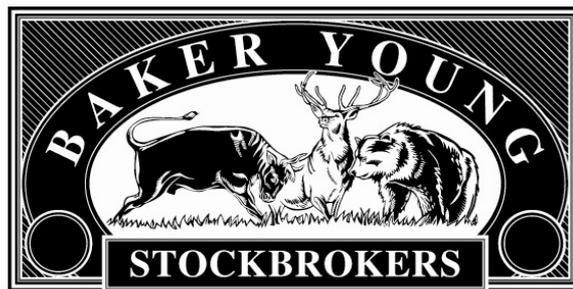


Baker Young Stockbrokers Limited

# Disclosure Documentation

Financial Service Guides , Trading Terms & Conditions



**Baker Young Stockbrokers Limited**

**ABN 92 006 690 320**

**Participant of ASX Limited (ASX)**

**Australian Financial Services Licence No. 246735**

# Financial Services Guide

*Please note this Financial Services Guide is in two parts and is to read in conjunction with our Trading Terms and Conditions dated 8 February 2012.*

This Financial Services Guide ("FSG") is an important document and a regulatory requirement under the Corporations Act and is designed to assist you in deciding whether to use any of the services offered by Baker Young Stockbrokers Limited. It provides you with information about:

- the products and services we are authorised to provide
- who we are and how we can be contacted
- how we and our representatives (advisors) are remunerated
- any actual or potential conflicts of interest we may have
- our internal and external complaints handling procedures
- how we keep the information you provide to us private
- our terms of business and the terms of our sponsorship agreement

Should you choose to use any of our financial services or products you may also receive other documents relevant to the services or products which you should read carefully.

It is important that you read and understand this booklet prior to establishing your share trading account.

If you have any questions regarding any information in this booklet please contact your Baker Young advisor.

**Dated: 1 March 2013**

All details in this FSG are current as at the date of issue.

We will publish any minor changes to the FSG on our website [www.bakeryoung.com.au](http://www.bakeryoung.com.au).

We will update the FSG if there are material changes or as required by law.

Version 4.2

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Website [www.bakeryoung.com.au](http://www.bakeryoung.com.au)

## Information About Baker Young

Baker Young Stockbrokers Limited (“Baker Young”, “we”, “us” or “our”) is a South Australian owned full service stockbroking firm based in Adelaide. Baker Young have been helping clients to build and maintain investment portfolios to meet their needs and objectives since 1987.

Baker Young holds an Australian Financial Services Licence (Licence No. 246735) issued by the Australian Securities & Investments Commission. Baker Young is also a Market Participant of the Australian Stock Exchange, a Settlement Participant of ASX Settlement Corporation Limited (a group company of the ASX) and a Principal Member of the Stockbrokers Association of Australia.

## What Financial Products and Services Are Baker Young Authorised to Provide?

Baker Young is authorised to offer advice (both general and personal advice) and deal in the following financial services and financial products.

- securities
- exchange traded options and warrants
- managed investment schemes
- managed discretionary account services
- basic and non-basic deposit products
- government debentures, stocks or bonds

Baker Young do not provide financial planning or taxation advice and if you require this advice you should contact a financial planner, accountant or other relevant professional.

Our advisors have different levels of accreditation that permits them to advise on some or all of the above products and services. Your advisor can provide you with details of their accreditation and what types of advice they are able to offer.

## Contact Details

You can contact Baker Young by:

- speaking to your financial advisor
- telephoning us on (08) 8236 8888
- telephoning us on Freecall 1800 061 765 (South Australian Country callers only)
- visiting our website at [www.bakeryoung.com.au](http://www.bakeryoung.com.au)
- emailing us at [contact@bakeryoung.com.au](mailto:contact@bakeryoung.com.au)
- writing to us at GPO Box 1672, Adelaide SA 5001
- visiting us at Level 6, 121 King William Street, Adelaide, South Australia 5000

Baker Young has a third party clearing agreement with Pershing Securities Australia Pty Ltd ABN 60 136 184 962 AFSL No. 338264 (“Pershing”), a Clearing Participant of ASX Clear, the clearing facility of the Australian Stock Exchange.

Pershing is a Participant of the Australian Stock Exchange and is the leading provider of third party clearing and settlement services to the Australian market and is a wholly owned subsidiary of Pershing Group LLC, a Bank of New York Mellon Company headquartered in New Jersey USA.

If you carry out a transaction through Baker Young, Pershing as clearer will carry the clearing and settlement obligations in respect of that transaction. For this purpose you will become a client of Pershing and you will owe your settlement obligations in respect of that transaction to Pershing.

In addition to the this FSG, you will receive a Pershing Securities Australia Financial Services Guide and a Pershing disclosure statement – which sets out the financial services provided by Pershing and the terms of your agreement with Pershing and how market transactions entered into on your behalf by Baker Young will be cleared and settled on your behalf by Pershing.

## Responsibility For Services Provided

Your advisor will be acting on our behalf. We are responsible to you for any advisory services your advisor provides.

Your advisor is accredited in accordance with the standards set by the Australian Securities & Investments Commission and holds suitable experience and qualifications to be an authorised representative of Baker Young. This FSG explains the range of financial services and products available through Baker Young, however your advisor will only provide the advice and services that your advisor is authorised by Baker Young to provide.

## Advice You May Receive From Us

Financial product advice is a recommendation or statement of opinion in relation to a financial product and may be given to you verbally in person or on the telephone or in writing in the form of written advice. Financial product advice may be personal or general.

### Personal Advice

Personal advice is advice that takes into consideration your personal financial objectives, situation and needs. Baker Young are only able to provide you with personal advice if you have supplied us with all the necessary information on your investment objectives and financial situation and needs. Without your personal information Baker Young is unable to provide you with advice that is tailored to your circumstances and needs and you are responsible for assessing the appropriateness of any advice to your particular circumstances before acting on it.

We strongly recommend that you provide us with details of your personal objectives, current financial situation, needs and other relevant information so that your advisor can provide you with the most appropriate advice. This information will be kept strictly confidential, other than as required to be disclosed by law.

Where you provide this information you should advise Baker Young and or your advisor when your circumstances have changed as this may influence the types of investments or the suitability of strategies that have been employed on your behalf. Such changes may be triggered by life events such as marriage, divorce, the birth of a child, redundancy, retirement, illness or an accident that may prevent you from working. Any event that has an impact on your life and your financial security should be communicated to your advisor in order that they may be able to assist you to structure your investments suitable to your changed circumstances and ensure that any advice remains appropriate in the future. Baker Young and its related body corporates and its representatives do not accept any liability for advice given on the basis of inaccurate or incomplete information.

#### **General Advice**

If you do not provide all the relevant information about your financial objectives, situation or needs, then any advice received by you will be prepared without regard to your circumstances and may not be appropriate for you or your situation. The advice will be general advice based only on consideration of the investment opportunity or the financial product.

Under these circumstances it is your responsibility to consider the advice before you act on it to make sure it is appropriate for you and your circumstances.

### **Other Documents You May Receive From Us**

#### **Statement of Advice**

When we provide you with personal advice you will receive a Statement of Advice ("SOA"). An SOA is a written record of our advice, including the basis on which it is given, and information about fees and commissions and any associations with product issuers or other parties which may have influenced the advice. You should read the warnings contained in the SOA carefully before making any decision based on the personal financial product advice.

Where additional or further advice is given which is consistent with the SOA previously provided, no additional SOA is required to be provided to you.

#### **Statement of Additional Advice**

After we provide you with an SOA, you may subsequently receive additional or further advice beyond the scope of the SOA through a Statement of Additional Advice ("SOAA").

The SOAA will contain the additional advice provided to you, the basis for that advice, and information

about fees and commissions and any associations with product issuers or other parties which may have influenced the advice.

#### **Record of Advice**

Where an SOA or SOAA is not required, the details of any personal advice given will be documented in a Record of Advice ("ROA"). You are entitled to request that a Record of Advice ("ROA") be provided to you within 90 days after the advice was provided.

#### **Product Disclosure Statements**

You may receive a Product Disclosure Statement ("PDS") prepared by the financial product issuer when you acquire or we recommend a particular financial product i.e. exchange traded options, warrants, stock in initial public offerings, managed investments etc.

The PDS contains information such as the features, fees, benefits and risks in respect of the product and is necessary to assist you in making an informed decision about whether or not to acquire that particular financial product. If there is anything you do not understand, please ask your advisor.

#### **Limitations of Research**

The research undertaken by stockbrokers is only the opinion of specialist analysts, can never be guaranteed, is only valid for a limited time and is subject to market price movements and other events. For example a "buy" recommendation can turn into a "sell" recommendation where the market price of a security increases by a small amount.

The fact that a security is recommended by an analyst does not necessarily mean it is a suitable investment for you and you should consult your advisor before acting on any research report.

### **How We Are Remunerated For The Services We Provide**

In the absence of any special arrangements you may make with your advisor, our fees are set out herein. Baker Young will charge a fee for the services provided to you. The fee may be a transaction based fee or an asset based fee or a combination of both.

While some of the fees may be tax deductible, we recommend that you seek advice from a professional taxation advisor who will give consideration to your particular circumstances.

### **Stockbroking Services**

#### **Features**

- share selection and advice
- trading in domestic and international securities

- access to company research advice on portfolio structuring and portfolio reviews
- initial public offerings and other capital raisings
- trading in derivatives including exchange traded options and warrants
- access to cash and fixed interest products

Non-Straight Through Processing Confirmation Fee	\$30.00
Rebooking or Booking Correction	\$25.00
Settlement Fail Fee (daily)	\$50.00
Dishonour Fee	\$100.00
Penalty Interest (calculated daily)	10% pa plus RBA Cash Rate
Off market Transfer Administration Fee	\$50.00
Shareholder Reference Number Search	\$25.00
ASIC Company Searches (minimum fee)	\$16.50
Cheque Processing	\$15.00
Third Party Payments	\$15.00
* excluding GST	

## Brokerage

Baker Young will charge brokerage on transactions undertaken based on the value of the securities bought or sold.

Our brokerage rates are dependent on the type and level of service you require and the size and frequency of transactions.

You will be advised of the rate of commission when you open your account with us and any changes to our brokerage rates from time to time. A minimum charge may apply to some transactions.

In general, a standard rate of 2.0% applies to trades with a total consideration of up to \$5,000 with the rate declining as the value of the trade increases, with a rate of 1.0% or less applying to trades in excess of \$50,000. Baker Young charge a minimum brokerage of \$80.00. The brokerage payable is exclusive of GST and a trade confirmation fee of \$20.00.

For example:

Trade value	Brokerage	Confirmation Fee	Total *
Less than \$5,000	\$80.00	\$20.00	\$100.00
\$5,000	2% or \$100.00	\$20.00	\$120.00
\$50,000	1% or \$500.00	\$20.00	\$520.00

\* excluding GST

If you are trading exchange traded options, the ASX clearing house charges a transaction fee per option contract and if your contract is exercised a further fee is applicable. Any increase in fees that the ASX clearing house charges will be passed directly to you. Further details of brokerage and other fees and charges are contained in a product disclosure statement which will be provided to you.

The amount charged will be detailed on the confirmation you receive for each transaction. The dollar fee may vary according to the final price of the securities. The brokerage will be added to the cost of the securities bought or deducted from the proceeds of the securities sold and is payable on settlement.

## Miscellaneous Fees and Charges

In addition to those outlined in this booklet, various fees and charges may be passed onto you in relation to the operation of your account and trading activity.

These are outlined in the following table\*:

Additional assistance in relation to our services may be required and an administration fee will then be charged and will depend on the complexity of the matter and the estimated time to completion

Baker Young reserve the right to pass through your account any additional charges or changes to existing charges that we incur as a result of changes in industry practices or through the normal course of business.

We recommend that you agree to be CHESSE sponsored by Baker Young, have direct debit and credit banking facilities with Pershing and elect to receive trade confirmations by email to minimise any additional fees and charges which may arise, such as the non-straight through processing confirmation fee of \$30.00.

## Brokerage on International Transactions

We charge brokerage on international transactions on the same scale as for Australian transactions.

International transactions incur an additional agent's fee of 0.75% of the value of the consideration, with a minimum charge of USD64.00. The brokerage is exclusive of GST, trade confirmation fees, counterparty brokerage and fees charged by external foreign agents such as currency conversion charges, custody charges, transfer costs, certification fees, compliance fees and notification charges and will be advised to you upon request.

## Portfolio Management Services

Our Portfolio Management Service (or managed discretionary account) is designed for clients who do not have the time and or expertise to manage their investments.

Under our Portfolio Management Service you authorise Baker Young to manage your portfolio in accordance with an agreed Investment Program. Baker Young will make investment decisions on your behalf and report to you quarterly about your investments.

We will hold your assets in your individual name and you remain the legal and beneficial owner of the assets.

Baker Young offer two types of managed discretionary accounts - Portfolio Management Services and Individually Managed Portfolios. The two services have the same reporting and administrative features although they differ in investment management styles and the fees that are charged.

Before Baker Young can commence providing you with a managed discretionary account service you must enter into a portfolio management agreement. The agreement sets out the terms on which the managed discretionary account service will be provided, including the obligations and rights of Baker Young and you.

You may give Baker Young specific written instructions about the range of investments in which your portfolio is to be invested. These instructions must be provided in writing to Baker Young and Baker Young will only be obliged to comply with those directions with which it agrees and that agreement is provided in writing to you.

The managed discretionary account service will be accompanied by an Investment Program prepared in accordance with the Corporations Act and will contain certain information about:

- the basis on which the managed discretionary account service is considered suitable for you
- the nature and scope of the discretions that Baker Young will be authorised and required to exercise
- the investment strategy that will be applied by Baker Young and
- warnings about the suitability of the managed discretionary account service, any significant risks associated with the service and the importance of considering any limitations relating to the service which must be considered before signing the portfolio management agreement

Baker Young will review your Investment Program annually to ensure it continues to be suitable for you.

From time to time certain rights may be attached to investments held in the managed discretionary account, for example voting rights at annual general meetings. Baker Young may exercise those rights without seeking your instructions. Should you wish to instruct Baker Young in relation to the exercise of those rights you must provide your instructions in writing and Baker Young will only be obliged to comply with those directions with which it agrees and that agreement is provided in writing to you.

The significant risks associated with a managed discretionary account service are:

- general investment risk – this risk includes the risk of capital loss, volatility in the value of the financial product, risk that expected income is not received, and risk that the earnings and values of the assets are affected by movements in interest rates, currency exchange rates, commodities, inflation rates, overall economic conditions (both domestic and overseas) and other factors that are beyond the control of Baker Young
- asset class risk – each type of financial product attracts particular risks. These will be explained to you by your advisor

- operator risk – this is the risk that Baker Young does not comply with its obligations under the portfolio management agreement. Baker Young has extensive and detailed procedures and controls in place to mitigate this risk

Further details of general investment risks are contained in the “Risks” section below.

This financial services guide complies with the conditions contained in clause 1.11 of Class Order 04/194 issued by the Australian Securities & Investments Commission relating to managed discretionary accounts.

### Fees and Charges

**Portfolio Management Service** - Baker Young charge a management fee for our Portfolio Management Service. The management fee is calculated as a percentage of the gross value of your portfolio, calculated and payable on the last day of each calendar month. The management fee typically reduces as the value of the portfolio increases.

In addition, brokerage will be charged on transactions at the standard rate for our stockbroking services, exclusive of GST and confirmation fees.

The standard management fees charged for the Portfolio Management Service are outlined in the following table:

Portfolio value	Management Fee (%) per annum
\$0 to \$250,000	1%
\$250,001 to \$500,000	0.9%
\$500,001 to \$1,000,000	0.8%
\$1,000,001 to \$2,000,000	0.7%
\$2,000,001 +	negotiable

For example, the below table shows the total annual management fee charged for portfolios of varying values.

Portfolio value	Total Management Fee per annum
\$250,000	\$2,500
\$500,000	\$4,500
\$1,000,000	\$8,000
\$1,500,000	\$10,500
\$2,000,001 +	negotiable

**Individually Managed Portfolio** – Baker Young charge a management fee for our Individually Managed Portfolio Service calculated on the portfolio value on the last day of each month as described above.

The standard management fee varies according to the model investment portfolio selected by the client as outlined below.

Investment Portfolio	Management Fee (%) per annum
ASX 100 Investment	2.0%
ASX 100 Trading	2.5%
ASX 200 Moderately Aggressive	3.0%
ASX 300 Highly Aggressive	3.5%

The management fee for the Individually Managed Portfolio does not reduce as the value of the portfolio

increases.

No brokerage is charged on transactions for an Individually Managed Portfolio, however the standard confirmation fee of \$20.00 is charged on each transaction conducted within the portfolio.

## Portfolio Reporting Services

Baker Young offer a portfolio reporting service to assist clients in the administration of their portfolio.

The following reports are provided to the client:

- monthly report on the asset position and market value of the portfolio
- quarterly portfolio summary, cash flow report, asset breakdown and performance including any fees and commissions charged on the portfolio and
- annual summary of transactions in the portfolio able to be provided to the client's taxation advisor.

Baker Young charge a fee of 0.75% per annum for our Portfolio Reporting Service. The fee is calculated as a percentage of the gross value of your portfolio, calculated and payable on the last day of each calendar month.

Portfolio value	Total Management Fee 0.75% per annum
\$250,000	\$1,875
\$500,000	\$3,750
\$1,000,000	\$7,500
\$1,500,000	\$15,000

## Other Remuneration We May Receive

### Commissions and Handling Fees

Baker Young may receive commissions and handling fees from financial institutions and companies with whom you place monies.

### Applications, Up-Front and Trail Commissions

If you apply for a new issue of securities we may receive a commission from the relevant issuer. If we act as an underwriter or a sub-underwriter we may also receive fees for acting in that capacity. Generally fees and commissions range between 0% and 6%. All fees will be disclosed in the prospectus or product disclosure statement for the issue or will be disclosed to you by us.

For managed investments, fund managers may pay us up front commissions when we invest in managed funds on your behalf. Commissions generally range between 0% and 5.5% on new investments. Ongoing commission is paid by some product providers and generally continues as long as you hold your investment with that issuer. This amount may vary and is typically 0.2% to 0.4% per annum of the value of your holding in the product. A product

disclosure statement will be made available to you by the product issuer at the time of investing detailing all fees and commissions payable.

Example: for a transaction with a value of \$100,000 where up front commission is payable at a rate of 3%, the total commission will amount to \$3,000.

### How Our Advisors are Paid

Our advisors are remunerated through a combination of salaries, commission and bonuses. The exact combination of advisor remuneration is dependent on a number of factors, including the level of fees generated by them. As a general rule our advisors can receive between 30% and 50% of the fees we charge you.

Managerial and other administrative staff may receive a bonus as part of their remuneration. The bonus is entirely at the discretion of the Board.

### Referrals

Where you have been referred to Baker Young by a third party such as a financial planner, accountant or other professional, we may pay an introductory fee or a share of fees and commissions in relation to that referral. There will be no additional cost to you.

All introductory fees are negotiated with the third party on a case by case basis and may be up to 50% of our charges. Please refer to the Financial Services Guide or Statement of Advice provided by the relevant third party for more detailed information on payments (if any) payable.

### Potential Conflict of Interests

You have the right to be advised of any material interest that Baker Young, your advisor or any of their associates have in financial products. Material interests are those which could be reasonably expected to be capable of influencing the recommendation of a financial product or service to you.

You should be aware that:

- our advisors are remunerated wholly or in part on a commission basis
- your advisor may hold a material interest in the particular security in which you are conducting transactions
- if you have been referred to Baker Young by a third party, that person may receive a share of brokerage or other fees and commissions payable by you and
- Baker Young and or businesses or companies controlled by Baker Young may from time to time provide investment banking, corporate advisory and other financial services to issuers of financial products

### Other Associations and Interests

Baker Young is not owned or controlled by a product

issuer and acts in its own capacity when recommending or offering financial products to clients, nor are we required by anyone to recommend or offer certain products over any other products to you.

Baker Young does not trade financial products on its own account.

Baker Young does not recommend margin lending or related lending products and does not provide advice in relation to those products.

### **Monies in Trust Account**

Baker Young is entitled to retain any interest earned on credit balances held in your account from time to time.

## **Risks**

Your advisor will explain to you any significant risks associated with investments that we recommend. If they do not do so, you should ask them to explain those risks prior to accepting any recommendation or advice. We will make enquiries to determine your risk profile at the time of opening your account, and this will assist us to provide you with appropriate advice. If you provide any information to us and your personal circumstances, needs and objectives subsequently change, you must immediately inform your advisor of those changes

### **General Investment Risks**

Securities, in common with all other asset classes (eg property or government bonds) can increase or decrease in value over time. The measure of this change in value is often referred to as volatility. The more the asset value varies over time the more volatile the asset is and the more risk involved in investing in the asset. In general, the less volatile an asset is, the less likelihood there is for any significant capital gain or loss from investing in that asset.

Market traded products are generally more volatile than other asset classes, however, markets for other asset classes are not as efficient or transparent as the stock market in terms of the information available to investors and continuously determining and making public the real market value of the particular asset.

The real volatility of those other assets is often not fully appreciated. While it is not feasible to list all possible risks, in general the main risks of investment in market traded securities can be summarised as follows:

### **Overall Market Risks**

The risk of loss by reason of movements in the share market generally. Any number of factors including political, economic, taxation and regulatory change can cause this risk of loss.

### **Domestic versus International Factors**

The vulnerability of the entity in which you invest to

international events or market factors. These include movements in exchange rates, changes in trade or tariff policies, and changes in other stock or bond markets.

### **Sector Specific Factors**

These include demand for the product the company produces, commodity prices, the economic cycle of the industry, changes in consumer demand, lifestyle changes and changes in technology.

### **Stock Specific Factors**

These include the company's directors, the strength of management and the significance of any key personnel, the profit history, tangible asset base, debt level and fixed cost structure, litigation, profits or losses on particular contracts, drilling results, competition from within the sector and whether it is exploring for recoverable resources or developing a new product.

## **Investment Profiles**

The capacity of an individual investor to accept investment risk and uncertain returns, depends on several factors, including:

- age
- income and salary
- personal attitudes and experience
- financial responsibilities and commitments
- value and type of existing assets
- investment timeframe eg 1 year or more than 5 years

Different investors require different investment strategies to meet their financial needs and investment objectives. In conjunction with your advisor, you need to determine the investment strategy which best suits you.

Baker Young has developed the following investment strategies to assist you in determining your risk profile:

### **ASX Top 100 Blue Chip Investment**

A diversified portfolio which only contains holdings in Australia's blue chip companies in the ASX top 100 stocks. Some companies with comparable market capitalisation, property trusts or income securities may be included, even if they are not part of the ASX 100. These can be described as companies that have a good record of steady performance. Stocks are selected to provide dividend income and share price growth.

### **ASX Top 100+ Blue Chip Trading**

A diversified portfolio which only contains holdings in Australia's blue chip companies in the ASX top 100 stocks. Some companies with comparable market

capitalisation, property trusts or income securities may be included even if they are not part of the ASX 100. Up to 10% of the portfolio may include new floats and emerging companies. The emphasis is on stocks with the potential for share price growth. This portfolio is aggressively traded to take advantage of share price movements. At times, cash on deposit may be high, depending on market conditions.

### **ASX Top 200+ Moderately Aggressive**

A diversified portfolio focusing on actively trading shares from the ASX 200. Some companies with comparable market capitalisation, property trusts or income securities may be included, even if they are not part of the ASX 200. Up to 20% of the portfolio may include new floats and emerging companies. The emphasis is on stocks with growth potential. We will employ an aggressive management strategy. At times, cash on deposit may be high, depending on market conditions.

### **ASX Top 300+ Highly Aggressive**

A diversified portfolio focusing on actively trading shares from the ASX 300. Some companies with comparable market capitalisation, property trusts or income securities may be included, even if they are not part of the ASX 300. Up to 30% of the portfolio may include new floats and emerging companies. This portfolio is more frequently traded to take advantage of share price movements. At times, cash on deposit may be high, depending on market conditions.

### **Speculative Trading**

Our highest risk strategy where the focus is on speculative shares with the potential for dynamic growth. Holdings may be bought and sold frequently to take advantage of opportunities as they arise. At times, cash on deposit may be high, depending on market conditions.

## **Making a Complaint**

We are committed to providing a high standard of client service and maintaining our reputation for honesty and integrity. If you have any complaint about the service provided to you, you should take the following steps:

1. contact your advisor and discuss your concerns
2. if your complaint is not adequately resolved then please contact our Complaints Officer on (08) 8236 8888 or put your complaint in writing addressed to:

Complaints Officer  
Baker Young Stockbrokers Limited  
GPO Box 1672  
Adelaide SA 5001

We will then endeavour to resolve your complaint fairly and in a timely manner within a period of 45 days. If you are not satisfied with the outcome you have the right to refer the matter to the external complaints body:

Financial Ombudsman Service (FOS)  
GPO Box 3  
Melbourne, Victoria 3001

Tel (03) 9613 7366  
Free Call 1300 780 808  
Fax (03) 9613 6399  
Email [info@fos.org.au](mailto:info@fos.org.au)  
Website [www.fos.org.au](http://www.fos.org.au)

## **Complaints Against Pershing**

If your complaint is in relation to financial services provided by Pershing you must direct your complaint to Pershing as set out in their Financial Services Guide and disclosure statement.

## **Personal Information**

Baker Young is required to collect and maintain certain personal information necessary to provide a range of services to you, for example; your name, address, investment objectives, financial situation and needs. Any personal information collected will be handled in accordance with our Privacy Policy detailing how we comply with the requirements of the Privacy Act in the handling of your personal information. A copy of that policy is available at our website [www.bakeryoung.com.au](http://www.bakeryoung.com.au).

## **Compensation Arrangements**

Baker Young holds a professional indemnity insurance policy which satisfies the requirements for compensation arrangements under the Corporations Act. Subject to the terms and conditions, the policy provides cover for civil liability resulting from third party claims concerning the professional services provided by Baker Young and its employees and representatives. This policy provides coverage for past employees and representatives in respect of professional services provided while they were engaged by Baker Young.

## **Anti-Money Laundering & Counter Terrorism Obligations**

As a provider of financial services, Baker Young has an obligation under the Anti Money Laundering & Counter Terrorism Act to verify the identity or any person, company or trust applying to Baker Young for the provision of a financial service.

We may request and retain copies of documents including birth certificates, passports, drivers licences, trust deeds and company searches. Baker Young may also request further personal information as required under the Act.

You should note that Baker Young is not obligated under the law to execute any trades for a client unless the client has been properly identified and verified to our satisfaction.

## Best Execution Policy Disclosure

### Changes to the Australian Stock Market

Baker Young currently executes market transactions in the ASX TradeMatch market via the widely used IRESS system.

In late October 2011, Chi-X entered the Australian stock market providing an alternate market to the ASX. Chi-X initially offered trading in the biggest and most liquid listed securities on the Australian market and will gradually cover the whole market over time.

ASX also launched a second trading service called PureMatch in November 2011.

Both these new markets are new and in future they may or may not be suitable for your circumstances and situation and needs. Baker Young will continue to deal solely through ASX TradeMatch market via IRESS and continually monitor the performance of other trading services and markets as develop. Baker Young consider it appropriate at this time to execute trades on a price-time priority basis solely with ASX TradeMatch, the main financial market operated by the ASX.

As an ASX Market Participant, Baker Young is required to handle and execute your orders in accordance with the Australian Securities and Investments Commission Market Integrity Rules. These rules include a best execution obligation which means Baker Young must take reasonable steps to achieve the best outcome for you when executing your orders and explain how it will achieve this.

We are committed to our obligation to provide you with best execution services when handling and executing your orders.

### What is "Best Execution"?

Best Execution means that when handling and executing your order Baker Young must take reasonable steps to obtain the best possible price and best total consideration for you after taking into account your instructions.

Best total consideration means:

- for a buy order, the purchase price (i.e. price x volume) paid plus transaction costs: and
- for a sell order, the sale price (i.e. price x volume) received less transaction costs.

Baker Young may take into account other implicit costs such as the likelihood of execution or liquidity and the direct and indirect costs of accessing alternative financial markets in assessing the best total consideration.

Where you provide specific instructions to us you should be aware that you may not obtain best execution.

Best execution may be achieved by using our systems and skills to buy and sell stock at the best

price available in the market. Your instructions may affect this if you instruct us to buy or sell a given number of securities at or up to a specific price or may be affected by your specific instruction to buy or sell a given amount of securities at market price available at the time rather than at a specific price or price limit.

Baker Young may accept your order to buy and sell securities by telephone, email, fax or post and your instructions and orders are dealt with in accordance with Baker Young's Terms and Conditions.

Baker Young will generally give price a higher importance than other factors, including the circumstances of the order, the need for timely execution, market liquidity and potential price impact. Your order will be transmitted to the ASX TradeMatch order book as soon as reasonably practical after taking into account your instructions, and we will take reasonable steps to obtain the best price available in the market. Your instructions in relation to orders must be clear and unambiguous.

### What if I am a "Wholesale Client"?

If you are a "wholesale client" you may provide a standing instruction to us relating to how you wish your orders to be managed. Including a request that best execution not apply to you as other outcomes such as speed, likelihood of execution and other considerations are required.

Any standing instruction must be reviewed and renewed at least annually to ensure the instructions remain relevant.

### Will There be any Changes?

Baker Young actively monitor and assess Chi-X and other trading services, however at this time we do not consider that these services assist us in meeting our best execution obligations.

We will provide you with advance notice should we transition to alternate order books and markets and explain what this may mean for you and your trades well before any changes occur.

Baker Young values you as a client and are committed to providing quality advice and services in dealing with you.

Baker Young will notify you of any material changes in our trading services.

## Trading Terms and Conditions

### General

#### Baker Young and Pershing

Baker Young has entered into a third party Clearing Agreement with Pershing Securities Australia Pty Ltd to settle and clear ASX transactions executed by Baker Young and you should be aware that:

- (a) Baker Young will act as your CHES Sponsoring Participant, however Pershing will administer your holdings in CHES
- (b) transaction confirmations will be issued by Pershing and contain a reference to Pershing as Clearing Participant
- (c) If you settle your transactions via direct debit and credit arrangements your account statement will identify Pershing as the entity which has debited or credited your nominated bank account
- (d) If you settle your transactions via BPay facilities the BPay Biller will be Pershing

#### Payments to Pershing

Payment for purchases of securities must be received by Pershing by the close of business on the second Business Day following the transaction so that Pershing can settle the purchase on the third Business Day (T+3).

You are able to pay Pershing by:

- (a) Direct debit from your nominated bank account – the fastest and most efficient manner method of payment of settlement
- (b) BPay prior to 6.00 pm on the second day after the transaction
- (c) Cheque – payment by cheque is not recommended due to the possible delays in cheques being received by Pershing.

#### Baker Young Sponsorship

Baker Young recommend that you register your shareholdings in the CHES system with Baker Young as your Sponsorship Holder to enable us to maintain an accurate record of your holding and enable the efficient and timely settlement of transactions. CHES is the central electronic transfer and settlement system operated by the ASX. Sponsorship by Baker Young does not prevent you from dealing with another stockbroker.

The following terms and conditions ("Terms") will apply to all accounts at Baker Young Stockbrokers Limited ("Baker Young", "we", "us" or "our").

Any additional or different terms stipulated by you or set out in any communication from you will not be effective or binding upon us unless agreed by us in writing.

These terms are subject to the constitution, rules, regulations, and customs and usages of ASX, ASX Clear, ASX Settlement, ASIC and the Corporations Act 2001 (Cth) ("Rules") and regulations thereto and to the extent of any inconsistency between the Rules and these Terms the Rules shall prevail.

By executing an account application or placing an order with Baker Young on an existing or new account, you agree to be bound by the following terms and conditions and as they may be amended from time to time.

There are additional documents which you must execute in order to trade in certain types of derivatives and securities on ASX:

- (a) to trade in exchange traded options you must also sign a Client Agreement for ASX Derivative Products;
- (b) to trade in exchange traded warrants you must also sign a Client Agreement for ASX Warrants; and
- (c) to trade in exchange traded partly paid securities you must also sign a Client Agreement for ASX Partly Paid Securities.

## 1. Definitions

APRA means the Australian Prudential Regulation Authority.

ASIC means the Australian Securities and Investments Commission.

ASIC Rules means the ASIC Market Integrity Rules, regulations thereto and relevant Regulatory Guides.

ASX means ASX Limited (ACN 008 624 691).

ASX Clear means ASX Clearing Corporation Limited (ACN 087 801 554).

ASX Group means any or all of ASX Clear, ASX Settlement and ASX.

ASX Settlement means ASX Settlement Corporation Limited (ACN 008 617 187).

Clearing Rules means the Clearing Rules of ASX Clear.

Financial Product has the meaning given to that term in Division 3 of Part 7.1 of the Corporations Act 2001 (Cth), and includes but is not limited to the financial products set out in clause 2.

Financial Service has the meaning given to that term in Division 4 of Part 7.1 of the Corporations Act 2001 (Cth), and includes but is not limited to the financial services set out in clause 2.

GST means the goods and services tax described in the A New Tax System (Goods and Service Tax) Act 1999, and related Acts, or any similar tax.

Market means the market operated by the ASX.

Operating Rules means the Operating Rules of ASX.

Order means any order placed by you with us to acquire or dispose or otherwise deal in Financial Products.

Pershing means Pershing Securities Australia Pty Ltd (ABN 60 136 184 962); AFSL No. 338264.

Rules means the Operating Rules, Clearing Rules, Settlement Rules and ASIC Rules.

Services means any Financial Services provided by us to you including, but not limited to, those services set out in clause 2.

Settlement Rules means the Settlement Rules of ASX Settlement.

Transaction means a transaction formed on execution of an Order.

You means the person named as the client or otherwise bound by the Terms. If there are more than one, you means each of them separately and every two or more of them jointly and includes your successors and assigns.

## 2. Financial Services Provided By Baker Young

- (a) We will provide you with Financial Services, including dealing in a Financial Product and providing financial product advice, together with related research (where available) in relation to ASX listed Financial Products, securities, bonds, managed investments and any other Financial Products agreed by you and us.
- (b) Unless you are otherwise notified, these Terms govern the provision of all Financial Products and Financial Services from us to you.
- (c) Where you are notified that Financial Services offered by us are subject to alternative terms and conditions (the "Alternative Terms"), in the event that there is inconsistency between these Terms and the Alternative Terms, the Alternative Terms prevail.

## 3. Authority

You represent and warrant that you have the authority and power necessary to place Orders with us under these Terms, that you will comply with all applicable laws and, if you are an individual that you are over the age of 18.

If you wish another person to give instructions on your behalf, you must complete the third party

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authority section in the Account Application. Any change to this authority must be notified to Baker Young in writing.

## 4. Joint Accounts

If your account is a joint account, these terms and conditions bind each of you jointly and severally and each of you acting severally has full authority to operate the account.

Baker Young may act on the instructions of any joint account holder without the necessity to refer to or notify any other person in connection with those instructions.

## 5. Company Accounts

If this account is in the name of a company, unless otherwise specified in writing, Baker Young may act on the instructions of any one of the directors of the company as advised by you without the necessity to refer to or notify any other person in connection with those instructions.

## 6. Trustees

If you are a trustee you represent and warrant:

- (a) you agree these Terms will bind you in your personal capacity and your capacity as trustee;
- (b) you can and are entitled to be indemnified out of the assets of the trust for all liabilities incurred by you under these Terms; and
- (c) you have properly exercised your trust powers and have full authority under the trust to enter into any agreement with Baker Young and if you are a trustee of a superannuation fund you have complied with all relevant superannuation laws and regulations.

## 7. Powers of Attorney

If securities are bought and sold by Baker Young on instruction from you relying on a power of attorney granted to you, you must forward to Baker Young prior to the transaction a certified copy of the relevant power of attorney.

## 8. Investment Needs and Financial Position

- (a) You have disclosed your investment objectives, financial position and particular needs (your "relevant personal circumstances") to us to assist us to provide advice or make recommendations suitable to your individual situation ("Personal Advice"). You also agree to promptly notify us of any changes to your relevant personal circumstances. You warrant that any information that you provide to us is true and correct.

- (b) You acknowledge that full disclosure of your relevant personal circumstances has been requested by us.
- (c) You further acknowledge that if you do not give all the details requested by us in relation to your relevant personal circumstances, or fail to promptly notify us of changes in relation to your relevant personal circumstances that:
  - (i) we can only give you limited advice which may not suit you. Limited advice may be based on incomplete or inaccurate information relating to your personal circumstances and because of this, you should, before acting on the limited advice, consider the appropriateness of the advice having regard to your relevant personal circumstances; and
  - (ii) this may impair your rights under the Corporations Act 2001 (Cth); and
- (d) If you do not provide us with your relevant personal circumstances, you acknowledge and agree that we will only provide you with General Advice, meaning that we have not taken into account any of your individual characteristics or needs. When we provide General Advice, you must consider the appropriateness of the advice, having regard to your objectives, financial situation and needs and you must read any relevant Disclosure Document or Product Disclosure Statement in full and consider it before making any decision. Further, you should make your own decision on whether the Financial Product or Financial Service suits your needs. You acknowledge that we will not be liable for any advice given if the Financial Product or Financial Service does not suit your needs.

## 9. Orders and Execution

- (a) Either you or your authorized agent may place Orders with us verbally or in writing (including electronically see clauses 18 and 19). Each Order we execute for you, where applicable, is subject to the Corporations Act 2001 (Cth), the Rules, the directions, decisions and requirements of ASIC and the ASX Group, the customs and usages of the Market (each as amended from time to time) and the correction of errors and omissions. We reserve the right to refuse to accept or place a limit on any Order in our absolute discretion for any reason. We will not be responsible for confirming the receipt of instructions or verifying the authenticity of your instructions. You agree we can provide confirmations in paper or electronic form.
- (b) You acknowledge we may submit orders for other clients and or an order for our own account or our affiliates or other prescribed persons and allocations shall be in accordance with our allocation policy, a copy of which is available from your advisor. We reserve the

right to change the allocation policy at any time without notice to you.

- (c) You acknowledge we are entitled to cancel or reverse a Transaction or Order without notice to you where ASX Group or ASIC has recommended or required cancellation for market integrity reasons, or where the market was operating under an error, or where the cancellation or reversal is permitted under the Rules.

## 10. Short Selling

You warrant you have a presently exercisable and unconditional right to have the Financial Products vested in you prior to placing any sell order. If you wish to short sell you must enter into a separate agreement with us prior to any short sale and notify us at the time of placing your order that the Financial Product is being sold short.

## 11. Client as Principal

In placing an order, you acknowledge that we will be acting as your agent and that you will be acting as principal and not as agent for any other party. All transactions will be undertaken on the basis that you undertake as primary obligor all obligations with respect to the execution of any order.

## 12. Recording Conversations

You acknowledge that we may record our telephone conversations with you. Telephone recordings may be retained and may be reviewed for quality control and other purposes by us.

## 13. Trade Confirmation

Each dealing between you and Baker Young is subject to the provisions of the relevant trade confirmation issued by Pershing. If there is any conflict between these Terms and the terms of the trade confirmation, the terms of the confirmation will prevail.

Pershing may issue a further confirmation if the previous one contained any errors or omissions. Under those circumstances, the further confirmation will supersede the previous one in all respects.

## 14. Your Money

Any funds received by Pershing and or Baker Young from you, or on your behalf, will be held in trust by Pershing and or Baker Young, unless otherwise directed by you in writing. Pershing and or Baker Young will retain the interest earned on those funds. You acknowledge that when amounts due to you are paid electronically or by cheque, Pershing and or Baker Young will pay such amounts to you via a bank regulated by APRA.

You acknowledge that money placed on deposit for you will not be covered by the trust provisions of the Corporations Act 2001 (Cth) or the Rules.

You further acknowledge that the National Guarantee Fund does not cover all Financial Products.

## 15. Fees and Charges

You agree to pay or reimburse Pershing and or Baker Young (as directed) on demand:

- (a) all fees and charges charged by Pershing and or Baker Young from time to time in relation to your ASX and other securities dealings, including without limitation our commission or brokerage and other miscellaneous costs incurred in relation to your dealings, including duties and taxes payable including GST;
- (b) all amounts incurred by us as a result of your default under these Terms, the Corporations Act 2001 (Cth) and the Rules, to settle or otherwise (including fail fees, late settlement fees and other penalties);
- (c) interest on any overdue amounts, which is charged using the method and interest rate Pershing and or Baker Young determine from time to time; and
- (d) any fees or charges that are imposed for the provision of any additional service request (for example, off-market transfer requests, additional reporting, corporate actions, administration or reporting services).

You authorise Pershing and or Baker Young to offset or deduct any amounts payable by you to Pershing and or Baker Young from any account maintained by Pershing and or Baker Young for you and the proceeds of any sell order transacted by Pershing and or Baker Young on your behalf.

## 16. Settlement

Baker Young may at its discretion require you to provide sufficient money or securities to settle a proposed transaction before the transaction is executed by Baker Young.

You agree to settle transactions by the settlement date shown on the confirmation and to deliver to us funds to cover any payment for the acquisition of Financial Products and or any instruments or documents of title for the disposal of Financial Products. If you fail to deliver such documents to us by the date on the confirmation, we may acquire equivalent Financial Products at your expense to make good your default.

Baker Young and Pershing are unable to accept payments from you in cash because of restrictions under the Financial Transactions Reports Act 1988. All payments by you under this agreement must be made by:

- direct debit to Pershing;
- cheque payable to Pershing; or
- some other means acceptable to Pershing

In consideration of Baker Young dealing on your behalf, you agree to and acknowledge Peson's direct debit terms and conditions.

Pershing will pay amounts due to you in accordance with your instructions, subject to these Terms, unless delivery is made in another name in which case payment will be made in the name of the registered holder of the relevant securities.

## 17. Rights Over Your Funds & Financial Products

Pershing and or Baker Young are entitled to retain any Financial Products or sums due to you pending payment of any sums due to us and to set off sums due to us against amounts that Pershing and or Baker Young hold for you in any account. If you fail to make payment to us we have a general lien over and power to sell or realise any Financial Products which Pershing and or Baker Young or a related body corporate hold for you.

## 18. Facsimile Documents

If you provide documentation or instructions by way of facsimile, you agree to release Baker Young and its related companies from, and indemnify them against, all losses and liabilities arising from any payment made or action taken by Baker Young based on any documentation or instruction (even if not genuine) that is received and which bears a signature, apparently yours or that of an authorised signatory. You also agree that neither you nor anyone claiming through you has any claim against Baker Young and its related companies in relation to these payments or actions.

## 19. Electronic Instructions

You acknowledge and agree that Baker Young may in its absolute discretion refuse to accept instructions by way of email or other electronic means. You also acknowledge that email transmission may be incomplete or delayed and Baker Young takes no responsibility for any errors or delays suffered as a result of sending email instructions. If you provide instructions by way of email or other electronic means, you agree to release Baker Young and its related companies from, and indemnify them against, all losses and liabilities arising from any payment made, action taken or failure to act by Baker Young based on any instruction (even if not genuine) that is received from any email or other electronic address, which you have identified to Baker Young as belonging to you or an authorised person. You also agree that neither you nor anyone claiming through you has any claim against Baker Young and its related companies in relation to these payments, actions or failures.

## 20. Financial Advisor (Dealer Group)

If you are a client of a financial advisor or dealer group, you acknowledge and agree that:

- orders placed with us will be carried out on an execution only basis and we will not provide you with any Personal Advice or recommendations relating to the merits of any securities;
- your financial advisor (not us) is responsible for giving Personal Advice to you in relation to the relevant Financial Product and your financial advisor is required to obtain information concerning your investment objectives, financial situation and particular needs to ensure that he or she has a reasonable basis for recommendations made to you; and
- any General Advice or recommendations provided by us will be made only to your financial advisor who will assess the suitability of any such advice or investment recommendations based on your investment objectives, financial situation and particular needs.

## 21. Payments of Rebates

If you are a client of a financial advisor or dealer group, or you have been referred to us by another person, they may receive a benefit including a share of the brokerage arising from the transaction.

## 22. CHESS Sponsorship

You acknowledge that transactions executed by Baker Young will upon settlement be registered as instructed by you in accordance with the details on the application form. Unless you elect not to be sponsored by Baker Young in CHESS, by signing the application form you acknowledge that you are electing to have your ASX listed share transactions sponsored by Baker Young in the Clearing House Electronic Sub-register System (CHESS) in accordance with the CHESS Sponsorship terms and conditions which are contained in the application form and as amended from time to time.

As your CHESS Sponsor, Baker Young will through Pershing (Baker Young's Clearing Participant) control the shareholdings established by Baker Young or Pershing in CHESS on your behalf. Subject to the terms and conditions for operating an account and the terms of the CHESS Sponsorship Agreement, Baker Young will act on your instructions to transfer or convert these shares at your request. You agree to notify Baker Young of any error or subsequent change to information which is relevant to the registration of shares in your name.

## 23. Disclosure of Interest

You acknowledge that we may execute Orders for you in circumstances where we or our associates:

- hold a position or deal in the Financial Products;
- provide similar Services to other persons in relation to the Financial Products;
- are allocated a sale or purchase of Financial Products when we have an unexecuted Order on the same terms from you;
- take the opposite position in a Transaction (including a crossing) either acting for a client or on our own account we may charge you brokerage at the normal or agreed rate;
- sponsor or underwrite a new issue involving the Financial Product;
- have material price sensitive information relating to Financial Products where the individuals processing your Order are prevented from knowing or taking into account such information by reason of Chinese Walls, or
- have a potential conflict of interest of which you are not aware and which we are unable to disclose to you.

## 24. Research

You acknowledge that:

- (a) Any information contained in research reports provided by Baker Young or on Baker Young's website contains information, recommendations and opinions of a general nature and does not constitute Personal Advice, and may not be suitable for or take into account your relevant personal circumstances;
- (b) before acting on any information, recommendation or opinion contained in any research report provided by Baker Young or on Baker Young's website, you should always consider the appropriateness of that material having regard to your relevant personal circumstances, or consult your financial advisor; and
- (c) Baker Young accepts no responsibility for any information, recommendation or opinion contained on any sites linked to Baker Young's website or on any forum that Baker Young hosts.

## 25. Privacy Rights

We will keep all your information confidential and will not disclose it without your consent except as required by law, as is necessary to execute your order or for credit reporting purposes. Under section 28E(8) of the Privacy Act 1988 (Cth) we may give certain personal information about you to a credit reporting agency. The information that we may give is limited to the information allowed under section 18E(1) of the Privacy Act 1988 (Cth). This includes:

- your identity details (your name, sex, date of birth, your current and previous addresses, your current or last known employer and your drivers licence);
- the fact that you have applied for credit and the amount;
- the fact that we are a credit provider to you;
- payments overdue for at least 60 days, and for which collection action has commenced;
- advice that payments are no longer overdue;
- cheques drawn by you which have been dishonoured more than once;
- in specified circumstances, that in our opinion you have committed a serious credit infringement; and
- that the credit provided to you by us has been paid or otherwise discharged.

By entering into your agreement with us you acknowledge and agree that:

- we have informed you that we may give certain personal information about you to a credit reporting agency;
- in order to assess your application for personal credit, you agree to us obtaining a report about your commercial activities or commercial credit worthiness, from a business that provides information about the credit worthiness of persons; and
- in order to assess your application for commercial credit, you agree to us obtaining from a credit reporting agency a credit report containing personal credit information about you in relation to commercial credit provided by us.

## 26. Liability and Indemnity

Baker Young shall not be liable for any loss or damage sustained by you or any person claiming through you arising or caused as a result of or in connection with:

- (a) any breach by you of these Terms, our Agreement with you, the Rules, or the Corporations Act 2001 (Cth);
- (b) misrepresentation of any information provided by either of us in connection with transactions contemplated by these Terms;
- (c) a delay in the execution of your order during the time it takes for Baker Young to follow its internal procedures (e.g. opening accounts, transferring CHESS holdings, confirming your identity, or any other matter as required by Baker Young from time to time);

- (d) a delay in the execution of your order or an inability to complete your order due to the failure of any telephone, computer or other electronic services, including the ASX or any other stock exchange's trading systems;
- (e) Baker Young refusing to accept or act on your instructions;
- (f) Baker Young complying with a directive or instruction from Pershing; and
- (g) a situation where Baker Young is unable to receive your instructions, or is unable to receive or act on your instructions due to circumstances beyond Baker Young's reasonable control or Baker Young exercises its rights or invokes its discretions under these Terms, except to the extent that the loss or damage was caused by Baker Young's fraud or dishonesty.

You indemnify Baker Young and its directors, officers, employees and agents ("those indemnified") from and against all sums of money, actions, proceedings, suits, claims, demands, damages, costs, expenses and any other amounts whatsoever arising out of any Order or transaction or any default by you under these Terms, or anything lawfully done by us in accordance with these Terms or at your request, or by reason of us complying with any direction, request or requirement of the Rules, the Corporations Act 2001 (Cth) or by any regulatory authority including ASIC and the ASX Group.

This clause shall survive termination of any agreement between yourself and Baker Young.

## 27. Currency

All currency exchange risks in respect of your Transactions will be borne by you. Any conversion from one currency to another, required to be made by us to perform or enforce any Transaction, may be effected by us in the manner and at the time as we in our absolute discretion decide.

## 28. Termination

Either party may terminate these Terms by notifying the other in writing of its intention and Termination will be effective on the date of receipt of the written notice. Termination of these Terms does not affect any obligations that have accrued before that time. On Termination we will close out all open contracts unless you direct us to transfer the registration of the contracts to another party.

## 29. Financial Services Guide

You acknowledge that you have read and understood the Financial Services Guide and any Statement of Advice provided by Baker Young together with these Terms.

## 30. Governing Law

These Terms are governed by and construed in accordance with the law of South Australia and the parties submit to the non-exclusive jurisdiction of the courts of South Australia.

### 31. Severability

Each part of these Terms is severable from the balance of these Terms and if any part of these Terms is illegal, void, invalid or unenforceable, then that will not affect the legality, effectiveness, validity or enforceability of the balance of these Terms.

### 32. Time of Essence

Time is of the essence with respect to these Terms.

### 33. Direct Debit Payment Option

The following terms apply when you nominate Direct Debit as a payment option in the account application form. A direct debit facility is where a client authorises a service provider, in this case Pershing, to withdraw money directly from their nominated account to pay for fees and charges incurred. The Pershing direct debit facility facilitates you to pay for brokerage or other fees and charges as incurred.

#### a) Our commitment to you – Debit arrangements

We will provide you with written details of the Pershing debit arrangements. We reserve the right to cancel the Pershing debit arrangements if three or more debits are unpaid by your nominated Financial Institution and arrange with you an alternate payment method. We will keep all information pertaining to your nominated account at the Financial Institution strictly private and confidential.

#### b) Your rights

You may terminate the Pershing debit arrangements at any time by giving written notice to us. Such notice should be received by us at least five (5) business days prior to the due payment date. Where you consider that a debit has been initiated incorrectly (outside the Pershing debit payment arrangements) you should discuss the matter with us directly.

Due to the nature and procedures involved in the settlement of transactions effected on the ASX, requests for deferment of payment of your obligations cannot be accepted.

#### c) Your commitment to us – Your responsibilities

It is your responsibility to ensure that sufficient funds are available in the nominated account to meet a debit on its due date. It is your responsibility to ensure that the authorisation given to draw on the nominated account, is identical to the account signing held by the Financial Institution where the account is based.

It is your responsibility to advise us if the account nominated by you to receive the Pershing debit is transferred or closed.

It is your responsibility to arrange with Pershing a suitable alternative payment method if the Pershing debit arrangements are cancelled either by yourselves or the nominated Financial Institution.

#### d) You acknowledge that:

- (i) the Financial Institution may, in its absolute discretion, determine the order of priority of payment by them of any monies pursuant to this request or any authority or mandate;
- (ii) the Financial Institution may, in its absolute discretion, at any time by notice in writing to you, terminate this request as to future debits; and
- (iii) Baker Young may, by prior arrangement and advice to you, vary the amount or frequency of future debits.

### 34. Corporate Actions

Where you are entitled to elect to take up rights attributable to Financial Products (for example, where there is a rights issue or a takeover offer), we will elect to take up those rights on your behalf provided that you notify us that you wish to take up those rights by midday on the date by which the election is required by the Issuer (which may be a date earlier than the original date notified by the Issuer).

### 35. Electronic Confirmation

If you have provided us with your email address, you may receive confirmation of any Transaction electronically to your email address rather than by post. You agree to promptly advise us of any change to your email address.

### 36. Electronic Communications

You acknowledge that communications that we send to you by way of email or other electronic means, including any attached documents, (together, "electronic communications") will not be encrypted. We do not guarantee that electronic communications that we send will be secure, error free or virus free. We reserve the right to monitor all electronic communications.

### 37. Effect of Death

You agree, if you are an individual, that if you should die during the term of this agreement, your personal representative(s) will ratify and confirm all acts and things which we have done or caused to be done pursuant to this agreement between the date of your

death and receipt by us of notice of it and will indemnify us in respect of these acts or things.

## Baker Young Allocation Policy

### General

This is Baker Young's allocation policy in accordance with ASIC Market Integrity Rule 5.1.8 and includes important information in relation to Baker Young's allocation procedures. Baker Young aims at all times to:

1. act in our clients' best interest;
2. act in accordance with client instructions; and
3. treat client orders and subsequent executions fairly and in due turn with other client orders and with orders of Baker Young and Prescribed Persons.

Prescribed Persons means:

- (a) an employee, a director, a partner, a Responsible Executive of Baker Young;
- (b) a controller or a related body corporate of a controller of Baker Young;
- (c) the immediate family of any person referred to in (a) or (b) above;
- (d) a family company or a family trust of any person referred to in (a) or (b) above;
- (e) any body corporate or other entity controlled by Baker Young.

Baker Young when executing orders and in subsequent allocations, adopts the following procedures.

### 1. Entry of order for execution

- (a) No Discretion

If an order does not require the exercise of Baker Young's discretion in relation to the timing or price of the order, then orders are entered in accordance with any reasonable client instructions received, and if no instruction is given, then orders are entered in the sequence in which the orders are received by Baker Young, and otherwise as expeditiously as possible.

- (b) Discretion

If the order requires an exercise of discretion by Baker Young in relation to the timing or price of the order, then the order will be entered in such manner and at a time that Baker Young considers appropriate, taking into account any

client instructions received and our obligation to act in the client's best interests.

### 2. Allocation of Executions

Baker Young will allocate executions fairly, and in particular, individual orders submitted for execution will be allocated as filled and received back from ASX following execution of that order. Where a number of orders are executed pursuant to the instructions of a single client, they will be allocated according to that client's instructions. The general principles set out above apply equally to execution and allocations between two or more client orders; and execution and allocations between a client order and a Prescribed Person.

### 3. Client Order Precedence

Client orders which are on the same terms as orders of Baker Young or Prescribed Persons are generally given precedence. This means that from the time of receipt of the order until it is fully executed, Baker Young will not buy or sell the securities on its own account on the same terms unless the securities are allocated to the client in accordance with the client's instructions.

In certain circumstances, for example where a related party or Prescribed Person of Baker Young is not aware of Baker Young's client order flow, then their orders may be treated on the same basis as clients (see Clause 2 above) and clients may not be given precedence where their order is on the same terms as the Prescribed Person.

### 4. Accumulation and Price Averaging

This policy does take into account the Accumulation and Price Averaging of Market Transactions in accordance with ASIC Market Integrity Rule 3.4.2.

### 5. Crossings

In relation to crossings under the ASX Market Operating Rules:

- (a) client's orders may match opposite client orders entered into a Trading Platform by Baker Young, effectively resulting in a crossing and entitling Baker Young to commission from both sides of the transaction; and
- (b) if Baker Young does deal as Principal, the client's order may match opposite orders entered into a Trading Platform by Baker Young as Principal.

### 6. Adjustments

Baker Young may make small, reasonable adjustments to the allocations where this will not have a material effect on the client's order and is not contrary to the client's instructions (for example, to

ensure shares allocated meet the marketable parcel requirements).

This policy is provided subject to Baker Young's Terms set out in the Financial Services Guide, and is subject to change without notice.

If you have questions in relation to this policy, or do not consent to this application of this policy, please contact your Baker Young advisor.

*Note: This document is in two parts. Please also refer to the Financial Services Guide.*

# DISCLOSURE STATEMENT

to clients of Baker Young Stockbrokers (Broker)

## TERMS OF YOUR AGREEMENT WITH PERSHING SECURITIES AUSTRALIA PTY LTD ABN 60 136 184 962 AFSL No 338264 (PERSHING)

### 1. Your clearing arrangements with Pershing

Pershing is admitted as a Clearing Participant in accordance with the ASX Clear Rules.

Whenever you place an Order with the Broker (as your agent) to purchase or sell Traded Products by means of a Transaction, you are immediately deemed to have entered into an agreement with Pershing on the terms and conditions set out below in this Disclosure Statement (**Terms and Conditions**). By placing an Order with the Broker, you accept and agree to be bound by these Terms and Conditions.

If you effect a Transaction through the Broker, Pershing carries the clearing obligations and any settlement obligations (together, **Settlement Obligations**) for all Transactions effected through the Broker (including those effected by the Broker on your behalf) and Pershing must settle as principal with ASX Clear or the relevant counter-party, even though the Transaction may have been entered into on your behalf. Your clearing obligations and any settlement obligations are therefore owed directly to Pershing (and not the Broker).

In the event that you fail to complete a contract in accordance with the ASX Clear Rules or fail to pay the amounts due in respect of a Transaction, Pershing has direct rights against you, including rights of sale under the Exchange Rules and ASX Clear Rules and those described in these Terms and Conditions.

### 2. Conduct of Business

You acknowledge and agree:

- (a) to comply with these Terms and Conditions, all applicable laws, the Exchange Rules, ASX Clear Rules and ASX Settlement Rules and the directions, decisions and requirements of each Relevant Exchange and the customs and usages of the Market. Upon request, you are able to inspect copies of the Exchange Rules, ASX Clear Rules and ASX Settlement Rules at the Broker's offices; and
- (b) that all Transactions are subject to the Exchange Rules, ASX Clear Rules, the directions, decisions and requirements of the Relevant Exchange and the customs and usages of the Market, the correction of errors and omissions and, if the sale or purchase is in relation to CS Approved Products, the ASX Settlement Rules.

### 3. Pershing's right to require the Broker to refuse to accept Orders

You acknowledge that Pershing may at any time in its absolute discretion direct the Broker to:

- (a) refuse to accept you as a client or not to accept Orders from, or execute Orders for you; or
- (b) refuse to accept a particular Order from you.

### 4. Purchases and Sales

You must ensure that payment in full is received by Pershing (and not the Broker) before the Settlement Date and Time. Pershing will not accept payment in cash.

In accordance with the provisions of the Corporations Act, and the regulations made under the Corporations Act, pending settlement by you, these Terms and Conditions and the relevant Confirmation (if any) constitutes notice to you that Pershing may deposit the Traded Products purchased for you in a particular transaction as security for a loan if Pershing has received and paid for such Traded Products on your behalf.

You must deliver to Pershing (and not the Broker) all documents and security holder information (including the holder identification number or personal identification number and, if applicable, holder reference number) (**Security Holder Information**) no later than **two business days** before the Settlement Date and Time.

All documentation and Security Holder Information must be sent to:

**Pershing Securities Australia Pty Ltd**  
**Level 7,1 Chifley Square**  
**Sydney NSW 2000**

If you have entered into a Sponsorship Agreement with either Pershing or the Broker, you will be taken to have satisfied this obligation if you ensure that sufficient Traded Products are held in your Sponsored Holding with Pershing or the Broker (as the case may be), those Traded Products are unencumbered and, if the consent of any third party is required before Pershing or the Broker (as the case may be) may withdraw those Traded Products, that consent has been obtained and communicated to Pershing.

You irrevocably authorise Pershing to apply any Traded Products held in your Participant Sponsored Holding to satisfy your Settlement Obligations arising from any Transaction executed by the Broker on your behalf.

Credits in respect of sales are not available until the latest of:

- (a) the Settlement Date and Time;
- (b) when all documents and Security Holder Information have been received by Pershing in deliverable form; and
- (c) all amounts due and payable by you to Pershing or the Broker have been paid.

Unless Pershing has agreed alternative arrangements with you, Pershing will pay all sale proceeds directly to you.

### 5. Misdirected Market Transactions

If at any time Transactions executed by the Broker are also to be cleared through a Clearing Participant (other than Pershing), you acknowledge that:

- (a) the Broker may, incorrectly or otherwise, direct a Transaction which it has executed on your behalf to a Clearing Participant other than Pershing (**Misdirected Market Transaction**);
- (b) Pershing does not have any Settlement Obligations in respect of any Misdirected Market Transaction; and
- (c) Pershing will not provide you with a confirmation in respect any Misdirected Market Transaction.

## 6. Short sales

A "short sale" is when Traded Products are sold on your behalf, or you place an Order with the Broker to sell Traded Products, at a time when you do not have a presently exercisable and unconditional right to vest the Traded Products in a buyer. Under section 1020B(2) of the Corporations Act, you are prohibited from effecting a short sale unless you are able to rely on an exemption from that prohibition provided in the Corporations Act, *Corporations Regulations 2001* (Cth) or provided by way of ASIC class order relief or other current and effective relief granted by ASIC. You must not place an Order for a short sale with the Broker unless you are able to rely on such an exemption. For the avoidance of doubt, you are able to rely on such an exemption where the circumstances of your Order are such that you are able to satisfy all conditions of any one or more exemptions to the prohibition on short selling.

## 7. No Advice

You acknowledge that Pershing does not provide financial product advice, nor does it accept responsibility for any financial product advice given to you by the Broker. You must not represent to any person that Pershing has given any financial product advice to you.

## 8. Settlement Date and Time

The "**Settlement Date and Time**" for sales or purchases is the date and time that is specified on the front of the relevant Confirmation. If no date and time are specified or no Confirmation is required to be given, the Settlement Date and Time is 9.00am (Sydney time) on the third Business Day after the execution of the Transaction.

The Broker has no authority to extend the Settlement Date and Time.

## 9. Warranties by the client

You represent and warrant that before placing any Order with the Broker:

- (a) you will be in a position to pay for any Traded Products purchased and have a presently exercisable and unconditional right to vest any Traded Products sold in the buyer, to enable settlement at the Settlement Date and Time; and
- (b) if your Order relates to the purchase of a Partly Paid Security (as defined in the Market Integrity Rules), you have made arrangements (to Pershing's satisfaction) to pay to Pershing a sufficient amount to cover any liability arising from all possible future calls in respect of the Partly Paid Securities.

## 10. Settlement using BPAY facility

If you would like to make payment from your cheque or savings account by BPAY, please make arrangements with your participating financial institution. Please quote the Biller Code and your BPAY reference number (see the front page of the relevant Confirmation (if any)).

## 11. Confirmations

You will be given confirmations as required by the Corporations Act and the Market Integrity Rules (**Confirmations**).

You authorise Pershing (on behalf of the Broker) to give Confirmations to you electronically to the email address notified to Pershing by the Broker on your behalf from time to time for this purpose. Pershing may not provide you with paper copies of Confirmations.

You agree to promptly check the accuracy of every Confirmation sent to you and to notify the Broker immediately of any error that you consider may have occurred. In the absence of such notification from you within 24 hours, you will be taken to have accepted the accuracy of the Confirmation.

A Confirmation may at any time be re-issued to you in order to correct any errors or omissions and the terms and conditions of the original Confirmation will apply in relation to the reissued Confirmation.

Where the Broker enters into multiple Transactions in order to complete your Order (whether on one or more Relevant Exchanges), you authorise Pershing on behalf of the Broker to accumulate those Transactions on a single Confirmation and to specify the volume weighted average price for those Transactions on that Confirmation. If requested by you, the Broker will, if required under the Market Integrity Rules, give you a statement of all the individual prices of the relevant transactions which are accumulated and averaged in a Confirmation.

If you are a Wholesale Client for the purposes of the Market Integrity Rules, the Broker may elect not to give any Confirmations to you in relation to Transactions executed for you. If the Broker so elects, these Terms and Conditions are taken to be the notification required to be given by the Broker to you under the Market Integrity Rules.

## 12. Failure to Settle

You acknowledge that, if you fail to make any payment due to Pershing or deliver any documents or Security Holder Information to Pershing or otherwise comply with the Settlement Obligations that you owe to Pershing in relation to a Transaction in accordance with these Terms and Conditions or the relevant Confirmation, if any (**fail to settle**), Pershing may do any one or more of the following:

- (a) charge an administration fee calculated by reference to the additional cost which may be incurred by Pershing or the Broker (including any fail fees imposed by a Relevant Exchange or ASX Clear) as a result of your failure to settle;
- (b) levy a default charge on the amount from time to time outstanding at a rate of up to 15.0% per annum;
- (c) sell out (or procure the sell out of) any Traded Products purchased (and you are fully responsible for any loss in connection with such sale) and apply the proceeds in reduction of your liability to Pershing and to recover Pershing's costs in so acting;
- (d) buy in (or procure the buy in of) any Traded Products sold (and you are fully responsible for any loss in connection with such purchase) and recover Pershing's costs in so acting;
- (e) sell out (or procure the sell out of) any Traded Products otherwise held on your behalf (and you are fully responsible for any loss in connection with such sale) and apply the proceeds in reduction of your liability to Pershing and to recover Pershing's costs in so acting;

- (f) apply any cash held by Pershing or a related body corporate of Pershing or the Broker on your account or to which they have access, or payments received for or from you in reduction of your liability to Pershing; or
- (g) instruct the Broker to cancel any of your unexecuted Orders,

and you authorise Pershing and each of its directors and employees as your attorney to give instructions on your behalf in respect of your Traded Product holdings sponsored by Pershing or the Broker (or a related body corporate of either them) in CHESS, or held by a related body corporate of either of them in nominee holdings, and in respect of call deposit facilities or cash management trust accounts on which either Pershing or the Broker is authorised to give instructions, to enable Pershing to realise those Traded Products or funds and apply the proceeds in reduction of your liability to Pershing and to recover Pershing's costs in so acting.

If you fail to settle, Pershing may make arrangements on your behalf to ensure that your Settlement Obligations are performed (including by buying-in or borrowing the relevant Traded Products).

If you have not met your settlement obligations owed to Pershing in respect of a Transaction executed for you by the Broker by the date which is 5 Business Days after the date on which that Transaction was executed, it is Pershing's policy (and Pershing may be obliged under the ASX Settlement Rules), without any notice to you:

- (a) in the case of a purchase, to execute a Transaction to close out the failed purchase (by selling the relevant Traded Products); or
- (b) in the case of a sale, to execute a Transaction to close out the failed sale (by buying-in the relevant Traded Products),

and recover any resulting loss from you.

You must pay or reimburse Pershing any such administration fees and default charges (together with any GST payable on those amounts) immediately upon demand or at Pershing's option it may deduct such administration fees and default charges (and any GST) from any sale proceeds or other amounts otherwise payable to you.

The manner in which Pershing may exercise or not exercise, or the timing of or any delay in any exercise by Pershing of, any right of Pershing under this clause is not to be taken to be financial product advice by Pershing to you, and you must not represent to any person that it is financial product advice by Pershing.

Pershing will not be liable to you for any failure by Pershing to exercise (or any delay in the exercise by Pershing of) any right Pershing may have against you, or any loss incurred by you as a result of Pershing not exercising any of its rights against you immediately, or at all, following any failure by you to comply with your obligations.

The rights described in this clause 12 are in addition to any rights that are conferred to Pershing under the Exchange Rules and the ASX Clear Rules.

### **13. Cancellations**

Each Relevant Exchange has the power under the Exchange Rules to cancel or amend Transactions or Crossings. You authorise Pershing to, and agree that Pershing may, without your consent, cancel or amend (or request or agree to the cancellation or amendment of) any Transactions or Crossing relating to the sale or purchase (as the case may be) of Traded Products:

- (a) if requested to do so by the Broker in accordance with the Exchange Rules;
- (b) if a Relevant Exchange exercises its power under the Exchange Rules to cancel or amend (or require the cancellation or amendment of) the Transaction or Crossing; or
- (c) in the event of an Error or otherwise in the circumstances contemplated in the Exchange Rules.

Your obligations referred to in clause 4, and Pershing's obligations in relation to the settlement of a Transaction, will no longer apply in respect of a cancelled transaction from the time it is cancelled or, in the case of an amended Transaction, apply as amended.

### **14. Interest on Pershing's trust account**

You acknowledge that Pershing will retain the interest (if any) earned on monies held in its trust account from time to time.

### **15. Assignment to the Broker of debts owed by you to Pershing**

If you have not paid any debt to Pershing, you acknowledge that Pershing may (by notice to you and the Broker) assign that debt to the Broker and the assigned debt will become an obligation of yours owed to the Broker. In the event of such an assignment, the Broker (and each of its directors and employees) will have the rights and powers (and may do all the things) set out in clause 12 as if a reference to Pershing were a reference to the Broker.

### **16. Instructions and other communications to be given via the Broker**

You acknowledge and agree that all communications given by you (including to provide instructions in respect of transactions in respect of Traded Products) are to be given by you to the Broker (such communications to be given in the form and manner agreed with the Broker from time to time) and the Broker will (as your agent) pass on your communication to Pershing.

### **17. Instructions by fax or e-mail**

You acknowledge and agree that;

- (a) you are and will at all relevant times be authorised to make communications to the Broker (who will pass on those communications to Pershing on your behalf) (including as the case may be, to give instructions in respect of transactions in respect of Traded Products) by email and fax;
- (b) communication by email and/or fax is not a secure means of communication and involves higher risks of distortion, manipulation and attempted fraud;
- (c) fax communications may be of poor quality or unclear;
- (d) you authorise the Broker and Pershing to accept and act without any inquiry upon, communications (including instructions) provided by email and/or fax which appear to the Broker or Pershing to have been provided by or for you; and
- (e) you indemnify the Broker and Pershing in respect of any and all claims, liabilities, direct or consequential losses, costs, charges or expenses (of any nature) incurred or suffered by the Broker or Pershing as a result of the Broker or Pershing acting on communications (including instructions) provided by email and/or fax.

### **18. Indemnity**

You must, to the maximum extent permitted by law, at all times and from time to time, indemnify and keep each of Pershing and its related bodies corporate and any of their respective directors, officers, contractors, agents and employees (each an **Indemnified**

**Person)** harmless from and against all liabilities, losses, damages, costs or expenses directly or indirectly suffered by the Indemnified Person and from and against all actions, proceedings, claims or damages made against the Indemnified Person as a result of:

- (a) any transaction entered into by the Broker on your behalf;
- (b) any failure by you to settle;
- (c) any other breach by you of these Terms and Conditions;
- (d) any breach by you of any other agreement with Pershing;
- (e) any breach by you of any representation or warranty made or taken to have been made by you (including without limitation in relation to any disclosure to be made in respect of sale Orders) not being true or correct,

other than to the extent that the loss has resulted from Pershing's negligence, wilful default or fraud.

#### **19. Credit references**

You agree that Pershing may make such enquiries as it thinks fit of any person, including your employer, your bank or a credit agency relating to your creditworthiness.

#### **20. Information**

You warrant that all information provided by you to the Broker or Pershing is, or will be when given, accurate, true and correct and further agree to immediately notify Pershing in writing upon becoming aware that such information is no longer accurate, true and correct. You agree that Pershing and the Broker may share such information, as well as your account details and information regarding your transactions in Traded Products with each other and with Pershing's related bodies corporate on a confidential basis as Pershing considers appropriate. You also consent to Pershing and/or the Broker disclosing this information and your account details to any regulatory authority, and consent to Pershing and/or the Broker using such information and your account details for the purposes of monitoring compliance by you, the Broker and/or Pershing with their respective regulatory and contractual obligations, and resolving disputes. Your personal information may be disclosed to credit checking agencies as permitted by law.

You may request access to the personal information that Pershing holds about you.

#### **21. Complaints**

You have a right to complain about any aspect of your dealings with Pershing, and to have that complaint dealt with in accordance with Pershing's complaint resolution procedures. A summary of those procedures is set out below.

However, if your complaint relates to services provided by the Broker, your complaint should be dealt with in accordance with the Broker's complaint resolution procedures. If you have such a complaint please contact the Broker.

You have the right to have any complaint about the service you have received from Pershing, or any other aspects of your dealings with Pershing, investigated and dealt with as quickly as possible in accordance with Pershing's complaints resolution procedure.

To assist Pershing to respond appropriately to complaints, you are asked to set out complaints in writing, addressed to the Compliance Manager. You should include as much detail about the circumstances of your complaint as possible, including the name(s) of any Pershing staff involved. If available, copies of any background documentation should also be provided.

Following receipt of your complaint, the Compliance Manager will acknowledge receipt of it in writing and provide an estimate of the time it will take to investigate the circumstances. The Compliance Manager will fully investigate your complaint and follow up if further information is required from you. The Compliance Manager will then prepare a detailed written response to you after consideration of all relevant documents and following interviews with the involved employees and their manager(s), if required. The written response will be mailed or delivered to you.

As Pershing is a member of the Financial Ombudsman Service (**FOS**), Pershing will advise you if you continue to have a complaint that you have the option to pursue your complaint with FOS. FOS's contact details are:

**Financial Ombudsman Service Limited**  
**GPO Box 3**  
**Melbourne VIC 3001**  
**Telephone 1300 780 808**  
**Facsimile (03) 9613 6399**

If you are not satisfied with the response to your complaint, you may wish to pursue the matter with a Relevant Exchange. Alternatively, ASIC also has a freecall Infoline on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

#### **22. Compensation arrangements**

As Pershing is a Participant of one or more Relevant Exchanges, you may be entitled to make a claim on a compensation fund (such as the National Guarantee Fund (**NGF**) or the Chi-X Fidelity Fund) in the circumstances specified under Part 7.5 of the Corporations Act and the *Corporations Regulations 2001* (Cth). For more information on the circumstances in which you may make a claim or for information about compensation arrangements generally, contact the Securities Exchanges Guarantee Corporation Limited ABN 19 008 626 793 (in relation to queries about the NGF) or Chi-X Australia Pty Ltd.

Pershing has professional indemnity insurance which Pershing considers is adequate having regard to:

- (a) the volume and types of business carried on by it; the number and types of its clients; the number of its representatives; and
- (b) any particular or potential claims that may arise pursuant to our participation in external dispute resolution schemes, including the FOS scheme.

Pershing considers that these compensation arrangements satisfy the requirements of s 912B of the Corporations Act and associated regulations.

#### **23. Sponsorship**

If you are not currently sponsored by Pershing or the Broker, Pershing recommends that you enter into a Sponsorship Agreement with Pershing or the Broker to enable easy transfer of your Traded Products under CHES.

#### 24. Joint Holder

If you are a joint holder, these Terms and Conditions bind each person jointly and severally, and each person is authorised to issue instructions to the Broker and give receipts to Pershing in relation to any purchase or sale of Traded Products or other matters to which these Terms and Conditions relate.

#### 25. Amendment

These Terms and Conditions may be amended from time to time. Pershing will give you 10 days notice of any amendment, after which time, the amendment will become effective.

#### 26. Governing law

These Terms and Conditions are governed by the law in force in New South Wales and you and Pershing submit to the non-exclusive jurisdiction of the courts of New South Wales and courts which may hear appeals from those courts.

#### 27. Interpretation

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ABN 98 008 624 691

**ASX Clear** means ASX Clear Pty Limited ABN 48 001 314 503, a wholly owned subsidiary of ASX.

**ASX Clear Rules** means the operating rules of ASX Clear as amended from time to time.

**ASX Market Integrity Rules** means the *ASIC Market Integrity Rules (ASX Market) 2010* as amended from time to time.

**ASX Settlement** means ASX Settlement Pty Ltd ABN 49 008 504 532.

**ASX Settlement Rules** means the operating rules of ASX Settlement as amended from time to time.

**CHES** means the **Clearing House Electronic Subregister System**

**Chi-X** means Chi-X Australia Pty Ltd ABN 47 129 584 667

**Chi-X Market Integrity Rules** means the *ASIC Market Integrity Rules (Chi-X Australia Market) 2011* as amended from time to time.

**Chi-X Operating Rules** means the operating rules of Chi-X as amended from time to time.

**Confirmation** has the meaning given to it in clause 11.

**Corporations Act** means the *Corporations Act 2001* (Cth)

**Clearing Participant** has the meaning given to it in the ASX Market Integrity Rules.

**Crossing** has the meaning given to it in the ASX Market Integrity Rules.

**Error** has the meaning given to it in the Rules and, in relation to Chi-X, has the meaning given to "error trade", in the Chi-X Operating Rules.

**Exchange Rules** means the operating rules of each Relevant Exchange and the Market Integrity Rules.

**Market** has the meaning given to it in the ASX Market Integrity Rules.

**Market Integrity Rules** means any market integrity rules made by ASIC in accordance with Part 7.2A of the Corporations Act, as amended from time to time, that apply to a Relevant Exchange (including the ASX Market Integrity Rules, the Chi-X Market Integrity Rules and the ASIC Market Integrity Rules (Competition in Exchange Markets) 2011)

**Order** means an order or instruction for the sale or purchase of Traded Products to be executed by the Broker.

**Participant Sponsored Holding** has the meaning given to it in the ASX Settlement Rules.

**Relevant Exchange** means ASX Limited ABN 98 008 624 691 and Chi-X Australia Pty Ltd ABN 47 129 584 667, or the financial markets operated by them (as the context requires).

**Traded Product** has the meaning given to Cash Market Product in the ASX Market Integrity Rules and Equity Market Product in the Chi-X Market Integrity Rules, as the context requires.

**Transaction** has the meaning given to Cash Market Transaction in the ASX Market Integrity Rules and Equity Market Transaction in the Chi-X Market Integrity Rules, as the context requires.

**you** means the person or persons in whose name the account is opened with the Broker or named on the account opening or application form as the client. If that is more than one person, "you" means each of them separately and every two or more of them jointly. "You" includes your successors and assigns.

Words expressed in the singular include the plural and vice versa.

Unless the context otherwise requires, a reference to a document or agreement includes any variation or replacement of it and a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any subordinate legislation issued under, that legislation or legislative provision. Words used in this document have the meanings given to them in the Exchange Rules, ASX Clear Rules or ASX Settlement Rules. If you require a copy of these definitions please contact the Broker.

You agree that in the event of any inconsistency between this document and any applicable laws, the Exchange Rules, ASX Clear Rules or ASX Settlement Rules, the latter will prevail to the extent of the inconsistency. You acknowledge that this document is not exhaustive and agree to be bound by other policies and procedures which concern the operations of your account with the Broker as notified to you from time to time.

**Pershing Securities Australia Pty Ltd**  
**A Participant of ASX Group and Chi-X**  
**ABN 60 136 184 962**  
**AFSL 338264**

# **Pershing**<sup>®</sup>

A BNY MELLON COMPANY

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## **Financial Services Guide (FSG)**

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Pershing Securities Australia Pty Ltd  
ABN 60 136 184 962  
AFSL No.338264  
Level 7, 1 Chifley Square  
SYDNEY NSW 2000

Date FSG was prepared: 03 January 2012

# Financial Services Guide (FSG)

Issued by Pershing Securities Australia Pty Ltd  
ABN 60 136 184 962  
Australian Financial Services Licence No. 338 264

## 1. Terms used in this FSG

<b>AFSL</b>	Australian Financial Services Licence
<b>ASX</b>	ASX Limited ABN 98 008 624 691 or the market operated by it, as the context requires
<b>Broker</b>	A Participant of one or more Relevant Exchanges which has engaged Pershing to clear transactions executed by the Broker on a Relevant Exchange.
<b>Chi-X</b>	Chi-X Australia Pty Limited ABN 47 129 584 667 or the market operated by it, as the context requires
<b>Client</b>	Clients are considered 'wholesale' or 'retail' as defined under the Corporations Act.
<b>Correspondent</b>	Your Broker or Financial Intermediary, as the case may be.
<b>ETOs</b>	Exchange Traded Options
<b>Financial Intermediary</b>	An AFSL holder who has engaged Pershing to execute and clear transactions on a Relevant Exchange.
<b>FOS</b>	Financial Ombudsman Service
<b>FSG</b>	Financial Services Guide
<b>IDPS</b>	Investor Directed Portfolio Services
<b>International Securities Trader</b>	A Pershing group entity or a third party authorised to provide securities dealing and/or custody services on an international market.
<b>MDA</b>	Managed discretionary accounts, being a service which a Correspondent may provide to you under which you authorise the Correspondent to manage an investment portfolio on your behalf and to make investments decisions in relation to the portfolio in accordance with an investment program agreed with you.
<b>PDS</b>	Product Disclosure Statement
<b>Pershing, we, us, our</b>	Pershing Securities Australia Pty Ltd ABN 60 136 184 962; AFSL No. 338 264
<b>Pershing Nominees</b>	Pershing Australia Nominees Pty Ltd ACN 137 911 730, a wholly owned subsidiary of Pershing, or another nominee company appointed by Pershing
<b>Relevant Exchange</b>	ASX or Chi-X, or the financial markets operated by them (as the context requires).

## 2. Purpose of this FSG

This FSG provides information about:

- Who we are;
- What relationships and associations we have;
- The services we provide;
- How you may provide us with instructions;
- The remuneration that may be paid to us or to other relevant persons for the services we provide;
- The documents you may receive from us;
- How we handle complaints;
- Your privacy and how we use your personal information

This FSG has been prepared by Pershing and was prepared on 03 January 2012 to assist you in deciding whether to use the services we provide. You should read it carefully and make sure you understand it.

Together with this FSG, you will have received an FSG from the Correspondent. You should read both documents before deciding whether to use the services that we provide.

## 3. Who is Pershing?

Pershing is licensed under the Corporations Act (Australian Financial Services Licence (AFSL) No 338 264) to provide financial services and is a Trading Participant of ASX, a Participant of Chi-X, a General

Participant of ASX Clear Pty Ltd ABN 48 001 314 503 (**ASX Clear**) and a Settlement Participant of ASX Settlement Pty Ltd ABN 49 008 504 532 (**ASX Settlement**).

Pershing is a wholly owned subsidiary of Pershing Group LLC, a Bank of New York Mellon Company, headquartered in New Jersey, USA. The Pershing Group provide execution, clearing, settlement, custody and technology infrastructure products and services to financial services firms and others servicing the global financial services industry.

Pershing has authorised the distribution of this FSG.

## 4. The services offered by Pershing

Pershing is authorised under its AFSL to:

- a) deal in (including arranging to deal in) the following financial products:
  - Securities (such as shares, options and warrants that can be traded on a Relevant Exchange);
  - Interests in managed investment schemes (other than IDPS), such as units in ASX listed trusts;
  - Derivatives, such as ASX Exchange Traded Options (ETOs);
  - Foreign exchange contracts; and
- b) provide a custodial or depository scheme service (other than IDPS),

to wholesale and retail clients.

Pershing provides/arranges to provide execution, clearing, settlement and nominee services. You have received a copy of this FSG because the Correspondent has arranged for Pershing to provide one or more of the following services:

### a) Clearing services for transactions in securities and interests in managed investment schemes executed on a Relevant Exchange

Pershing may be engaged by a Broker to clear the transactions in securities and interests in managed investment schemes executed on a Relevant Exchange by the Broker. If you are a client of one of those Brokers and you effect a transaction in securities or interests in managed investment schemes on a Relevant Exchange through the Broker, Pershing (as clearer) will carry the settlement obligations in respect of that transaction.

For this purpose, you will become a client of Pershing and you will owe your settlement obligations in respect of that transaction directly to Pershing and not to the Broker. If you are a client of one of those Brokers, you will be provided with a Disclosure Statement which contains more information concerning the clearing services Pershing provides and the terms of your agreement with Pershing in respect of the those services.

### b) Execution and clearing services for transactions in securities and interests in managed investment schemes executed through a Relevant Exchange

Pershing may also be engaged by a Financial Intermediary to provide to clients of the Financial Intermediary, execution and clearing services in securities and interests in managed investment schemes. This means that Pershing will execute the transaction on a Relevant Exchange for you and clear and settle those transactions.

As a client of one of those Financial Intermediaries, you may effect a transaction in securities or interests in managed investment schemes on a Relevant Exchange by providing instructions to the Financial Intermediary. The Financial Intermediary will then as your agent communicate your instructions to Pershing who may then execute the transaction on a Relevant Exchange for you. For this purpose, you will become Pershing's client.

In addition, Pershing will also clear all transactions in securities or interests in managed investment schemes that Pershing has executed on your behalf under this arrangement. Accordingly, Pershing will carry the settlement obligations in respect of those transactions. For this purpose, you will become a client of Pershing and you will owe your settlement obligations in respect of those transactions directly to Pershing and not to the Financial Intermediary.

If you are a client on one of those Financial Intermediaries, you will be provided with a document that summarises Pershing's Best Execution Policy and explains how we handle and execute your orders, as required under the *ASIC Market Integrity Rules (Competition in Exchange Markets) 2011*.

**c) Clearing services for transactions in Exchange Traded Options executed on ASX**

Pershing may also be engaged by a Broker to clear the transactions in ETOs executed on ASX by the Broker.

If you are a client of one of those Brokers and you effect a transaction in an ETO on ASX through the Broker, Pershing (as clearer) will carry the settlement obligations in respect of that transaction. For this purpose, you will become a client of Pershing and you will owe your settlement obligations in respect of that transaction directly to Pershing, not to the Broker.

If you are a client of one of those Brokers, and wish to trade in ETOs on ASX through it, you will need to enter into a Derivatives Client Agreement with Pershing.

You may also need to enter into a Derivatives Client Agreement with the Broker, and the Broker may be required to give you a Product Disclosure Statement (**PDS**) in relation to the ETOs that you may trade. The PDS will contain information concerning ETOs to assist you in deciding whether those products are appropriate for your needs.

**d) Execution and clearing services for transactions in Exchange Traded Options executed on ASX**

Pershing may also be engaged by a Financial Intermediary to provide to clients of the Financial Intermediary execution and clearing services in ETOs. This means that Pershing will execute transaction in ETOs on ASX for you and clear and settle those transactions.

If you are a client of one of those Financial Intermediaries and you wish to deal in ETOs on ASX, you may do so by communicating an order to deal in ETOs to the Financial Intermediary. The Financial Intermediary (as your agent) will communicate that order to Pershing who will execute the transaction on ASX on your behalf. For this purpose, you will become a client of Pershing.

In addition, Pershing will also clear all transactions in ETOs that are executed by Pershing on your behalf. Accordingly, Pershing will carry the settlement obligations in respect of those transactions. For this purpose, you will become a client of Pershing and you will owe your settlement obligations in respect of those transactions directly to Pershing and not to the Financial Intermediary.

If you are a client of a Financial Intermediary and wish to trade in ETOs on ASX, you will need to enter into a Derivatives Client Agreement with Pershing.

We may also be required to give you a PDS in relation to the ETOs that you may trade. The PDS will contain information concerning ETOs to assist you in deciding whether those products are appropriate for your needs. The Correspondent may also be required to give you a PDS in relation to the ETOs that you may trade.

**e) Clearing services for transactions in Exchange Traded Options "given up" to Pershing on ASX**

Pershing may clear a transaction in ETOs executed on ASX by another Participant of ASX Group if the transaction is "given up" to Pershing. If Pershing accepts the "give up" of such a transaction executed for you, Pershing will carry the settlement obligations in respect of that transaction. For this purpose, you will become a client of Pershing and you will owe your settlement obligations in respect of that transaction directly to us and not to the other Participant.

Before Pershing can accept the "give up" to it of a transaction in ETO executed for you, you will need to enter into a Derivatives Client Agreement with Pershing. Again, you may be provided with a PDS relating to ETOs.

**f) Execution, clearing and settlement services for transactions in securities on international markets**

Pershing may also be engaged by a Correspondent to arrange execution, clearing and settlement services in securities on international markets for clients of the Correspondent. This means that Pershing will arrange for the execution, clearing and settlement of the transaction with an entity which holds the appropriate authorisation to do so in that market (**International Securities Trader**). The International Securities Trader may be a Pershing group entity or a third party entity.

As a client of one of those Correspondents, you may effect an international securities transaction on an international market by providing instructions to the Correspondent. The Correspondent, acting as your agent, will then communicate your instructions to Pershing who, in acting for you, will communicate them to the

International Securities Trader for fulfilment through Pershing's Account with that International Securities Trader. Securities traded on your behalf using Pershing's Account will be traded beneficially for you by Pershing. For this purpose, you will become Pershing's client, but not the client of the International Securities Trader.

Pershing will also arrange for the International Securities Trader to clear and settle all transactions in securities that it has executed on your behalf under this arrangement. Accordingly, Pershing will carry the settlement obligations in respect of those transactions. For this purpose, you will become a client of Pershing and you will owe your settlement obligations in respect of those transactions directly to Pershing and not to the Correspondent or the International Securities Trader.

**g) Settlement and nominee services - general**

Pershing may also be engaged by a Correspondent to provide to clients of the Correspondent settlement services in securities and interests in managed investment schemes. This means that Pershing will settle transactions arranged for you by the Correspondent and executed on a Relevant Exchange for you by a Trading Participant of a Relevant Exchange (other than Pershing and the Correspondent).

However, Pershing will only settle such transactions if, in the case of a purchase, the necessary funds are made available to Pershing and, in the case of a sale, the financial products sold are made available to Pershing, in each case in sufficient time before the time the transaction is to be settled.

As part of this service, Pershing will also arrange for your securities and interests in managed investment schemes to be held as nominee by Pershing Nominees as nominee for you.

For the purpose of settlement and nominee services, you will become Pershing's client.

**h) Settlement and nominee services – MDA accounts**

Pershing may be engaged to provide settlement and nominee services as described in paragraph 4 f) above to clients of the Correspondent in connection with the provision to the Client by the Correspondent of managed discretionary account (**MDA**) services. In that event, Pershing will be responsible only for the following services:

- the settlement of transactions which the Correspondent has arranged to be executed on a Relevant Exchange on your behalf (provided that Pershing will only settle such transactions if, in the case of a purchase, the necessary funds are made available to Pershing and, in the case of a sale, the financial products sold are made available to Pershing, in each case in sufficient time before the time the transaction is to be settled);
- the holding by Pershing Nominees as nominee for you of securities and interests in managed investment schemes which are acquired or otherwise form part of your investment portfolio (**Investments**) which the Correspondent manages for you as part of the MDA services;
- as Pershing Nominees will be the registered holder of your Investments:
  - it will receive any dividends or other distributions in respect of those Investments and will deal with them in accordance with instructions from the Correspondent;
  - it will be entitled to cast any votes in respect of your investments and will do so in accordance with instructions from the Correspondent
- Pershing if required to do so under relevant regulatory requirements will provide you with an activity statement in respect of any transactions which it settles on your behalf unless you are deemed to be a wholesale client;
- any other services to be provided by Pershing to you under the Nominee and Settlement Services Agreement entered into with you.

The Correspondent will be responsible for the following:

- management of your Investments based on an investment program agreed between you and the Correspondent, including the making of all investment decisions on your behalf in connection with your Investments;
- arranging for transactions to be executed on a Relevant Exchange for you by a Trading Participant of a Relevant Exchange (other than Pershing and the Correspondent);
- giving instructions to Pershing in connection with the settlement of transactions executed on a Relevant Exchange for you and the distributions and rights in respect of the Investments held by Pershing Nominees on your behalf; and

- any other services required in connection with the provision of MDA services to you which are not to be provided by Pershing.

**i) CHESS Sponsorship services**

Pershing may act as a CHESS Sponsoring Participant of the clients of its Correspondents. Clients that are to be CHESS sponsored by Pershing must enter into a Sponsorship Agreement with Pershing.

**j) Nominee and custody services**

Pershing may arrange for its wholly owned subsidiary, Pershing Nominees and/or another entity to provide nominee and other custody services for clients of the Correspondents for whom it provides clearing services and other clients. If you want Pershing to arrange for Pershing Nominees to provide nominee or custody services to you, you will need to enter into an agreement for this purpose.

**k) Other services**

Pershing acts as agent for the clients of Correspondents in providing settlement services for the client in respect of transactions executed by the client or on behalf of the client by another person.

Pershing does not provide financial product advice and is not authorised under its AFSL to provide financial product advice.

**5. Capacity in which Pershing acts**

The capacity in which Pershing acts depends on the service to be provided as follows:

**a) Clearing services for transactions in securities and interests in managed investment schemes executed on a Relevant Exchange**

Pershing acts as principal in relation to the clearing and settlement of transactions in securities and interests in managed investment schemes executed on a Relevant Exchange on your behalf. However, there may be certain activities which Pershing will perform as agent for another person (such as the despatch by Pershing of confirmations to clients as agent for the Broker that executed the transaction).

In clearing the transaction, Pershing acts as agent for the client for whom the transaction was executed. However, Pershing will owe the settlement obligations in respect of that transaction to ASX Clear as principal.

**b) Execution and clearing services for transactions in securities and interests in managed investment schemes executed on a Relevant Exchange**

Pershing acts as principal in relation to the execution of your orders which are communicated to it by the Financial Intermediary for execution on a Relevant Exchange on your behalf.

We act as principal (and not as agent for the Financial Intermediary) in relation to the clearing and settlement of such transactions. However, there may be certain activities which we will perform as agent for another person (such as the despatch by us of confirmations to clients as agent for the Financial Intermediary that arranged for the execution of the transaction).

In clearing the transaction, Pershing acts as agent for the client for whom the transaction was executed. However, we will owe the settlement obligations in respect of that transaction to ASX Clear as principal.

**c) Execution and clearing services for transactions in securities on international markets**

When Pershing enters into a contract with you to arrange for the execution, clearing and settlement of international securities transactions on a foreign market by an International Securities Trader for you, it does so as principal on its own behalf, and not as someone's agent.

When Pershing arranges for the provision of international securities trading services to you in accordance with this contract, Pershing acts as agent for you.

In order to provide these services to you, Pershing (as principal), has entered into agreements with an International Securities Trader, and will owe obligations in relation to any transactions directly to the International Securities Trader. (It is then your contract with Pershing which enables Pershing to ultimately call upon you to satisfy these obligations).

**d) Clearing services for transactions in Exchange Traded Options executed on ASX**

Pershing acts as principal in relation to the clearing and settlement of transactions in ETOs executed on ASX on your behalf. Pershing also acts as principal in respect of the

clearing and settlement of transactions in ETOs executed on ASX on your behalf for which Pershing accepts the "give up". However, there may be certain activities which Pershing will perform as agent for another person (such as the despatch by Pershing of confirmations to clients as agent for the Broker that executed the transaction).

The rights of Pershing against the ASX Group in respect of any transaction in ETOs executed on ASX for which Pershing has the settlement obligations will be personal to Pershing, and the benefit of those rights will not pass to the client for whom the transaction was executed. Accordingly, in clearing the transaction and being the registered holder of the ETO, Pershing acts as principal and not as an agent or trustee for the client. However, Pershing will owe corresponding obligations to the client as a principal.

**e) Execution and clearing services for transactions in Exchange Traded Options executed on ASX**

Pershing acts as principal in relation to the execution of your orders which are communicated to it by the Financial Intermediary for execution on ASX on your behalf.

We act as principal (and not as agent for the Financial Intermediary) in relation to the clearing and settlement of such transactions. Pershing also acts as principal in respect of transactions in ETOs executed on ASX on your behalf for which Pershing accepts the "give up".

However, there may be certain activities which Pershing will perform as agent for another person (such as the despatch by Pershing of confirmations to clients as agent for the Financial Intermediary who arranged for that transaction to be executed).

The rights of Pershing against the ASX Group in respect of any transaction in ETOs executed on ASX for which Pershing has the settlement obligations will be personal to Pershing, and the benefit of those rights will not pass to the client for whom the transaction was executed. Accordingly, in clearing the transaction and being the registered holder of the ETO, Pershing acts as principal and not as an agent or trustee for the client. However, we will owe corresponding obligations to the client as a principal.

**f) Settlement and nominee services**

Pershing acts as your agent in relation to the settlement of transactions in securities and interests in managed investment schemes which the Correspondent has arranged for another Trading Participant to execute on a Relevant Exchange on your behalf.

Pershing acts as agent for Pershing Nominees when arranging for it to provide nominee services to clients. Pershing Nominees acts as nominee or trustee for the client in providing the service.

**g) Sponsorship services**

Pershing acts as principal in providing sponsorship services to clients.

**h) Nominee and custody services**

Pershing acts as your agent when arranging for Pershing Nominees and/or another entity to provide nominee and other custody services to you. Pershing Nominees as agent of Pershing, or the other entity, will act as nominee or trustee for you in providing the service.

**i) Other services**

Pershing acts as agent for the client in providing settlement services for the client in respect of transactions executed by the client or on behalf of the client by another person.

**6. How you may provide instructions**

To provide instructions to Pershing, you must contact the Correspondent (and not Pershing directly).

**7. How we are remunerated**

**a) Remuneration for execution, clearing and settlement services**

Pershing will charge the Correspondent fees for executing and/or clearing transactions, and for providing settlement and nominee services to clients.

The fees that Pershing may charge the Correspondent may be a fixed monthly fee, a fee per trade, a fee per service and/or other fees.

You may be charged fail fees by Pershing where you fail to perform your settlement obligations in respect of a transaction that has been executed on your behalf. Fail fees may include a fee imposed by a Relevant Exchange, an administrative fee and a default charge on the amount outstanding from time to time.

You may also be charged brokerage or commission or other fees by Pershing on a contract for the transfer of underlying securities following the exercise of an ETO at a rate determined by Pershing and advised to you from time to time. All or part of this fee or commission may be passed on to the Correspondent.

The Correspondent will also charge you brokerage or commission and/or other fees agreed with you in respect of the services that it provides to you. Information concerning such brokerage, commission and fees may be obtained from the Correspondent.

**b) Remuneration for CHES sponsorship services**

Pershing may charge you a fee for providing you with CHES sponsorship services. You will be advised in writing of the fee (if any) to be charged by Pershing before you agree to receive sponsorship services from Pershing.

Pershing may also charge the Correspondent fees relating to the provision of sponsorship services to you.

**c) Remuneration for nominee and custody services**

Pershing may charge you a fee for providing nominee or custody services. The fees that we charge the Correspondent may include fees relating to the provision of nominee and/or sponsorship services to you.

**8. Commission, Remuneration and other Benefits received by Pershing**

Pershing is remunerated by the fees it charges the Correspondent for the services it provides to them. Pershing is also remunerated by the fees that it may charge clients, as described above.

Pershing may also earn and retain interest on moneys held for clients in our trust accounts.

Pershing may also receive commissions, trailing commission or other benefits from other entities. As a guide, Pershing may receive the following:

Entity	Commission / Benefits
Margin Lenders	Ongoing commission can range from 0.25% per annum to 0.75% per annum of the margin lending facility
Cash Management Trusts Providers	Ongoing commissions can range from 0.15% pa to 0.65% per annum on balance invested

**9. How our representatives are remunerated**

Our representatives are remunerated by way of salary and they do not directly receive any remuneration calculated by reference to the amount of fees or commissions received by Pershing.

They may also be entitled to a bonus or other employment benefits based upon performance and achievement of various objectives by both the representative and Pershing.

**10. Referral fees**

Pershing will not pay a third party a fee for referring you to us.

Similarly, Pershing will not be paid a fee for referring you to the Correspondent.

**11. Relationships or associations with financial product providers**

Pershing may enter into arrangements with financial product providers. Therefore, we may receive commissions, trail fees or other benefits as a result of your investing or dealing in any such product. See paragraph 7 in this FSG for further details.

**12. Documents you will receive**

**a) Clearing services for transactions executed by the Correspondent**

You will receive a Disclosure Statement which will contain more information relating to the clearing service provided by Pershing and the terms and conditions of those services where Pershing is to clear transactions executed for you by a Correspondent through a Relevant Exchange.

**b) Execution and clearing services**

You will receive our Equities Client Terms which will contain more information relating to the execution and clearing services provided by Pershing and the terms and conditions of those services where Pershing is to execute and clear transactions on a Relevant Exchange for you. You will also be provided with a summary of our Best Execution Policy, which explains how we handle and execute your orders, as required under the *ASIC Market Integrity Rules (Competition in Exchange Markets) 2011*.

Where Pershing is to arrange for the execution and clearing of securities on a foreign market by an International Securities Trader,

you will receive our International Securities Trading Terms which will contain information and the terms and conditions on which Pershing will arrange for those services to be provided to you.

**c) Transactions in ETOs**

If you wish to transact in ETOs, you will need to enter a Derivatives Client Agreement with Pershing. Depending on whether Pershing or the Correspondent is to execute your trades in ETOs on ASX, you will be provided with an ETO Product Disclosure Statement by Pershing or the Correspondent. The ETO Product Disclosure Statement will contain important information regarding trading ETOs, including the fees charged by ASX Clear. If the Correspondent (and not Pershing) is to execute your trades in ETOs on ASX, you will also be required to execute a Derivatives Client Agreement with the Correspondent.

**d) Settlement and nominees services - general**

If Pershing is to settle transactions in securities and interests in management investment schemes which the Correspondent arranges for another Trading Participant to execute on a Relevant Exchange for you, you will need to enter into a Nominee and Settlement Services Agreement with Pershing which will contain more information relating to the settlement and nominee services provided by Pershing and the terms and conditions of those services.

**e) Settlement and nominees services – MDA accounts**

If Pershing is engaged to provide settlement and nominee services to you in connection with the provision to you of MDA services by the Correspondent, you will need to enter into a Nominee and Settlement Services Agreement with Pershing which will contain more information relating to the settlement and nominee services provided by Pershing and the terms and conditions of those services.

**f) CHES Sponsorship Services**

If Pershing is to act as your CHES Sponsoring Participant, you will need to enter into a Sponsorship Agreement with Pershing.

**g) Nominee and custody services**

If Pershing is to arrange for Pershing Nominees or another entity to provide nominee or other custody services to you, you will need to enter into an agreement with Pershing for this purpose.

**h) Advice**

You will not receive a Statement of Advice from Pershing as we do not provide any financial product advice.

If you receive personal financial product advice from the Correspondent, the Correspondent may be required to give you a Statement of Advice.

**13. Dispute Resolution and Complaints**

Pershing is dedicated to providing quality service and as part of our service commitment to clients, it is important to provide an efficient and accessible system for resolving disputes.

Should you be of the opinion that the service provided by Pershing is not at an acceptable level, you have the right to complain and this complaint will be dealt with as promptly as possible. Pershing will aim to resolve any complaint quickly and fairly.

If you have a complaint, put your complaint in writing and address it to:

**Pershing Securities Australia Pty Ltd**  
**Head of Compliance**  
**Level 7, 1 Chifley Square**  
**Sydney NSW 2000**  
**Ph: 02 8999 4000**  
**Fax: 02 8999 4099**

You should try to include as much detail about the circumstances of the complaint as possible including the names of any Pershing employees involved and include any supporting documentation.

Following receipt of your complaint, Pershing's Head of Compliance will acknowledge receipt of your complaint in writing and provide you with an estimate of the time it will take to investigate the issues you have raised. A full investigation will be undertaken which will include reviewing all the supporting documentation, speaking to you and interviewing relevant Pershing employees. You will be provided with a detailed written response once the investigation of the complaint has been finalised.

If we do not resolve the complaint to your satisfaction, you have the option of pursuing your complaint with the Financial Ombudsman Service (FOS). FOS' contact details are:

**Financial Ombudsman Service**  
**GPO Box 3**  
**Melbourne, Vic 3001**  
**Telephone: 1300 78 08 08**

**Fax: (03)9613 6399**

Web: [www.fos.org.au](http://www.fos.org.au)

Alternatively you may also be able to pursue the matter with a Relevant Exchange. ASX has offices in all capital cities and their details are available on [www.asx.com.au](http://www.asx.com.au). Chi-X' contact details are available on [www.chi-x.com/australia/](http://www.chi-x.com/australia/).

Alternatively, the Australian Securities & Investments Commission (ASIC) also has a free call information line (1300 300 630) that you may use to make a complaint and obtain information about your rights.

If your complaint relates to a service provided to you by the Correspondent (rather than Pershing), you should seek to have your complaint dealt with in the manner advised by the Correspondent in its FSG or otherwise.

#### **14. Compensation Arrangements**

Pershing has arranged for Professional Indemnity insurance cover which it considers to be adequate, having regard to the following:

- Pershing's maximum liability under the Financial Ombudsman Service of which Pershing is a member;
- volume and nature of Pershing's business;
- number and kind of its clients; and
- the number of representatives and Authorised Representatives it has.

If you require further information about our compensation arrangements please contact Pershing's Head of Compliance.

#### **15. Privacy**

Pershing and/or its agents may use personal information collected from you for the following purposes:

- to provide you with services, products and/or information that you have requested or may reasonably expect to receive;
- to conduct research, product development, marketing, risk assessment and modelling; or
- to comply with our rights and obligations and under relevant laws and regulations.

Pershing and/or its agents may also disclose the information collected from you to third parties such as mailing houses or others who provide services to us (but will not do so for marketing purposes). Pershing will not disclose your information to any other person except where that disclosure is authorised or permitted by the National Privacy Principles or by law.

Pershing takes all reasonable steps to ensure that information we have collected from you is secure. All stored personal information is protected from unauthorised access by user login requirements, passwords or other security procedures.

You are able to access and update the personal information Pershing. Please contact your Correspondent to do so.

If you have any questions about privacy, please contact Pershing's Privacy Officer by writing to:

**Pershing Securities Australia Pty Ltd**  
**Privacy Officer**  
**GPO Box 5343**  
**Sydney NSW 2001**

#### **16. Contact Details**

Our contact details are as follows:

**Pershing Securities Australia Pty Ltd**  
**Level 7, 1 Chifley Square**  
**SYDNEY NSW 2000**  
**Ph: 02 8999 4000**  
**Fax: 02 8999 4099**