

PENSON FINANCIAL SERVICES DISCLOSURE STATEMENT

TERMS OF YOUR AGREEMENT WITH PENSON FINANCIAL SERVICES AUSTRALIA PTY LTD ABN 60 136 184 962; AFSL 338264 (PENSON)

1. Your clearing arrangements with Penson

Penson is admitted as a Clearing Participant in accordance with the Clearing Rules of Australian Clearing House Limited ABN 48 001 314 503 (**ACH**), a wholly owned subsidiary of ASX Limited ABN 98 008 624 691 (**ASX**).

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

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

In the event that you fail to complete a contract in accordance with the ACH Clearing Rules or fail to pay the amounts due in respect of an ASX Transaction, Penson has direct rights against you, including rights of sale under the ASX Market Rules and ACH Clearing 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 ASX Market Rules, ACH Clearing Rules and ASTC Settlement Rules and the directions, decisions and requirements of ASX and the customs and usages of the Market. Upon request, you are able to inspect copies of the ASX Market Rules, ACH Clearing Rules and ASTC Settlement Rules at the Correspondent's offices; and
- (b) (for the purposes of ASX Market Rule 7.9.1(b)) that all ASX Transactions are subject to the ASX Market Rules, ACH Clearing Rules, the directions, decisions and requirements of ASX 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 ASTC Settlement Rules.

3. Penson's right to require the Correspondent to refuse to accept Orders

You acknowledge that Penson may at any time in its absolute discretion direct the Correspondent 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 Penson (and not the Correspondent) before the Settlement Date and Time. Penson will not accept payment in cash.

In accordance with the provisions of the *Corporations Act 2001* (Cth) (**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 Penson may deposit the ASX Products purchased for you in a particular transaction as security for a loan if Penson has received and paid for such ASX Products on your behalf.

You must deliver to Penson (and not the Correspondent) 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:

Penson Financial Services Australia Pty Ltd
Level 7, 1 Chifley Square
Sydney NSW 2000

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

You irrevocably authorise Penson to apply any ASX Products held in your Participant Sponsored Holding to satisfy your Settlement Obligations arising from any ASX Transaction executed by the Correspondent 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 Penson in deliverable form; and
- (c) all amounts due and payable by you to Penson or the Correspondent have been paid.

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

5. Misdirected Market Transactions

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

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

6. Short sales

A "short sale" is when ASX Products are sold on your behalf, or you place an Order with the Correspondent to sell ASX Products, at a time when you do not own the ASX Products and have them available to sell, or otherwise have a presently exercisable and unconditional right to vest the ASX Products in a buyer. The Corporations Act places restrictions on the circumstances in which you may place an order to effect a sale which, if executed, would constitute a short sale.

Under the ASX Market Rules, the Correspondent is required to inform you that you must inform the Correspondent whenever you place an order to effect a sale which would, if executed, constitute a short sale. However, you may not give the Correspondent instructions to effect a short sale, unless otherwise agreed with Penson (or the Correspondent on behalf of Penson).

7. No Advice

You acknowledge that Penson does not provide financial product advice, nor does it accept responsibility for any financial product advice given to you by the Correspondent. You must not represent to any person that Penson 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 ASX Transaction.

The Correspondent 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 Correspondent:

- (a) you will be in a position to pay for any ASX Products purchased and have a presently exercisable and unconditional right to vest any ASX 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 ASX Market Rules), you have made arrangements (to Penson's satisfaction) to pay to Penson 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 ASX Market Rules.

You authorise Penson (on behalf of the Correspondent) to give Confirmations to you electronically to the email address notified to Penson by the Correspondent on your behalf from time to time for this purpose. Penson will 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 Correspondent 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 Correspondent enters into multiple ASX Transactions in order to complete your Order, you authorise Penson on behalf of the Correspondent to accumulate those ASX Transactions on a single confirmation and to specify the volume weighted average price for those ASX Transactions on that confirmation. If requested by you, the Correspondent will, if required under the ASX Market 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 ASX Market Rules, the Correspondent may elect not to give any Confirmations to you in relation to ASX Transactions executed for you. If the Correspondent so elects, these Terms and Conditions are taken to be the notification required to be given by the Correspondent to you under the ASX Market Rules.

12. Failure to Settle

You acknowledge that, if you fail to make any payment due to Penson or deliver any documents or Security Holder Information to Penson or otherwise comply with the Settlement Obligations that you owe to Penson in relation to an ASX Transaction in accordance with these Terms and Conditions or the relevant Confirmation, if any (**fail to settle**), Penson 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 Penson or the Correspondent (including any fail fees imposed by ASX) 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 ASX 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 Penson and to recover Penson's costs in so acting;
- (d) buy in (or procure the buy in of) any ASX Products sold (and you are fully responsible for any loss in connection with such purchase) and recover Penson's costs in so acting;
- (e) sell out (or procure the sell out of) any ASX 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 Penson and to recover Penson's costs in so acting;
- (f) apply any cash held by Penson or a related body corporate of Penson or the Correspondent on your account or to which they have access, or payments received for or from you in reduction of your liability to Penson; or
- (g) instruct the Correspondent to cancel any of your unexecuted Orders,

and you authorise Penson and each of its directors and employees as your attorney to give instructions on your behalf in respect of your ASX

Product holdings sponsored by Penson or the Correspondent (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 Penson or the Correspondent is authorised to give instructions, to enable Penson to realise those ASX Products or funds and apply the proceeds in reduction of your liability to Penson and to recover Penson's costs in so acting.

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

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

- (a) in the case of a purchase, to execute an ASX Transaction to close out the failed purchase (by selling the relevant ASX Products); or

- (b) in the case of a sale, to execute an ASX Transaction to close out the failed sale (by buying-in the relevant ASX Products), and recover any resulting loss from you.

You must pay or reimburse Person any such administration fees and default charges (together with any GST payable on those amounts) immediately upon demand or at Person'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 Person may exercise or not exercise, or the timing of or any delay in any exercise by Person of, any right of Person under this clause is not to be taken to be financial product advice by Person to you, and you must not represent to any person that it is financial product advice by Person.

Person will not be liable to you for any failure by Person to exercise (or any delay in the exercise by Person of) any right Person may have against you, or any loss incurred by you as a result of Person 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 0 are in addition to any rights that are conferred to Person under the ASX Market Rules and the ACH Clearing Rules.

13. Cancellations

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

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

Your obligations referred to in clause 0 of these Terms and Conditions, and Person's obligations in relation to the settlement of an ASX Transaction, will no longer apply in respect of a cancelled transaction from the time it is cancelled or, in the case of an amended ASX Transaction, apply as amended.

14. Interest on Person's trust account

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

15. Assignment to the Correspondent of debts owed by you to Person

If you have not paid any debt to Person, you acknowledge that Person may (by notice to you and the Correspondent) assign that debt to the Correspondent and the assigned debt will become an obligation of yours owed to the Correspondent. In the event of such an assignment, the Correspondent (and each of its directors and employees) will have the rights and powers (and may do all the things) set out in clause 0 as if a reference to Person were a reference to the Correspondent.

16. Instructions and other communications to be given via the Correspondent

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

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 Correspondent (who will pass on those communications to Person on your behalf) (including as the case may be, to give instructions in respect of transactions in respect of ASX Products) by email and fax;
- (b) communication by email and/or fax is not a secure means of communication and involve higher risks of distortion, manipulation and attempted fraud;
- (c) fax communications may be of poor quality or unclear;
- (d) you authorise the Correspondent and Person to accept and act without any inquiry upon, communications (including instructions) provided by email and/or fax which appear to the Correspondent or Person to have been provided by or for you; and
- (e) you indemnify the Correspondent and Person in respect of any and all claims, liabilities, direct or consequential losses, costs, charges or expenses (of any nature) incurred or suffered by the Correspondent or Person as a result of the Correspondent or Person 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 Penson 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 Correspondent 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 Penson;
- (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 Penson's negligence, wilful default or fraud.

19. Credit references

You agree that Penson 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 Correspondent or Penson is, or will be when given, accurate, true and correct and further agree to immediately notify Penson in writing upon becoming aware that such information is no longer accurate, true and correct. You agree that Penson and the Correspondent may share such information, as well as your account details and information regarding your transactions in ASX Products with each other and with Penson's related bodies corporate on a confidential basis as Penson considers appropriate. You also consent to Penson and/or the Correspondent disclosing this information and your account details to any regulatory authority, and consent to Penson and/or the Correspondent using such information and your account details for the purposes of monitoring compliance by you, the Correspondent and/or Penson 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 Penson holds about you.

21. Complaints

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

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

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

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

Following receipt of your complaint, the Head of Compliance will acknowledge receipt of it in writing and provide an estimate of the time it will take to investigate the circumstances. The Head of Compliance will fully investigate your complaint and follow up if further information is required from you. The Head of Compliance 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 Penson is a member of the Financial Ombudsman Service (**FOS**), Penson will advise you if you continue to have a complaint that you have the option to pursue your complaint with FOS. FOS' 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 ASX. The Australian Securities and Investments Commission also has a freecall Infoline on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

22. **National Guarantee Fund (NGF) and Compensation arrangements**

As Penson is a Participant of the ASX Group, you may make a claim on the NGF 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 on the NGF or for information on the NGF generally, contact the Securities Exchanges Guarantee Corporation Limited ABN 19 008 626 793.

Penson has professional indemnity insurance which Penson 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.

Penson 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 Penson or the Correspondent, Penson recommends that you enter into a Sponsorship Agreement with Penson or the Correspondent to enable easy transfer of your ASX Products under CHESS (**Clearing House Electronic Subregister System**).

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 Correspondent and give receipts to Penson in relation to any purchase or sale of ASX Products or other matters to which these Terms and Conditions relate.

25. **Amendment**

These Terms and Conditions may be amended from time to time. Penson 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 Penson submit to the non-exclusive jurisdiction of the courts of New South Wales and courts which may hear appeals from those courts.

27. **Interpretation**

ACH Clearing Rules means the operating rules of ACH as amended from time to time.

ASTC Settlement Rules means the operating rules of ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532 as amended from time to time.

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

ASX Transaction has the meaning given to Cash Market Transaction in the ASX Market Rules.

Order means an order or instruction for the sale or purchase of ASX Products for the purposes of the ASX Market Rules to be executed by the Correspondent.

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

ASX Products has the meaning given to Cash Market Products in the ASX Market Rules.

you means the person or persons in whose name the account is opened with the Correspondent 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 ASX Market Rules, ACH Clearing Rules or the ASTC Settlement Rules. If you require a copy of these definitions please contact the Correspondent.

You agree that in the event of any inconsistency between this document and any applicable laws, the ASX Market Rules, ACH Clearing Rules or ASTC 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 Correspondent as notified to you from time to time.

Privacy Statement for Individuals

Penson Financial Services Australia Pty Ltd and its related entities (Penson) will handle your personal information, including sensitive information (as defined in the Privacy Act), to enable us to provide you with financial services and products offered by Penson and to provide you with information about these services and products (the Services).

You understand that if you fail to provide any personal information requested of you, we may not be able to provide with the Services that you require.

In providing you with the Services we may, from time to time, disclose your personal information to State or Commonwealth regulatory authorities (including ASX Settlement and Transfer Corporation Pty Limited), our employees, advisers, agents, contractors and our third party service providers, such as mailing houses or financial planners. We may also share your personal with other entities in the wider Penson group and their party service providers. Some of the foregoing may be located overseas.

You can request access to any personal information that Penson may hold about you. On occasion, we may not provide access. In this case we will explain why.

If you want to know more about our approach to privacy, want to access your personal information or do not want us to use your personal information in any of the ways set out above, you can contact us on (02) 9899 4000 or at privacy@penson.com.au.

Privacy Statement for Corporate Clients

We may from time to time collect personal information about your employees, agents or contractors for the purpose of conducting business with you.

We may disclose that personal information to State or Commonwealth regulatory authorities (including ASX Settlement and Transfer Corporation Pty Limited), our employees, advisers, agents, contractors and our third party service providers such as mailing houses. We may also share that personal information with other entities in the wider Penson group and their third party service providers. Some of the foregoing may be located overseas.

You must advise your employees, agents and contractors of the fact that we collect the personal information and the use we make of it. You must also let them know how they can contact us to request access to any personal information that we hold about them or if they do not want us to use their personal information in any of the ways set out above.

Penson Financial Services Australia Pty Ltd
A Participant of ASX Group
ABN 60 136 184 962



PENSON FINANCIAL SERVICES AUSTRALIA PTY LTD

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