

9. The Client may either:

- (a) lodge cheques with the Introducing Broker with respect to the Client's obligations, such cheques to be crossed with two parallel transverse lines with the words "not negotiable account payee only" between, or substantially between, the lines and to be made payable to the Public Broker's Client Funds Account; or
- (b) deliver cheques to the Public Broker at its address or credit them directly to the Public Broker's bank account in a manner agreed between the Public Broker and the Client.

Appointment of Attorney

The Client hereby appoints the Company as attorney of the Client to do all things necessary to transfer any open positions held by the Public Broker on behalf of the Client to another Trading Permit Holder of the Company where the Public Broker's trading rights have been suspended other than as a result of default in meeting commitments to any clearing house.

Signed on behalf of the Client:

Full name of person signing:

Designation:
(being a duly authorised officer of the Client)

Signed on behalf of the Client:

Full name of person signing:

Designation:
(being a duly authorised officer of the Client)

DATED this day of 19

RISK DISCLOSURE STATEMENT

The risk of loss in trading in futures or options contracts can be substantial. You should therefore carefully consider whether that kind of trading is appropriate for you in the 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 your broker to establish or maintain a position in a futures market.
- (b) If the market price moves against your position, you may be required, at short notice, to deposit with your broker 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. Market conditions may make it impossible to execute such orders.
- (e) A "spread" position is not necessarily less risky than a simple "long" or "short" position.
- (f) The high degree of leverage that is obtainable in futures or options trading 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.
- (g) If you propose to trade in options, the maximum loss in buying an option is the amount of the premium, but the risks in selling an option are the same as in other futures trading.

This statement does not disclose all of the risks and other

significant aspects involved in trading on a futures or options market. You should therefore study futures and options trading carefully before becoming involved in it.

SCHEDULE 2

Client Acknowledgement

(For use by a Client of an Introducing Broker)

TO: _____
(Full legal name of Introducing Broker)

BY: _____
(Full legal name of Client)

Provisions Concerning Introducing Brokers and all Clients

The Client acknowledges that:

1. The Client has appointed the Introducing Broker as the Client's agent for the purpose of dealing in futures and options contracts ("Contracts") in accordance with the terms of this Client Acknowledgement.
2. The Introducing Broker is regulated in the conduct of its futures and options dealing business by New Zealand Futures & Options Exchange Limited (the "Company").
3. All business transacted on behalf of the Client is subject to the Rules of the futures and options exchange operated by the Company ("Exchange") (as altered from time to time) and the business rules, customs, usages and practices of any other exchange or market on which any such business may be transacted, and all instructions given by the Client to the Introducing Broker will be on the basis that the Rules of the Exchange and the rules, customs, usages and practices of any other such exchange or market, are binding upon and accepted by both the Client and the Introducing Broker.
4. The Client has given careful consideration to the Client's objectives, financial situation and needs and has formed the opinion that dealing in Contracts is suitable for the Client's purposes.
5. The Client will take all reasonable steps to obtain and communicate to the Introducing Broker all information, and deliver or cause to be delivered to the Introducing Broker all documents, with respect to dealings in Contracts on the Exchange or any other exchange or market, which are requested by a person having a right to request such information or documents, and the Client hereby authorises the Introducing Broker to produce the information or documents to the requesting party.
6. Dealing in Contracts incurs the risk of loss, as well as the prospect of profit, and may create an obligation to give or take delivery, or make a cash adjustment, in accordance with the terms of a Contract.
7. The Introducing Broker will be giving instructions on the Client's behalf to _____
[Name of Public Broker] to trade on the Exchange, or on other exchanges or markets.
8. The Introducing Broker is the Client's agent and not the Public Broker's agent and has no actual implied or ostensible authority to hold itself out as being authorised to speak or act in a manner on behalf of, or as agent for, the Public Broker.
9. The Public Broker, when carrying out the instructions given by the Introducing Broker on behalf of the Client, will at all times be trading on the Exchange and on any other exchange or market as a principal notwithstanding that in certain trading the Public Broker will be