the time the Client places the order or as soon as possible thereafter.

33. Without affecting any existing obligations or liabilities:

(a) the Client may cancel this Client Acknowledgement at any time by giving notice in writing to that effect to the Introducing Broker; or

(b) the Introducing Broker may at any time decline to accept any further instructions from the Client by giving notice in writing to that effect to the Client.

34. The Client has read and understands the Risk Disclosure Statement attached to this Client Acknowledgement and the futures and options trading terms used in it have been explained to the Client by the Introducing Broker.

Provisions Relevant to Discretionary Accounts

(NB: This section should be struck out if the Client has not authorised the Introducing Broker to operate a discretionary account.)

The Client acknowledges that:

1. Subject to any limitations contained in writing (whereby the Client limits the Introducing Broker's discretion by reference to the markets to be traded, size of open position, number of Contracts to be traded per day, the proportion of money or property lodged with the Public Broker to be used for initial margins and other limitations as agreed in writing) between the Client and the Introducing Broker, the Client authorises the Introducing Broker to give instructions on the Client's behalf to the Public Broker to trade in Contracts on the Exchange or on any other exchange or market, at the absolute discretion of the Introducing Broker and without further reference to, or approval by, the Client.

2. The Client may at any time by written notice instruct the Introducing Broker to:

(a) change any of the limitations referred to in clause 1 of this section;

(b) transfer any open position to a non-discretionary account of the Client, provided that the Client has lodged with the Introducing Broker a Client Acknowledgement in which this section relating to discretionary accounts has been struck out.

3. Giving instructions pursuant to clause 1 of this section may result in losses to the Client.

Signed on behalf of Client: .....

Full name of person signing: .....

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

Signed on behalf of 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 3

FORM OF INTRODUCING BROKER—PUBLIC BROKER AGREEMENT

AGREEMENT dated the day of 19

BETWEEN ("Public Broker")

AND ("Introducing Broker")

Introduction

A. The Introducing Broker carries on the business of dealing in futures and options contracts as an introducing broker on behalf of its clients ("Clients").

B. The Introducing Broker and the Public Broker are authorised to act as Dealers on the futures and options exchange operated by New Zealand Futures & Options Exchange Limited (the "Exchange").

C. The Public Broker has agreed to accept instructions from the Introducing Broker on behalf of clients of the Introducing Broker and to act as Public Broker in terms of this agreement and the agreement signed by each Client with the Public Broker.

IT IS AGREED

1. The Public Broker will accept instructions from the Introducing Broker to deal in futures and option contracts on behalf of clients of the Introducing Broker for whom the Public Broker has previously agreed to act ("Clients") and the Public Broker will execute, or instruct third persons to execute, those instructions. The Public Broker may also accept instructions at any time direct from the Client.

2. The Introducing Broker will not give any instructions to the Public Broker on behalf of a Client until the Client has given or executed client acknowledgements or client agreements in an appropriate form with the Introducing