX provides neither Personal Advice nor Discretionary Services, which means all orders must be authorized and executed by you.

### **2.15.3 How to Close your CFD Trade**

Once you have entered into a CFD Trade, you cannot alter the Entry Price, but you can choose to close of your position. Closing your CFD position will close the Trade at the current market price quoted on our Platform. Any profit or loss will be credited or debited to your trading account.

### **2.15.4 Disclosure**

As part of the process you follow to open an account with APPFX and by using APPFX's services, you agree and acknowledge that:

- APPFX does not provide you with Personal Advice.
- You understand the concepts required to trade CFDs.
- You understand the risks associated with trading in CFDs.
- You are aware of and comfortable with the risks.
- You may lose more than your initial investment.
- You may incur losses to the extent of your total exposure and any additional Swap charges that apply.
- These losses may be greater than the money that you have deposited into your Account.
- It is important that you understand that when you enter into a CFD Trade, you are not trading in (and do not own or have any rights to) the Underlying Reference Instrument.

- This PDS does not constitute an offer or invitation in any place where, or to any person to whom it would not be lawful to make such an offer or invitation.
- If we ask you for your personal information to assess your suitability to trade CFD and we accept your application to trade such Product, this is not personal advice or any other advice to you.
- You must not rely on our assessment of your suitability since it is based on the information you provide and the assessment is only for deciding whether to open an Account for you.
- You may not later claim you are not responsible for your losses merely because we have opened an Account for you after assessing your suitability.
- You remain solely responsible for your own assessments of the features and risks and seeking your own advice on whether CFDs are suitable for you.

### **3. Risk of These Derivatives**

You should carefully consider whether dealing in CFD is appropriate for you in your financial circumstances. In deciding whether or not you wish to become involved in these Trades, you should be aware that these Products are Financial Derivatives that are speculative, highly leveraged and carry a significantly greater risk than normal investments.

We do not make or give any recommendation advice or opinion in relation to CFD Trading. We do not take into account your objectives, financial situation or needs. Without limitation, the Client Qualification process does not amount to personal financial product advice.

You should obtain financial, legal, taxation and other professional advice prior to entering into a CFD Trade to ensure this is appropriate for your objectives, financial situation and needs.

The risks include the following:

#### **3.1 Product Risks**

##### **Market Risk**

CFDs are derivative Products where Underlying Reference Instrument can be highly volatile. When you enter into a CFD Trade you are not trading in (and do not own or have any rights to) the Underlying Reference Instrument. Under certain market conditions, the price of CFD may not maintain the usual relationship with the Underlying Markets because of unforeseeable events or changes in conditions, which cannot be controlled by you.

Prices in Underlying Reference Instrument will be influenced by, amongst other things, changing supply and demand relationships, governmental, agricultural, and commercial and trade programs and policies, national and international political and economic events and prevailing psychological characteristics and expectations of the markets.

Under certain market conditions, it could become difficult or impossible for you to manage the risk of open Positions by entering into opposite Positions in another CFD Trade or closing existing Positions.

Sometimes markets move so quickly that gapping occurs. Gapping is the exposure to loss from failure of market prices or rates to follow a "smooth" or continuous path due to external factors such as world, political, economic and specific corporate events. If gapping occurs in the

Underlying Reference Instrument, it will also occur in the price of the relevant CFD and may mean that you are unable to close out your Position or open a new Position at the price at which you have placed your order.

The Underlying Reference Instrument may lack of liquidity, caused by insufficient trading activity. This may affect our ability to offer sufficient volume to allow you to close out your Position or open a new Position at the prices that are quoted on the Platform. As a result, the actual profit or loss of these CFD trades will vary.

### **Decentralized Market**

We act as principal and the counterparty for the CFD Trade that you enter into. The CFD Product is OTC and not traded or regulated by any exchange, and therefore does not provide you with any of the protections currently available to transactions made in those traditionally exchange traded markets.

### **General Market and Interest Rate Risk**

Currencies, Swaps, interest rates and the value of the Underlying Reference Instrument can go up or go down. If the Swaps increases at the time when you hold a position, you will incur a higher financial expense (in effect a holding cost). In addition, other factors such as economic cycles, the profitability of companies and different market sectors, business confidence and government policies can also affect both the Underlying Reference Instrument performance and interest rate movement.

### **Risk of Loss Greater than Amount of Margin Deposit**

You may lose more than the initial investment. You may incur losses to the extent of your total exposure and any additional fees and charges that you are liable to pay. These losses may be greater than the money that you have deposited into your Account.

### **Margin risk**

If the CFD price moves against your Position you may be required to deposit further fund in order to satisfy your Total Margin Requirement and maintain your Position. The amount of the additional Margin may be substantial and failure to pay it promptly may result in:

- Some or all of your open Positions being closed or liquidated by us;
- You being prevented from opening new Positions or extending existing Positions.

Further, any additional funds must become cleared before they will be taken as satisfying your Margin Requirement. Your Position may be liquidated before you have an opportunity to deposit additional funds and any additional funds that you deposit have had the opportunity to become cleared funds.

### **Changes in Margin Percentage**

We may exercise our right to alter the Margin Percentage in relation to any of our CFD Products at any time at our discretion. This change will affect your Margin Requirement.

You should refer to section 2.9 of this PDS for further information.

### **Spread Cost**

Because of the difference between the buying and selling price of a CFD, the relevant price must move favorably before you can break even. In other words, even if the price does not

move at all and you close out your Position, you will make a loss to the extent of our spread and any other charges you have incurred.

Furthermore, the spread may be larger at the time you close out the Position than it was at the time you opened it.

You should also note that Hedging Positions, that is, the holding of a Long position and a Short position for one specified CFD Product, is not necessarily less risky than a simple Long or Short Position.

### **Foreign Exchange Exposure**

When you enter into a CFD trade, the settlement currency may be denominated in a currency other than the Base Currency, all Margins, profits, losses, Swap Charges, and Swap Benefits, in relation to that product are calculated using the currency in which the product is settled and is then converted to your Base Currency.

Accordingly, your profits or losses may be affected by fluctuations in the relevant Underlying Reference Instrument's price between the time the Position is opened and the time the Position is closed.

### **Taxation Implication**

Taxation law is complex and its application will depend upon your individual circumstances. We suggest that you discuss the implications of dealing in CFD with a specialist tax adviser who is aware of your specific circumstances.

## **3.2 Issuer Risks**

### **Counterparty Risk**

As APPFX is the Product issuer, you are exposed to the risk that in the event of APPFX becoming insolvent, we may not be able to meet its financial obligations to you.

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

APPFX has risk management and compliance systems in place to manage our risks including but not limited to financial, operational and credit risks. Funds are held with New Zealand registered bank. We have policies around monitoring of client positions and liquidations.

### **We Act as a Market Maker**

The prices generated by the Platform are sourced from various independent providers. However, as there is no centralized exchange, each market maker (including APPFX) may quote slightly different prices. This means we may quote prices that differ from those quoted in other markets or from another financial product provider.

## **Conflict of Interest**

APPFX does not undertake any proprietary trading. The potential conflict of interest which may arise in the conduct of APPFX's business are the potential conflicts of interest between one customer and the firm's duties to other customers. APPFX has systems and protocols in place to identify potential conflicts of interest. Once a conflict has been identified, procedures are implemented to ensure it is appropriately managed.

## **3.3 Risks When Entering or Settling the Products**

### **Information Technology**

We will do our best to make the Platform available when required by you, but we cannot guarantee that it will be available continuously. You are responsible for making sure that you are able to access the Platform when you need to and when it is available. This responsibility includes having access to a device that can connect to the Platform and maintaining the device so that it functions properly.

If you cannot access the Platform directly, then you may be able to contact our Account Management Team to request that we access the Platform on your behalf.

APPFX does not accept any liability in respect of the operation of the Platform, except to the extent that it is caused by the negligent act or omission, fraud, or dishonesty on the part of APPFX or its employees, agents or representatives.

## **4. Fees**

### **General**

Whilst we endeavour to include all fees and charges in the spread quoted, in some circumstances you may incur fees and charges.

The fees and charges when dealing in CFD trade may incorporate any or all of the following:

- Buy-sell spread
- Swap Charges

The fees and charges may change from time to time but we will publish the update to date rate on our Website.

### **Commissions**

There will be no commissions payable on trades executed in our derivative Products.

### **Swap Charges and Swap Benefits**

When you hold a Position or Positions overnight for CFD Trading, they will be rolled to the next Business Day which will result in you paying a Swap Charge or receiving a Swap Benefit. If for example you buy NZD against USD, and the NZD interest rate is higher than USD, you will receive Swap Benefits. If you buy USD you will pay Swap Charges. The amount is determined by our counterparties and are available on our Website.

## Conversion Fees

Profits or losses accumulated in your Account in currencies other than the Base Currency nominated by you will be converted to the nominated Base Currency, but at spreads that may be wider than those shown on the Trading Platform.

### Fees and Charges—Summary

Type of Fees and Cost	Amount
Opening account fee	Nil
Deposit fee	Nil
Withdrawal fee	\$25 USD for international TT
Termination fee – the fees to close your account	Nil
Data fee – the fee to use the data in our trading platform	Nil
Conversion Fee	Nil, but the spreads of converting may be wider than those on trading platform
Commissions	Nil
Spread (Buy-Sell)	Floating spread -- The spread differs depending on which CFD Product you enter
Swap charges – the cost to hold position overnight	Depending on your CFD trading product

## 5. How APPFX Treats Fund and Property Received from You

### 5.1 Deposit and Withdraw

APPFX accepts funds via electronic transfer. After your account is opened, you can login to your Client Portal for bank account information. All funds must be received in our bank account as cleared funds before they can be made available for you to open new Position or meet Margin requirement for existing Position. Please note, we do not accept third-party transfers, and we do not accept cash payments.

APPFX accepts identifiable withdrawal requests. You can put through your withdrawal request by logging onto to your Client Portal. Your withdrawal banking details will need to be approved before we can proceed with your withdrawal.

You agree and acknowledge that we may refuse to accept or return any payment of money from any third party or from any account of any third party, and that we do not accept any liability or responsibility for any loss, cost or expense incurred or suffered by you in connection with such non-acceptance or return, including because you are subsequently in default of your obligations to us.



## 5.2 Client Money Policy

Any money that you deposit with APPFX will be segregated from APPFX's money and held by us in one or more client bank accounts with a registered bank or banks in New Zealand in accordance with this PDS and the Financial Markets Conduct Regulations 2014. All client money, including Margin, is held on trust in a segregated client bank account.

We manage the segregated accounts by matching the client equity balances in our system with the client funds held on segregated accounts in the bank. This means that client's profit and loss results are transferred to (or from) the segregated accounts on a daily basis.

We do not use your money in segregated accounts for the purpose of meeting obligations incurred by us when hedging with our counterparties. However, we may withdraw your funds from a segregated account to meet your trading obligations, such as providing adequate Margin, and covering fees and charges. Your funds may also be removed from a segregated account to satisfy your directed withdrawal requests and in other situations set out in this PDS.

We may also earn interest on your fund held in a segregated account, we are solely entitled to any interest or earnings derived from your moneys being deposited in a segregated account, and any interest will not be paid to the benefit of your accounts.

## 6. About APPFX

APPFX is a limited liability company incorporated under the Companies Act 1993 and is licenced by the Financial Markets Authority as a Derivatives Issuer (Licence No. FSP488368). APPFX is principally engaged in the provision of CFD Trading through its online trading Platform.

How to contact APPFX:

Registered office & business address	1276 Kumul Hwy, Port Vila, Vanuatu
Postal address	1276 Kumul Hwy, Port Vila, Vanuatu
Phone	+678 24404
Fax	+678 24405
Email	info@appfx.com
Web	<a href="http://www.appfx.com">www.appfx.com</a>

## 7. How to Complain

APPFX wants to know about any problems you may have with the service provided to you so we can take steps to resolve the issue. If you have a complaint about our financial products or services, please take the following steps:

1. You should inform us of the complaint by
  - a. contacting your nominated Account Manager if the complaint can be satisfactorily resolved by telephone, or
  - b. Writing to APPFX by email: [support@appfx.com](mailto:support@appfx.com) or letter setting out the details of your complaint.
  - c. We will acknowledge to you we have received your complaint within five

(5) working days of our receipt of your complaint.

2. We will review your complaint and respond to you within twenty (20) working days of our receipt of your complaint with our decision and the reasons for it.
3. If you are dissatisfied with our decision, we will inform you that you can refer your complaint to our approved Dispute Resolution Scheme provider, Financial Services Complaints Limited, for further consideration. We will include the contact details in our response to you.

Vanuatu Financial Services Commission may independently review your complaint and make a recommendation.

Vanuatu Financial Services  
Commission

Companies House  
PMB 9023 Rue  
Bougainville  
Port Vila,  
Vanuatu  
Phone: +678 22247  
E. [info@vfsc.vu](mailto:info@vfsc.vu)

4. Note: there is no fee for using the complaints resolution service.

## **8. Where you can Find More Information**

Further information relating to the issuer and the derivatives is available from the Disclose Register (for example, financial statements); and a copy of the information on the offer register is available on request to the Registrar.

The Disclose Register website is <https://www.vfsc.vu/>

Further information about APPFX or CFD Trading is available free of charge by contacting [support@appfx.com](mailto:support@appfx.com)

## **9. How to Enter Into a Client Agreement**

Before you begin dealing in our CFD products, you must complete a Client Service Agreement and be approved by us to open an account.

Before completing the appropriate Client Service Agreement you should read this PDS. This PDS and Client Service Agreement (CSA) are important documents. You should read this PDS and CSA in their entirety before making any decision to enter into a financial product with us.

As Margin FX carrying a high level degree of risk, you must understand the concepts required to trade in Margin FX Contract, and confirm your understanding of the risk involved in trading Margin FX products offered by APPFX. In addition, we operate a client qualification policy that is intended to ensure that clients are adequately qualified to trade in any product offered through us because trading in Margin FX Contracts is not suitable for all clients due to the

significant risks involved. Please refer to section 2.16.2 of this PDS (qualification policy) for more information

We reserve the right to refuse to open an account with you should we believe that you do not meet our client qualification policy.

## 10. Glossary of Common Trading Terms

<b>ACCOUNT</b>	means an account you have with us;
<b>BASE CURRENCY</b>	means the first currency of any currency pairs;
<b>BUSINESS DAY</b>	means any day other than a Saturday, Sunday or public holiday on which banks are open for business in Auckland, New Zealand
<b>CLIENT MONEY</b>	means the moneys our clients have deposited with us and held by us under the New Zealand Client Money Rules;
<b>CONFIRMATION</b>	means a form of notification, which may be provided by us electronically, including via the Trading Platform or the internet, confirming entry into a Contract;
<b>CFDs</b>	Contract for Differences, a type of financial derivative products that are traded on our platform;
<b>CFD PRICE</b>	means the price for any particular CFD product quoted by and accepted by us;
<b>LOTS</b>	means the relevant number of units for the type of CFD you wish to trade with us;
<b>CLIENT PORTAL</b>	means the online portal where clients can deposit and withdraw funds, updating their contact details and reset login passwords.
<b>PLATFORM</b>	means the online platform clients use to place orders
<b>EXCHANGE RATE</b>	means the exchange rate we may offer to you from time to time having regard to the applicable prevailing interbank rates and our mark up, and which is available to you from us via the trading platform or on request;
<b>HEDGING</b>	An Investment strategy that reduces the risk of adverse price movements in an asset;
<b>HEDGING Trade</b>	means you open two positions with the exactly same number of lots but with opposite direction;
<b>MARGIN</b>	means the amount that you must pay to us and have in your Account to enter into or maintain a CFD trade;
<b>TOTAL EQUITY</b>	Total Equity at any time is the net aggregate of: the current cash balance + the current unrealized profits and

	losses on your open positions + any adjustment for benefits, interest, conversion costs, fees and/or charges in relation to your Account.
<b>MARGIN PERCENTAGE</b>	means such percentage as specified by us, and as amended by us;
<b>OVER THE COUNTER (OTC)</b>	The term OTC is commonly used to describe financial products that are not traded through a centralized exchange;
<b>PDS</b>	means our product disclosure statement, including any supplementary and replacement product disclosure statement;
<b>WE/ US/ OUR</b>	means APPFX Limited (VFSC NO. 40293)
<b>WEBSITE</b>	means the internet address <a href="http://www.appfx.com">www.appfx.com</a> .
<b>UNDERLYING REFERENCE INSTRUMENT</b>	means the particular CFD product that is deriving the price from
<b>MARGIN PAYMENT</b>	deposit additional money into your account to allow open new position or maintain existing position.
<b>PRODUCT</b>	means the CFDs that are available on our trading Platform.
<b>TRADE</b>	means entering into a contract for price difference. The trade can be winning trade or losing trade;
<b>ENTRY PRICE</b>	the CFD contract price when the trade is opened;
<b>EXIT PRICE</b>	the CFD contract price when the trade is ended;
<b>SWAP CHARGE</b>	the fee you have to pay when your position is held each day;
<b>SWAP CREDIT</b>	the credit you will receive when your position is held each day;
<b>SERVICE</b>	includes the account opening, trading, maintaining, and any activities that we work to assist with your trading;
<b>FREE MARGIN</b>	the available cash balance in your account, excluding the money that has been used as margin to open positions;
<b>TOTAL MARGIN</b>	the total money that is required to open your all positons;

<b>INITIAL MARGIN</b>	the money is required to open your first position;
<b>PENDING ORDER</b>	the order will only be executed when your nominated price is reached.
<b>SELL PRICE</b>	the price is used open short position or close long position, the smaller price in the quote.
<b>BUY PRICE</b>	the price is used open long position or close short position, the bigger price in the quote.
<b>LONG POSITION</b>	in anticipate that the CFD price will go up;
<b>SHORT POSITION</b>	in anticipate that the CFD price will go down.