

GENERAL TERMS AND CONDITIONS

EDGE CAPITAL MARKETS LIMITED. OCTOBER 2011



GENERAL TERMS AND CONDITIONS

RISK DISCLOSURE STATEMENT

The risk of loss in trading in Derivatives 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:

- you could sustain a total loss of the initial margin funds that you deposit with your Broking Firm to establish or maintain a position in an Exchange or Off-Exchange;
- if the market price moves against your position, you may be required, at short notice, to deposit with your Broking Firm 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;
- 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);
- 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;
- a "spread" position is not necessarily less risky than simply a "long" or "short" position;
- the high degree of leverage that is obtainable in trading Derivatives Contracts, 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
- 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 Derivatives Contracts.

This statement does not disclose all of the risks and other significant aspects involved in trading Derivatives Contracts on an Exchange or Off-Exchange. You should therefore study trading in Derivatives Contracts carefully before becoming involved in it.

Acknowledgement of Investment Risk

Investment in securities is considered to be of a speculative nature and you may lose money by investing in them. There can be no guarantee of a return of capital or the payment of dividends or income, and the market value of your security may fail. This may be because your securities cannot be sold as there is no market for them; sale price may be less than the price paid; the underlying company is placed in receivership or liquidation or is insolvent. Opinions, research and recommendations by necessity involve personal judgment and cannot be guaranteed to achieve favourable results.

Opinions, research and recommendations are only valid for a limited time and are subject to market movements. Not all investments will be appropriate to your circumstances. Edge Capital Markets will take reasonable care in formulating its recommendations, but does not accept liability for any loss incurred. You must give Edge Capital Markets all relevant information necessary to give you proper advice.

The risks of Short Selling of Securities are that the market could move against you and you could suffer loss as a consequence. Increased risks are associated with using borrowed money to purchase investments or applying leverage and gearing via options, warrants, futures or partly paid Securities.

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In consideration of Edge Capital Markets Limited (Edge Capital Markets) establishing an account in your name, your instructing us to perform services for you, and our accepting those instructions, you will be taken to have agreed to deal with us on the terms set out below. These terms supersede all previous agreements between you and Edge Capital Markets concerning the matters dealt with in these terms and apply to dealings between us in relation to the trading of derivative contracts and Securities.

1. Interpretation

1.1 In this Agreement, unless the context otherwise requires:

Disclosure Statements means the accompanying disclosure statements;

Advisor means a person that provides investment and product advice to Clients on Contracts;

Agreement means this agreement, and includes the accompanying application form and Disclosure Statements;

Allocation Policy means the policy set out in clause 3.3 adopted by Edge Capital Markets for allocating Contracts to client instructions received;

Business Day means every day except Saturday, Sunday, and national public holidays;

Clearing Party means a person authorised by an Exchange to provide clearing and settlement of Contracts on that Exchange;

Client Agreement means an agreement between you and the Executing Party providing for execution and settlement of Contracts by the Executing Party for you;

Contracts means the Futures Contracts, securities, contracts for difference, foreign exchange contracts, and options and other forms of derivative instruments or contracts entered into on your behalf under this agreement;

Event of Default means any or more of the following;

- (a) you fail to pay, or provide security for, amounts payable to Edge Capital Markets or fail to perform any obligation arising pursuant to the settlement of a Contract; or
- (b) a guarantee or other security provided by you to Edge Capital Markets is withdrawn or becomes ineffective; or
- (c) you become insolvent or bankrupt; or
- (d) you become the subject of a recommendation by the Securities Commission or Reserve Bank of New Zealand to the relevant Minister supporting the appointment of a statutory manager; or
- (e) you make any misrepresentation that causes or could cause Edge Capital Markets to suffer damage or loss;
- (f) you, being a natural person, die or become of unsound mind; or
- (g) you cease or threaten to cease paying creditors or carrying on business;

Exchange means a registered exchange under the Securities Markets Act 1988;

Executing Party means a person that is lawfully authorised to execute Orders into an Exchange or Off-exchange with whom you have entered into a separate Client Agreement;



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Futures Contract means a futures contract as defined by section 37(1) of the Securities Market Act 1988;

Off-exchange means the market for trading a Contract when that Contract is not traded through an Exchange;

Order means an order to buy or an order to sell a Contract placed with an Executing Party for or on behalf of you; as a result of instructions received from you;

- 1.2 Unless the context otherwise requires, references to clauses and schedules are to clauses of, and schedules to, this Agreement.
- 1.3 "including" and similar words do not imply any limitation.
- 1.4 The plural includes the singular and vice versa.
- 1.5 This Agreement comes into effect on its date of execution and continues in force until terminated in accordance with its terms.

2. Parties Roles

- 2.1 You wish to instruct Edge Capital Markets to deal in Contracts on your behalf in accordance with the terms of this Agreement.
- 2.2 Edge Capital Markets, as an Authorised Futures Dealer, is authorised to provide advice on Contracts and to act on your behalf in placing Orders with an Executing Party.
- 2.3 All Contracts traded under this Agreement shall be executed and settled through such Executing Party as may be advised from time to time.
- 2.4 Edge Capital Markets is not permitted to hold client funds or to execute or settle Orders directly onto an Exchange or Off-exchange. These services are carried out by an Executing Party.
- 2.5 You acknowledge that you have appointed Edge Capital Markets as your agent for the purposes of dealing in Contracts and have been introduced by Edge Capital Markets to each Executing Party with whom Edge Capital Markets places Orders for you.
- 2.6 You acknowledge that Edge Capital Markets or an Executing Party may, in certain circumstances, take the opposite position in a Contract, either acting for another client or on its own account.
- 2.7 Edge Capital Markets may deal in Contracts as principal on its own account and Edge Capital Markets directors, partners or employees may deal in Contracts on their own account.
- 2.8 Upon placing an Order with an Executing Party you acknowledge that the Executing Party incurs obligations as principal, even though the Contract may have been entered into on your instructions.
- 2.9 In giving instructions to the Executing Party on your behalf, Edge Capital Markets acts as your agent and not as agent for the Executing Party. Edge Capital Markets has no actual, implied or ostensible authority to speak or act in any manner on behalf of, or as agent for, the Executing Party.
- 2.10 Any benefit or right obtained by the Executing Party upon registration of a Contract with the clearing house of an Exchange as a result of the assumption of liability or a guarantee by that clearing house, or any other legal result, is personal to the Executing Party and does not pass to Edge Capital Markets or you.

3. Instructions

- 3.1 Without limiting your right to instruct the Executing Party, Edge Capital Markets has full power to give instructions on your behalf to the Executing Party, and the Executing Party is authorised to accept and act on such instructions and you are responsible for those instructions.
- 3.2 The Executing Party is responsible for trading in Contracts on your behalf in accordance with instructions given by Edge Capital Markets or yourself.
- 3.3 Orders received from you and from other persons and orders on Edge Capital Markets own account will be executed by Edge Capital Markets in the sequence in which they are received and recorded, unless it would be fair and equitable to allocate Contracts obtained in respect of similar orders on the same day on a different basis.
- 3.4 You represent and warrant that all Contracts you have instructed us to sell or hold on your behalf are legally or beneficially owned by you free and clear of any security interest or other impediment or undisclosed third party interest.
- 3.5 You agree that you and all persons named as Account Holders or Authorised Persons and anyone else you so designate in your account details each have full authority to operate this account. You further agree to be bound jointly and separately by this agreement and acknowledge that we are entitled to act on the instructions of any one of you.
- 3.6 Any instruction that you give to us constitutes an irrevocable order to us to proceed with a transaction on your behalf.
- 3.7 We are not obliged to accept any application to trade and we will act only within the parameters of your instructions. We reserve the right at all times to decline to act on your behalf in relation to any particular dealings without explanation or advance notice. Furthermore, we will not act where we believe your instructions are ambiguous, incomplete, unclear or in breach of our legal obligations.
- 3.8 Instructions may be given in writing, electronically via email, text, skype or other digital or electronic means, over the telephone or in person. Edge Capital Markets is entitled to rely on any instructions that it reasonably believes to be authorised.
- 3.9 Instructions may not necessarily be acted on immediately. You accept that the market value of any securities the subject of an order may fluctuate prior to execution of your order.

4. Binding Obligations

- 4.1 You and Edge Capital Markets agree that the terms of our relationship in respect of Contracts and any dealings between us concerning Contracts are subject to, and the parties are bound by:
 - (a) the Securities Markets Act 1988, the Financial Transactions Reporting Act 1996, the Futures Industry (Client Funds) Regulations 1990, and all other legislation applicable to Contracts;
 - (b) this Agreement and the Client Agreement;
 - (c) in the case of Contracts traded on an Exchange, the rules and regulations of that Exchange;
 - (d) in the case of Contracts traded Off-Exchange, the terms and conditions governing the relevant Contract.



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4.2 Edge Capital Markets is not required to act in accordance with your instructions where to do so would constitute a breach of the laws, rules, agreements, or terms and conditions referred to in clause 4.1.

4.3 Without limiting clause 4.2, you acknowledge that Edge Capital Markets may at any time, at its complete discretion, refuse to place a Order for you, or may limit the Orders it places for you. Edge Capital Markets will notify you of any refusal or limitation as soon as practicable.

5. Risk And Financial Objectives

5.1 You acknowledge that you have read and understood:

- (a) the Risk Disclosure Statement;
- (b) a document given to you by Edge Capital Markets or an Executing Party which explains the nature of Contracts; and
- (c) details of the contract specifications of Contracts in which Edge Capital Markets will deal on your behalf.

5.2 You acknowledge that trading in Contracts incurs a risk of loss as well as a potential for profit, and may create an obligation to give or take delivery, or make a cash adjustment, in accordance with the terms of a Contract.

5.3 You acknowledge that you have given careful consideration to your objectives, financial situation and needs and have formed the opinion that dealing in Contracts is suitable for your purpose.

6. Payment Obligations

6.1 Liability to pay an initial margin accrues at the time the Contract is executed regardless of when a call is made.

6.2 Liability to pay a variation margin accrues at the time the margin comes into existence, regardless of when a call is made.

6.3 Edge Capital Markets may call for payment of money or the provision of other security which Edge Capital Markets considers, in its absolute discretion, appropriate in connection with the obligations incurred by Edge Capital Markets in respect of Contracts entered into for your account, notwithstanding that the Executing Party for the same Contract has already made a call for payment or the provision of other security in respect of the Contract.

6.4 You must pay the amounts, or provide the relevant security, within 24 hours of the call for payment or, where you are not a resident or domiciled in New Zealand, within 48 hours, time being of the essence, PROVIDED that where the date on or by which you must pay any amount called or provide security is not a Business Day, then it must be paid or provided on or by the next following Business Day.

6.5 The Client agrees and acknowledges that, notwithstanding any other clause of this agreement:

- (a) Edge Capital Markets may call for payment of deposit or Margin (by whatever terms those obligations are described) or such money or property as Edge Capital Markets, in its absolute discretion, deems is necessary to protect itself from any personal obligation incurred by dealing in Contracts on behalf of the Client;
- (b) if the Client fails to meet the call then Edge Capital Markets may (without prejudice to any other rights or powers under this agreement) in its absolute discretion, and without creating an obligation to do so, close out, without notice, all or some of the Client's Contracts,

notwithstanding that the time for payment may not have arisen;

(c) the time for payment of Margins is of the essence and if no other time is stipulated by Edge Capital Markets or the Executing Party when making a call then the Client is required to comply within 24 hours, but may be required to make payment sooner at the complete discretion of Edge Capital Markets;

(d) the Client is responsible to pay in cash any deficit owing to Edge Capital Markets after closure and that if the Client defaults in payment of such deficit Edge Capital Markets may, and is hereby granted full authority and power of attorney to, realise any Contracts held by Edge Capital Markets or any Executing Party and apply the proceeds against that deficiency; and

(e) Edge Capital Markets may in its absolute discretion vary deposit requirements and will not be obliged to apply the deposit requirements applicable on an exchange where the dealing takes place, provided that Edge Capital Markets calls the minimum deposit required by an exchange.

7. LIMITED RECOURSE

7.1 The Client agrees that, subject to clause 7.7, with respect to any orders relating to a transaction transmitted by, or on behalf of, the Client to Edge Capital Markets and placed with an Executing Party, to the maximum extent permitted by law:

(a) the liability of Edge Capital Markets to the Client however arising in respect of that transaction is limited to pay an amount to the Client equal to the Recovery Amount; and

(b) the Client's recourse against Edge Capital Markets is limited to the Recovery Amount.

This limitation of Edge Capital Markets liability and the Client's recourse apply despite any other provision of this agreement and extends to all liabilities and obligations of Edge Capital Markets in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this agreement.

7.2 The Recovery Amount is:

(a) the amount that Edge Capital Markets actually receives from, on behalf of or in respect of the Executing Party under the terms of or in respect of that order or any order made by Edge Capital Markets with an Executing Party which corresponds with the Client's Transaction with Edge Capital Markets; and

(b) if Edge Capital Markets receives only a proportion of the amount due to Edge Capital Markets (whether for itself or as agent) from its Executing Party in respect of several clients or several orders, the Recovery Amount is limited to that Client's pro rata portion of the amount actually received by Edge Capital Markets, as determined by Edge Capital Markets.

7.3 If:

(a) Edge Capital Markets liability to the Client and the Client's recourse against Edge Capital Markets is limited as provided by clause 7.1;

(b) the Client has made a claim against Edge Capital Markets which has been finally determined (whether by a court, by any dispute resolution scheme, by agreement or otherwise) but the claim is unsatisfied



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- (in whole or part, by reason of the limited liability and recourse referred to above): and
- (c) Edge Capital Markets has made a corresponding final but unsatisfied claim against its Executing Party,
- then:
- (d) Subject to clause 7.4, Edge Capital Markets holds that claim against the Executing Party for the benefit of the Client.
- 7.4 Nothing in this clause 7 obliges Edge Capital Markets to make a demand or other claim of any kind on the Executing Party or any other person.
- (a) Edge Capital Markets has no liability for failing to take or taking any action in relation to such demand or other claim. Edge Capital Markets is not obliged to accept any direction from the Client with regard to how Edge Capital Markets must conduct the demand or other claim or negotiate any settlement. Edge Capital Markets may require a binding agreement to be fully indemnified, with or without security for that obligation, in a form satisfactory to it in respect of all loss, cost or expense that Edge Capital Markets may incur by reason of accepting any such direction.
- (b) Edge Capital Markets may conduct one or more claims under one or several proceedings, as determined by Edge Capital Markets.
- (c) Edge Capital Markets may incur costs of preparing for and conducting the claims and defending cross-claims, including costs of legal services, experts and other agents and advisers, which costs may be apportioned by Edge Capital Markets across several claims.
- (d) Edge Capital Markets may make or accept any offer for settlement which it considers reasonable, including for any amount less than the amount claimed by Edge Capital Markets.
- (e) Edge Capital Markets may withhold from settlement proceeds amounts to pay for, or to provide for payment for, its costs of the claims, including its estimate of costs of enforcing the judgments for the claims.
- (f) Edge Capital Markets may apply the net proceeds of settlement proportionally to the balance of the unsatisfied amounts of all claims against it.
- (g) Edge Capital Markets may make a determination not to prosecute the claim if it believes there are insufficient prospects of success and having regard to the estimated costs of prosecuting the claim.
- 7.5 Nothing in this clause 7 limits the right of the Client to make a claim against Edge Capital Markets for the full amount of liability which would have arisen but for this clause 7; however, the liability of Edge Capital Markets to the Client and the Client's recourse to Edge Capital Markets is limited by this clause 7.
- 7.6 Nothing in this clause 7 limits any party in:
- (a) obtaining an injunction or other order to restrain any breach of this agreement by any party; or
- (b) obtaining declaratory relief.
- 7.7 If any of the other parts of this clause 7 would be void, invalid or unenforceable but for this clause 7.7, the limitation of liability of Edge Capital Markets and the Client's right of recourse under clause 7.1 do not apply however, the liability of Edge Capital Markets to the Client is limited to:
- (a) the supplying of the services again; or
- (b) the payment of the cost of having the services supplied again.
- 7.8 The meaning and effect of this clause 7 are to be construed for the purposes of limiting the liability of Edge Capital Markets to the Client and limiting the Client's recourse against Edge Capital Markets, to the maximum extent permitted by law, so that Edge Capital Markets is only liable to the Client if and only to the extent Edge Capital Markets actually recovers against an Executing Party and Edge Capital Markets is not otherwise liable to the Client.
- 7.9 The Client agrees that this limitation of liability under this clause 7 is a reasonable term having regard to the nature of the services and financial products offered by Edge Capital Markets, the risks and benefits arising from Transactions using Edge Capital Markets as agent to place orders with an Executing Party.
- 8. Default**
- 8.1 If an Event of Default occurs Edge Capital Markets may, in addition to any other rights which it may have against you, without giving prior notice to you, take any action, or refrain from taking action, which it considers reasonable in the circumstances in connection with Contracts entered into for you (including, without limitation, open positions arising from Contracts) and, without limitation, Edge Capital Markets may:
- (a) instruct the Executing Party to enter into one or more transactions to effect the close of one or more open positions in accordance with the rules and regulations of the Exchange on which those Contracts are traded;
- (b) instruct the Executing Party to exercise one or more Contracts that are options in accordance with the rules and regulations of the Exchange on which those Contracts that are options are traded; or
- (c) exercise or perform, or instruct the Executing Party to exercise or perform, any rights or obligations arising under the rules and regulations of any applicable Exchange, the terms and conditions governing a Contract traded Off-Exchange, the Client Agreement, or this Agreement, and you must account to Edge Capital Markets and the Executing Party as if those actions were taken on your instruction and, without limitation, you are liable for any deficiency and entitled to any surplus which may result.
- 8.2 We may charge default fees, interest and administrative fees, close out any open positions and cancel any pending orders. You further acknowledge that any remaining debts remain your responsibility to pay. You confirm that this agreement is sufficient direction in writing to entitle Edge Capital Markets to retain, to pay or to transfer securities or money pending settlement of any liability against amounts owing under the agreement or held in a trust account with an Executing Party.
- 8.3 You acknowledge that Edge Capital Markets has the right to close and transfer your account if Edge Capital Markets determines, in its sole discretion, that the activity or positions in your account are detrimental to Edge Capital Markets conduct of business.
- 8.4 You agree we may use the information provided by you in connection with the Application Form, and obtain information about you, in the following ways and for the duration of your account:



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- (a) we may give a credit reporting agency personal information about you, including identity particulars, the fact that you have made an application under the Application Form for facilities from us, the fact of any margin call arrangements, if you are overdue in a payment for more than the prescribed period under the transaction documents and when that payment ceases to be overdue and (only in specified situations) that we believe you have committed a serious credit infringement
- (b) we may obtain personal and commercial credit information about you from a credit reporting agency or any other business that provides information about creditworthiness if we think it necessary to process your application
- (c) we may exchange information with credit providers about your creditworthiness, credit standing, credit history or credit capacity. You acknowledge that this information may be used to assess this application, to help avoid defaults, to notify credit providers of any default by you, to assess your creditworthiness and to assist in the collection of overdue payments.
- 9. Commissions And Fees**
- 9.1 You must pay to Edge Capital Markets commissions, fees, taxes and charges in connection with dealing in Contracts for you at the rates determined by Edge Capital Markets from time to time and notified to you in writing from time to time.
- 9.2 You will pay to the Executing Party, in addition to any amount payable to Edge Capital Markets under clause 9.1, commission and/or management fees at the rates notified by the Executing Party to you in writing from time to time.
- 9.3 The Executing Party may pay to Edge Capital Markets a proportion of the commission or other fees paid by you to the Executing Party in respect of Contracts traded on your behalf.
- 10. Phone Recording**
- 10.1 You acknowledge that Edge Capital Markets or an Executing Party may record telephone conversations with you.
- 10.2 You acknowledge that Edge Capital Markets or an Executing Party may use the recordings (and any transcript from such recordings) for any purpose that it deems desirable.
- 10.3 If there is a dispute or anticipated dispute between you and Edge Capital Markets or an Executing Party, you have the right to listen to any recording of those conversations provided you notify Edge Capital Markets of your intent within ten (10) days of such conversations.
- 11. Authorised Person(s)**
- 11.1 Without limiting clause 3.5, each of the persons specified as an Authorised Person in this Agreement or as otherwise notified by you is authorised to receive all account statements, transaction advice, confirmations and other correspondence and to provide any and all instructions (including fund withdrawal and trading) to Edge Capital Markets on your behalf for the purposes of this agreement. You are bound by all such instructions. Edge Capital Markets is not bound to accept, but may accept and if it does so is not liable for accepting instructions from any other person on your behalf.
- 11.2 You may make changes to the persons who are Authorised Persons by 5 business days notice in writing to Edge Capital Markets.
- 11.3 You must give Edge Capital Markets reasonable prior notice of the absence or unavailability of any Authorised Person. You must ensure that there are sufficient Authorised Persons at all times (including 24 hours a day and 365 days a year including week days and weekends, vacation periods and despite illness). You acknowledge that Edge Capital Markets must be able to contact the Authorised Persons at all times.
- 12. Client Funds**
- 12.1 Subject only to the exception provided in clause 12.2:
- (a) you will not deposit any money or property with Edge Capital Markets, including without limiting the generality of the foregoing, any amount due for margins or commission; and
- (b) all money or property shall be deposited with the Executing Party.
- 12.2 You may either:
- (a) lodge cheques with Edge Capital Markets with respect to your obligations, such cheques to be crossed with two parallel transverse lines with the words "not transferable account payee only" between, or substantially between, the lines and to be made payable to the Executing Party; or
- (b) deliver cheques to the Executing Party at its address or credit them directly to such Executing Party's bank account in a manner agreed between the Executing Party and yourself.
- 12.3 Unless otherwise agreed in writing, you acknowledge that the Executing Party is entitled to any interest on money and property of yours deposited with the Executing Party and segregated and invested by the Executing Party.
- 12.4 The Executing Party may either:
- (a) pay any moneys owing to you directly to you at your address; or
- (b) pay any such moneys into a designated bank account nominated by you, details of which account shall be given by you or by Edge Capital Markets to the Executing Party in writing.
- 13. Termination Of Agreement**
- 13.1 Either you or Edge Capital Markets may terminate this Agreement by giving notice in writing to the other. Termination will be effective upon receipt of the notice by the other party.
- 13.2 Termination does not affect the existing rights and obligations of you or Edge Capital Markets at termination.
- 13.3 Upon termination of this Agreement, Edge Capital Markets will instruct the Executing Party to close out all Contracts, and close out, abandon or exercise any options not yet exercised, entered into by the Executing Party for you, unless, in accordance with a direction from you, those contracts are able to be transferred to another Executing Party.
- 14. Client To Provide Information**
- 14.1 You must take all reasonable steps to deliver information or documentation to Edge Capital Markets or cause information or documentation to be delivered to Edge Capital Markets concerning Contracts which are requested by a person having a right to request such information or documentation.



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- 14.2 Edge Capital Markets is authorised to produce the information or documentation to the person making the request.
- 15. Electronic Trading**
- 15.1 If Edge Capital Markets provides you with access to an electronic order routing system (the "system") operated by a third party service provider ("Dealer"), then you agree and acknowledge that:
- (a) you have the necessary skills, facilities and procedures to operate such a system and understand the risks and obligations attaching to the use of such a system, including the risks in trading through an electronic order routing system which is serviced by means of computer and telecommunication systems;
 - (b) you are bound by instructions you transmit to Edge Capital Markets or the Dealer through the system;
 - (c) you will maintain the confidentiality of passwords used to access the system and ensure all security procedures are implemented and followed as determined by the Dealer;
 - (d) you will comply with any software licence or other agreements entered into by you in respect of such system, and with any directives that may be issued by the Dealer or Edge Capital Markets;
 - (e) Edge Capital Markets may restrict and terminate access to such system at any time without notice to you;
 - (f) Edge Capital Markets is not liable in anyway whatsoever in terms of system or component failure, telecommunications, power failure or any other fault relating to such system in any way.
- 15.2 You agree to accept full responsibility for the use of the system and for any orders transmitted through the system.
- 15.3 Edge Capital Markets does not warrant that access to or use of the system will be uninterrupted or error-free, or that the service will meet any particular criteria with respect to its performance and quality.
- 15.4 You agree that the use of the system is at your risk and you assume full responsibility for any losses resulting from the use of or materials obtained via the system, and undertake to access the system as required to ensure that you are able to properly monitor and approve transaction activity on your account and receive transaction advice and calls on your account conducted via the system.
- 15.5 You are responsible for providing and maintaining the communications equipment and telephone or alternative services required for accessing and using the system, and for all communications service fees and charges incurred in accessing the system.
- 15.6 You acknowledge that from time to time, and for any reason, the system may not be operational or otherwise available for your use due to servicing, hardware malfunction, software defect, service or transmission interruption or other cause and that you have alternative arrangements in place at all times for the transmission and execution of orders, if for any reason, circumstances prevent the transmission and execution of all, or any portion of, your orders through the system. Such arrangements may be in the form of telephone, facsimile transmission, or otherwise. If the system is not operational, you agree to contact Edge Capital Markets or the Dealer to make alternative order entry arrangements.
- 16. Communication**
- 16.1 You agree to notify Edge Capital Markets in writing within five business days of any change in your name, telephone number or other contact details, address, changes in authority (if applicable), changes in your financial situation, investment objectives, particular needs or any other material circumstance which may affect your account. Additional or different terms or any communication from you (other than for changes in information) will not be effective or binding upon us unless agreed by us in writing.
- 16.2 All communications, including demands or payments called for by Edge Capital Markets in relation to transactions may be made:
- (a) by hand delivery, post, telephone or facsimile to Edge Capital Markets or yourself at the address, telephone or facsimile number or electronic address notified (formally or informally) to Edge Capital Markets or at any other address that one party notifies the other in writing from time to time as its changed address for service under this agreement or
 - (b) by any other electronic means agreed between Edge Capital Markets and yourself, including by email, by express agreement or by your conduct of ordinarily sending and receiving emails in communications with Edge Capital Markets; or
 - (c) through an Electronic Trading Platform.
- 16.3 A communication will be taken to be received by you or Edge Capital Markets:
- (a) if delivered in person, when spoken to the addressee or delivered to the addressee at its address for service under this agreement
 - (b) if made by mail, three (3) Business Days from and including the date of prepaid postage to its address for service under this agreement
 - (c) if by facsimile when a transmission report is produced by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the facsimile number of the recipient then current as its facsimile number for service under this agreement
 - (d) if by telephone, when spoken
 - (e) if by the Electronic Trading Platform, when information is first made available through the platform, regardless of if or when accessed and seen by you; and
 - (f) if by other electronic means agreed between Edge Capital Markets and yourself, when transmitted and proof of complete transmission is held by the party sending the transmission, or the recipient otherwise acknowledges receipt expressly or by implication from the person's conduct.
- 16.4 You and any Authorised Person who provides Edge Capital Markets with an email address from time to time consents to Edge Capital Markets sending that person notices under this agreement or other notices or information, solicited or not, in relation to other financial products and services of Edge Capital Markets and its related bodies corporate until that person notifies Edge Capital Markets that it does not wish to receive emails at that address in relation to some information of a particular kind or any information.
- 16.5 If you are a body corporate, you must give notice to Edge Capital Markets of a change in the directors within seven (7) days of that change taking effect (regardless of if or



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when notice of that change has been given to any regulatory authority).

17. Review of statements and report

17.1 You agree to review confirmations, contract notes, account or portfolio statements and other reports to notify any errors to your Executing Party or Edge Capital Markets immediately and, in writing, within two days of receipt by you. You agree that, except if so notified, all transactions reflected in confirmations and account statements are properly authorised and correct.

18. Indemnity

18.1 You hereby forever indemnify Edge Capital Markets, and keep us indemnified, against any fees, costs, claims, losses, actions, demands, damages and liabilities suffered or incurred by us directly or indirectly in connection with executing your instructions or arising from your failure to comply with this agreement, including without limitation, any collection or legal costs (on a solicitor client basis) incurred in enforcing this agreement or recovering any overdue debts on your account.

19. Custody and Nominee Service

19.1 This clause prescribes the terms and conditions on which Edge Capital Markets will provide Custodial and Nominee Services in respect of securities that Edge Capital Markets may hold on your behalf from time to time ("Custodial Securities").

19.2 New Zealand and Australian Securities will generally be held by you against your personal CHES account (HIN), SRN or, in the case of New Zealand Securities, your CSN number. However we may hold New Zealand or Australian Securities or Foreign Securities as Custodial Securities if you so request.

19.3 Custodial Securities will be held by us or our overseas agent on trust for you until such time as we receive instructions from you in respect of the same. Foreign Custodial Securities will usually be held on your behalf in an omnibus custody account by an overseas agent appointed by Edge Capital Markets for that purpose. New Zealand and Australian Custodial Securities will be held by Edge Capital Markets Nominees (NZ) Limited, being a separate subsidiary of Edge Capital Markets established for that purpose.

19.4 Edge Capital Markets shall not transfer, exchange, exercise rights attached to or otherwise deal with the Custodial Securities except pursuant to these terms and conditions or on your instructions or those of an Authorised Person. Custodial Securities held by us on your behalf shall be recorded and held in a separate portfolio in its books segregated from assets belonging to Edge Capital Markets. Edge Capital Markets cannot use Custodial Securities held by it for its own benefit except as otherwise expressly permitted by these terms and conditions.

19.5 Custodial Securities will generally be held in a pooled account. This means that the legal title to the Custodial Securities is registered in a single name. Your Custodial Securities are identified within our custody records.

19.6 We may in our discretion refuse to accept (in whole or in part) any deposit of Custodial Securities.

19.7 These terms shall not terminate solely as a result of any change in the Custodial Securities held from time to time or because no Custodial Securities are held at any given time.

19.8 We may appoint any other person as our Agent to perform

any of our obligations, or exercise any of our rights, under these terms and conditions. In the event of a default by an Agent appointed by us there may be a shortfall and clients may share that shortfall on a pro rata basis.

19.9 We will maintain a full set of accounting records showing the ownership, receipt and disbursement and other movements of Custodial Securities. In addition to transaction reports, we will prepare and forward a half yearly custody report for your Custodial Securities. A fee may be charged for this service. Each Report will be forwarded to you no later than 20 working days after the end of each reporting period.

19.10 We will use our best endeavours to keep you informed of certain important corporate events that affect your Custodial Securities, such as bonus issues, exercise and voting rights, reconstructions or dividends. Any securities or other income or consideration (including dividends and other distributions) received by Edge Capital Markets in respect of Custodial Securities shall be held subject to these terms and conditions. Edge Capital Markets may deduct withholding tax or any other tax from any payment of income if its is obliged to do so under New Zealand law. You are solely responsible for all taxes or similar liabilities levied on or arising out of any Custodial Securities and any payment due to you. Edge Capital Markets shall have no responsibility or liability with regard to your tax status or position in any jurisdiction.

19.11 Unless due to our gross negligence, wilful default, fraud or dishonesty, we shall not be liable for losses of any kind which may be suffered or incurred by you as a result of a breach by us relating to the Custodial Securities.

19.12 You authorise us to execute as custodian such certificates of ownership, declarations or other certificates as we are obliged to do under and pursuant to applicable law. Where requested you shall perform such acts and sign and execute all such agreements, proxies, authorities or documents as may be required by us for the performance or implementation of these terms and conditions.

20. General

20.1 To the extent that any provision of this Agreement is inconsistent with any provision of:

(a) the Securities Market Act 1988 or any other legislation applicable to Contracts; or

(b) the rules and regulations of an Exchange,

that inconsistent provision shall be deemed to be altered so as to comply with the relevant provision or, if that is not possible, severed from this Agreement without affecting the validity, legality or enforceability of the remaining provisions.

20.2 Subject to clause 20.1, no amendment to this Agreement will be effective unless it is in writing and signed by Edge Capital Markets. The terms of this Agreement may be revised from time to time by Edge Capital Markets. We will give you ten days notice of any revision, after which time the revision will become effective. Notice of any revision may be given by contract note, account statement, notification by post or email to your contact address, or by posting notice of the revision on our website.

20.3 Subject to clause 20.1, if there is any conflict between the terms of this Agreement and the terms of the Client Agreement, the terms of the Client Agreement shall prevail.

20.4 You shall not assign or attempt to assign any of your rights, interests or obligations under this Agreement without the



GENERAL TERMS AND CONDITIONS

prior written consent of Edge Capital Markets.

20.5 This Agreement:

- (a) constitutes the entire understanding and agreement of the parties relating to the matters dealt with in it; and
- (b) supersedes and extinguishes all prior agreements, statements, representations and understandings whether verbal or written given by or made between the parties relating to the matters dealt with in this Agreement.

20.6 This Agreement is governed by the laws in force in New Zealand. Any dispute resolution, whether formal or informal, will take place in New Zealand. Each party submits to the jurisdiction of the courts of New Zealand.

20.7 If the Account Holder(s) is/are the trustee(s) of a trust (the "Trust" and "Trustees"), each Account Holder jointly and severally represents and warrants to Edge Capital Markets that:

- (a) the Trust has been duly constituted and is validly existing in compliance with all applicable laws;
- (b) the Trustees have the full power and authority as trustees to enter into the obligations and transactions contemplated by this Agreement, and all required resolutions, declarations and consents have been duly obtained;
- (c) each of the obligations under this Agreement are binding and fully enforceable against the Trustees and the Trust assets in accordance with their terms;
- (d) they are the only trustee(s) of the Trust, and have an unrestricted right to be fully indemnified out of the Trust assets in respect of any losses or liabilities incurred by them and the Trust assets are sufficient to satisfy that right of indemnity; and
- (e) unless otherwise expressly agreed in writing by Edge Capital Markets, each Trustee is personally liable under the terms of this Agreement.





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