

This Agreement is made on the _____ Between

D J CARMICHAEL PTY LIMITED ACN 003 058 857
of Level 3, London House, 216 St Georges Terrace Perth Western Australia 6000 ('Broker')

And ("the Client")

Trading Account Number _____

Account Name _____

Designation < _____ >

Residential Address _____

(Do not use PO Box)

Preamble

Short Selling is a strategy used by many professional investors who have formed a view that the price of a share is likely to fall, rather than rise, and wish to take advantage of this.

Essentially a short seller *sells* stock into the market with an intent to buy it back at a lower price to lock in a profit. Before short selling, the client arranges with the Broker to borrow stock to deliver from a Lender against the short sell position. Short positions can be held open for a relatively long period of time (weeks or months) and this can be an advantage as it limits timing risks.

It needs to be understood however that if the price of a stock rises, the client will incur a loss when the stock is eventually bought back in the market to return to the Lender. As a general rule, anything that occurs in the market that would normally be a positive for a shareholder (ie dividends, bonus issues etc) are negative for a short seller.

Short Selling strategies can be very profitable when the broad share market enters a bearish phase, or a correction in the market is anticipated. DJ Carmichael Pty Limited ("DJ Carmichael") specialises in identifying short selling positions and can provide guidance and advice as required.

General warning

Short Selling is a leveraged form of speculating on the future movements in the price of a share and involves risks. Clients need to closely monitor all short positions. We do not recommend short selling for all clients and if you have any questions, we suggest you speak with your adviser.

Procedures

- 1 A short selling position can not be opened until this Agreement has been signed and returned and a new short selling account has been opened.
- 2 To comply with ASX Market Rules DJ Carmichael requires the client to lodge a 20% cash margin, subject to the size of the short position and current long positions held in DJ Carmichael CHESS sponsorship. Where approved securities are posted as collateral and the value is calculated on 90% of their market price. The 20% cash margin will be held in a Broker Money Market account (BMMA), designated to Short Selling. The cash margin is used to cover losses, if any, when the position is closed out.
- 3 Only short selling stocks approved by the ASX can be sold short. The list of approved stocks is comprehensive and available on request.
- 4 Both the ASX and the Corporations Law require that when stock is sold short it must not be at a price lower than the last reported sale. (This reduces the potential for stock manipulation by a short seller pushing a stocks price down artificially)
- 5 DJ Carmichael arranges to borrow stock to deliver to the market under the contract entered into by the short sale. The client pays a \$50 establishment per transaction fee for this service. You must check with us prior to entering a short position to ensure stock is available from the Lender.
- 6 DJ Carmichael may require that additional margin cover if the position moves against the client. If the additional margin is not paid within 24 hours DJ Carmichael shall close the position out immediately.
- 7 Any losses must be paid for by the client. If the loss is not cleared within 48 hours DJ Carmichael shall notify the client and shall have the right to sell any long positions held under CHESS sponsorship to clear the account.

- 8 Clients can leave short positions open for a relatively long period of time but caution must be taken in stocks going ex-dividend and we advise clients to close out any position well before it goes ex-dividend. Please note that short sellers are responsible for paying the dividends plus franking at the maximum taxable rate if the position is open on the day a stock goes ex-dividend.
- 9 ASX Market Rules prohibit short selling in a security subject to takeover.
- 10 DJ Carmichael reserves the right not to accept all positions.

Executed as an Agreement

[Compulsory]




I have read the notice titled Client Short Selling Procedures and understand the Procedures and Risks involved.

I agree to be bound to the Procedures set out by DJ Carmichael, the Australian Stock Exchange Limited and the Corporations Law and agree to pay immediately any loss that may be incurred upon closing out of any short position.

Before signing please refer to our Terms & Conditions and Privacy Agreement. You may request a copy of either document or access both documents on our website via www.djcarmichael.com.au.

Note: Only legal entities are allowed to hold securities. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons under 18 years of age.

Individual or Joint Account – Please sign below




	Signature of Investor 1	Date	Full Name of Investor 1 (Please print)
	Signature of Investor 2	Date	Full Name of Investor 2 (Please print)
	Signature of Investor 3	Date	Full Name of Investor 3 (Please print)

Company Account – Please sign below

Executed by _____ Insert Company Name.

Executed In accordance with Section 127 of the Corporations Act 2001

Please indicate which type of Company. (Please tick) Sole Director / Secretary Two or more Directors

	Signature of Director 1	Date	Full Name of Director 1 (Please print)
	Signature of Director 2 / Secretary **	Date	Full Name of Director 2 / Secretary ** (Please print) ** Please delete which ever is not applicable.
	Signature of Director 3	Date	Full Name of Director 3 (Please print)

Note: For this Agreement to be accepted by DJ Carmichael Pty Limited **pages 1 & 2** must be returned together. If you would like a copy of this Agreement please call (08) 9263 5200 or speak to your adviser.

DJC office use only: Execution by DJ Carmichael Pty Limited (A.B.N 26 003 058 857), Signed for DJ Carmichael Pty Limited by

	Date / /
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