

**RENAISSANCE CAPITAL MARKETS LIMITED**

**DISCLOSURE STATEMENT**

## About This Disclosure Statement

This Disclosure Statement is issued by Renaissance Capital Markets Limited ("RCM"). This is an important document and should be read in its entirety.

Before making a decision to invest in the financial products we offer, you must consider your own financial circumstances, needs and objectives to determine if trading in leveraged Products is appropriate for you. We recommend you obtain independent financial and taxation advice concerning this Disclosure Statement, General Terms and Conditions and the Client Services Agreement.

Trading speculative leveraged products is more risky than trading non leveraged investment products (such as conventional share trading) and can result in losses that may be in excess of your initial outlay. If you do not understand the risks associated with such products or are not willing to accept the risks or potential losses, you should not enter into any such transaction. These risks are further outlined in Section 4.

This Disclosure Statement provides you with information about the following:

1. General Information
2. Trading with RCM
3. Key features and characteristics of Spot Foreign Exchange and Spot Metal Contracts
4. Risks associated with trading the products offered
5. Fees and charges
6. RCM Agreement

This Disclosure Statement should be read in conjunction with the Client Services Agreement (CSA) and the General Terms and Conditions. Please note that the word "Contract" used in this document is as defined in the General Terms and Conditions..

### 1 General information

#### 1.1 Earlier Disclosure Statements.

This Disclosure Statement replaces all previous versions. This Disclosure Statement is dated 7 February 2011. Any updates to this Disclosure Statement (that are not materially adverse to investors) will be available on our website or without charge by contacting us directly.

Where updated information is materially adverse to investors, RCM may issue a supplementary or revised Disclosure Statement.

#### 1.2 Regulation

RCM is a registered company with the New Zealand Companies office. RCM is permitted to conduct the activities of offering clients the ability to trade in Spot Foreign Exchange and Spot Metals market but is not regulated for this activity.

#### 1.3 Representations

RCM's products are offered solely on the basis of the information and representations contained in this Disclosure Statement and associated documents and no other information or representation is authorised nor is any person authorised by RCM to give any form of information to clients or make any other representation whatsoever other than as outlined in this Disclosure Statement.

#### 1.4 Currency

All financial amounts quoted are in US Dollars unless otherwise specified or the context implies to the contrary.

#### 1.5 References

References to any Issuer, Underlying Asset, Index or Underlying Market to which a Contract relates are included purely for the purpose of identifying the

underlying security and/or asset. They are not an endorsement (express or implied) of any Contract by such Issuer or Underlying Market and such company or other entity does not accept responsibility for any liability with respect to the product.

RCM does not have any affiliation with any Issuers or Underlying markets and has no information concerning those entities other than that which is available in the public domain. RCM will not accept any liability or responsibility for, and makes no representation or warranty, express or implied, as to the accuracy or completeness of such information.

#### 1.6 Jurisdiction

The distribution of this Disclosure Statement may be restricted in certain jurisdictions outside New Zealand. Persons into whose possession this Disclosure Statement becomes available are required to inform themselves of, and observe, such restrictions. This Disclosure Statement does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

If you are a non NZ resident for tax purposes, you should note:

- The law governing your dealings with RCM is the law of New Zealand.
- Your rights against RCM are restricted as set out in the Client Services Agreement and General Terms and Conditions.
- Your money will be held and disbursed in accordance with RCM's strict client segregation policy.

### 1.7 RCM does not give advice

RCM does not give personal and/or financial product advice. While RCM may provide general financial information, this information does not take into account your personal circumstances and should not be construed as a recommendation that these types of Contracts are right for you or that any particular course of action is recommended. We recommend you seek independent, expert advice before making a decision as to the suitability of the product for you.

## 2 About RCM

Renaissance Capital Markets Limited ("RCM") is a broker that provides spot foreign exchange and spot metals trading services to a diversified client base that ranges from financial institutions through to private individuals.

### Contact and trading details

Renaissance Capital Markets Limited ("RCM") operates its offices 24 hours 6 days per week to coincide with the first market to open on Monday (New Zealand) to the last market to close on Friday (New York).

Renaissance Capital Markets Limited has its registered Head Office in Auckland, New Zealand with representatives around the world.

Our contact details are as follows:

Street Address:

Level 2, 2 Owens Road, Epsom, Auckland, New Zealand

Postal Address:

PO Box 9783, Newmarket, Auckland, New Zealand.

Telephone:

+64 9 309 6005

Facsimile:

+64.9.309 6005

Email:

accounts@fxrcm.com

Website:

www.fxrcm.com

### Investment Advisers disclosure statement

#### 2.1 Initial Disclosure

Neither the Company nor any of its Directors have been:

- (a) convicted of an offence under the Securities Markets Act 1988, the Securities Act 1978, or of a crime involving dishonesty (as defined by the Crimes Act 1961); or
- (b) a Director or Principal officer of a body corporate at the time the body corporate committed such an offence; or
- (c) adjudged bankrupt; or
- (d) prohibited by an Act or by a court from taking part in the management of a company or a business
- (e) the subject of an adverse finding by a court in any proceeding that has been taken against the dealer in a

professional capacity

(f) expelled from, or prohibited from being a member of a professional body

#### 2.2 Procedures for Dealing with Money & Property

- (a) In transferring money to RCM the Client must ensure that it obtains the Segregated Client Bank Account details of RCM before transferring money.
- (b) All money received from the client is held in a separate Segregated Client Bank Account in accordance with RCM client segregation policy.
- (c) Records will be kept pertaining to the activity of the account and are available to the client via the internet. Records are also kept in respect to contracts entered into by the Client with RCM and include online order placement logs, phone tapes and chat logs. All of these records are available on request by the client.
- (d) The Client acknowledges that RCM will earn interest in connection with the client's cash deposits in its ordinary course of business.
- (e) The financial records will be audited at year end.
- (f) Auditors appointed by RCM are:

Staples Rodway  
Chartered Accountants  
Level 9  
Tower Centre  
45 Queen Street  
Auckland 1010  
New Zealand

Telephone: +64 9 309 0463

Facsimile: +64 9 309 4544

#### 2.3 Investment advice

RCM does not give personal investment advice. We recommend you obtain independent financial and tax advice concerning the Client Services Agreement and Disclosure Statement before you open an account.

### 3 Risk disclosure statement

You should seek independent advice before deciding whether these types of products are appropriate for you given your experience, objectives and needs. You must be aware of the risks involved and that you can both gain and lose large amounts of money.

The risk of loss in trading in these types of products can be substantial. You should therefore carefully consider whether this kind of trading is appropriate for you in light of your financial circumstances. In deciding whether or not you will become involved in that kind of trading, you should be aware of the following matters:

- (a) you could sustain a total loss of the initial margin funds that you deposit with RCM to establish or maintain a position in a particular Contract;
- (b) if the market price moves against your position, you may be required, at short notice, to deposit with RCM additional margin funds in order to maintain your position. Those additional funds may be substantial. If you fail to provide those additional funds within the required time, your position may be liquidated at a loss and in that event you will be liable for any shortfall in your account resulting from that failure;
- (c) under certain conditions, it could become difficult or impossible for you to liquidate a position (this can, for example, happen when there is a significant change in

prices over a short period);  
(d) the placing of contingent orders (such as a "stop-loss" order) may not always limit your losses to the amounts that you may want. Conditions may make it impossible to execute such orders;  
(e) a "spread" position is not necessarily less risky than simply "long" or "short" position;  
(f) the high degree of leverage that is obtainable in trading these type of products because of small margin requirements, can work against you as well as for you. The use of leverage can lead to large losses as well as large gains; and  
(g) Market risk and financial risk are generally the two types of risk associated with trading currencies . Market risk is associated with the movement of the currency against another currency. Financial risk is the risk associated with the financial condition and stability of the Country in question. Factors affecting currency movements include but are not limited to interest rates, unemployment, GDP, debt, weather, earthquakes and terrorism.

This statement does not disclose all of the risks and other significant aspects involved in trading these types of products. You should therefore study trading the particular product you wish to trade carefully before becoming involved in it.

#### **4 Fees and charges**

##### **4.1 Administrative charges**

RCM will pass through fees and charges for certain administrative services that may occur in the course of your dealings with us. These services include: wire transfers, credit card transactions, duplicate statements by post, audit certificates, etc.

##### **4.2 Margins and Financing Rates**

###### **(a) Margin Rates**

Initial Margin is the amount we debit from your account as soon as you open a new position. This protects us in event of sudden market change or default by you. Generally this amount is calculated as a percentage of the value of the Contract. Please refer to our website or contact us directly for the current margin rates offered by RCM.

###### **(b) Financing Rates (Swaps)**

You should be aware that for positions at the end of the trading day are closed and reopened the following trading day at the current market price with the resulting profit or loss either debited or credited to the clients account. In such cases you will either need to pay a charge for financing the contract value or you receive an amount of the contract value. This is due to interest rate differentials between currencies, commonly referred to as Swaps.

Positions closed before the end of day are not subject to these charges (Swap).

##### **4.3 Trading Commissions**

Commission charged for each Contract will depend upon the particular Contract and will be deducted from your account as soon as the Contract is executed. Details of the commission paid by you will be detailed on the online trading systems as well as your statement. We will advise you at your last known email address whenever our commission rates change.

Commissions are based on total US dollar amount of the executed order. Commissions are instantly and automatically calculated on currency pairs that do not have the US dollar as their base. Our detailed reporting system within the platform keeps track of all trades and commission charges. The detailed statements show when and how the commission was calculated based on best available conversion rate available during execution of the trade.

#### **5 RCM Agreement**

Your Agreement with RCM consists of this Disclosure Statement, General Terms and Conditions, Application Form and Client Services Agreement.

We require that you read all these documents prior to opening an account with us. Should you have any queries or concerns or require clarification of any matter contained within these documents, please contact us prior to opening an account.

Our relationship in respect of any Agreement that you enter into with us is governed by our General Terms and Conditions, Client Services Agreement and Disclosure Statement. These must be agreed to before you open an account with us.

## **PRODUCT DISCLOSURE STATEMENT**

### **Currencies**

Spot Contracts in Australian Dollar, British Pound, Canadian Dollar, Euro, Hong Kong dollar, Japanese Yen, Korean Won, New Zealand Dollar, Swiss Franc, and United States Dollar etc.

### **Metals**

Spot Gold and Silver

### **Spot Foreign Exchange and Spot Metal Contracts**

These are leveraged contracts for an agreed quantity at an agreed rate. The agreed quantity underlying this contract is not deliverable. These contracts are valued and closed daily at the end of the trading day and reopened the following trading day at the current market price with the resulting profit or loss either debited or credited to the clients account.