

## **FINANCIAL SERVICES GUIDE**

**FOSTER STOCKBROKING PTY LTD A Market Participant of ASX Limited**  
*AFS Licence No: 223687*

### **ABOUT THIS FINANCIAL SERVICES GUIDE (FSG)**

This Financial Services Guide contains information about the services Foster Stockbroking Pty Ltd (FSB) is licensed to provide. The FSG also provides information on remuneration paid to FSB employees and outlines how we deal with complaints. It also includes information on how to buy and sell shares and the settlement processes and procedures involved. This FSG guide should be read in conjunction with the FSG of Pershing Securities Australia Pty Ltd (Pershing) which is our Clearing and Settlement Agent (see the settlements section of this FSG), as well as the explanations and disclosures contained in the client application agreement.

### **SERVICES PROVIDED**

Under its Australian Financial Services licence (AFSL), FSB is authorised to undertake the following activities:

- Provide research and general financial product advice on stocks listed on the ASX and Chi-X;
- Transact buy and sell orders on the ASX and Chi-X for individual stocks or transacting individual portfolios;
- Accept and process applications for new issues and Initial Public Offerings (IPO's);
- Undertake and underwrite capital raisings for IPO's and existing listed ASX companies.

FSB is not licensed to deal or advise in Managed Investment Schemes (MIS) or derivatives. Neither is FSB licensed to provide personal financial product advice.

### **SECURITIES TRADING AUTHORISATION**

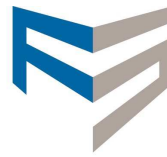
FSB is licensed by the Australian Securities and Investments Commission (ASIC). FSB's AFSL authorises it to deal in securities and to provide general financial product advice. We are licensed under the Financial Services Reform Law and our AFSL number is 223687. Our licence details are shown on the ASIC Website [www.asic.gov.au](http://www.asic.gov.au)

FSB is required to comply with the provisions of the Corporations Act 2001 which are administered by ASIC.

FSB's AFSL authorises it to carry on a financial services business to provide general financial product advice and to deal in a range of financial products to both retail and wholesale clients.

FSB's main focus is to service professional investors, Australian and overseas institutions, arbitrage and hedge funds, corporate clients and high net worth individuals.

Our team consists of people with experience in corporate broking, corporate services and research analysis, giving the firm a strong theoretical and practical knowledge of capital markets.



## FOSTER STOCKBROKING

### OPENING AN ACCOUNT

New clients will be asked to complete a client application form, which is designed to streamline the process for FSB to provide financial services to its clients.

The client application form contains all the information we require to open a securities trading account. If you are not a retail client you will need to complete a s708(8) certificate or a Professional Investor Confirmation. These documents will be included in your account-opening package. Other documents that will be included in your account-opening package are:

- A copy of this FSG;
- A copy of Pershing Equities Terms and Conditions, which outlines the terms of the agreement you have entered into as a client of FSB. This is included in Part C of the Client Application Form; and
- A copy of Pershing's FSG, Part G of the Pershing Application form;

As a provider of certain designated services and in accordance with the Anti-Money Laundering/Counter-Terrorism Act 2006 (AML/CTF), from the 12<sup>th</sup> December 2007 when you open a securities trading account with us you will be asked for certain documents to enable us to verify your identity. Some of these documents will need to be certified by an approved person, such as a Justice of the Peace. Our settlements department will advise you of the documents that will be required and which ones need to be certified. The documents that we obtain from you will depend on the type of account that you are opening and where you are domiciled.

You will not be able to commence to buy and sell shares until your account has been activated by Pershing. Our

Settlements Manager will advise you when you can commence trading with us.

In certain circumstances during our relationship with you we may need to obtain additional information and documents from you. We will collect any additional information from you in accordance with the provisions of the AML/CTF Act 2006.

We are required to retain the documents that we obtain from you for a period of 7 years from the date that your account is closed.

### CHESS SPONSORSHIP

CHESS (Clearing House Electronic Sub register System) is a system of registering and transferring financial products electronically. If you agree to broker sponsorship by completing section 11 of the client application form, instead of receiving a certificate in respect of your shares or other financial products as when "Issuer Sponsored", you receive a holding statement. Pershing is a controlling participant for CHESS purposes and by entering into a sponsorship agreement with Pershing, you accept them as your controlling participant.

We highly recommend that you become "Broker Sponsored" as it makes buying and selling securities and other financial products easier and more convenient for you as all your holdings can be identified under a single HIN (Holder Identification Number). Also, we can monitor your portfolio via the SUMMIT stockbroking computer system used by FSB and Pershing and it gives Pershing immediate access to securities for delivery to the market when settling transactions. Furthermore, it can be less costly than "Issuer Sponsored" trades and Broker sponsorship also



## FOSTER STOCKBROKING

enables you to establish a direct debit facility (see below).

You may transact prior to the allocation of a HIN but these trades will be registered as Issuer Sponsored.

### **CASH MANAGEMENT ACCOUNT (CMA) ACCOUNT OR DIRECT DEBIT /CREDIT FACILITY**

Your Dealer can help you establish a CMA with Macquarie Bank. A CMA can be used to hold funds and settle securities transactions. A CMA is advantageous to you because both Pershing and FSB have access to your CMA through SUMMIT and can therefore immediately ascertain if you have sufficient funds to settle a buy transaction. In addition, funds can automatically be drawn from or deposited to your CMA on settlement of transactions when the direct debit/credit facility is enabled.

Alternatively, you may choose to authorise Pershing/FSB to Directly Debit or Directly Credit your own bank account for settlement purposes. This option is only available for CHESS Sponsored clients.

A CMA or DD/CF (Direct Debit/Credit Facility) is preferable because:

- It makes settlement obligations easier to meet and it minimises the risk of failed buy trades;
- You earn interest immediately when the funds are deposited;
- Your funds will attract a competitive interest rate if deposited into a CMA; and
- A CMA or DD/CF reduces your paperwork and makes it easier to track your transactions.

If you elect to have the Direct Credit facility only, you can make payments for buys via the following methods:

- Bpay
- Electronic Funds Transfer (EFT)

With the transition to T+2 settlement on March 7<sup>th</sup> 2016, settlement of trades by cheque has been completely phased out. **This means we no longer accept cheques for normal settlement.**

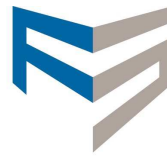
If you do not elect to have a DD/CF or a CMA, you must remember to advise us of any change of address as otherwise the receipt of settlement funds could be delayed.

FSB may receive a trailing commission based on the balance of client monies held in CMA.

### **CANCELLATION OF TRADES BY THE ASX**

In certain circumstances, the ASX and Chi-X Operating Rules allow the ASX and Chi-X to take any action they consider appropriate to deal with erroneous trades, including cancelling or amending a trade. FSB is entitled to cancel or amend a trade without further reference to you where the ASX or Chi-X has recommended or required it, or where it is permitted under the ASX or Chi-X Operating Rules.

See Part C page 11, section 18 of the Pershing Terms and Conditions.



## PROVIDING FINANCIAL PRODUCT ADVICE

FSB Dealers are trained to provide general product advice in securities. Your Dealer is an authorised representative of FSB and is authorised to provide you with some or all of the services we provide.

**There are two types of financial product advice; personal advice and general advice.**

- **Personal advice** is advice that has been formulated after considering one or more of your objectives, financial situation and needs (“your personal circumstances”). FSB is **NOT** licensed to provide personal financial product advice and you will not receive personal financial product advice from your Dealer.
- **General advice** is advice that does not take into account your personal circumstances. Before acting on any general advice you should consider the appropriateness of the advice in light of your personal circumstances and/or you should obtain a copy of and consider the Product Disclosure Statement (PDS) for the relevant product before making any decision. Your Dealer will warn you that the advice will be limited to general financial product advice only. General financial product advice is the only type of advice that you will receive from your FSB Dealer.

## DISCLOSURE DOCUMENTS

In addition to this FSG you may also receive a Product Disclosure Statement (PDS) such as a prospectus registered with ASIC. You will **NOT** receive a statement of advice (SOA).

## PROVIDING INSTRUCTIONS

Telephone is the usual manner of instructing FSB to buy or sell securities and other financial products. We also accept instructions in person or by mail and email. However, instructions sent by mail or email will not be deemed to be received until your Dealer has acknowledged and confirmed receipt of the instructions with you.

Instructions to buy or sell listed securities and other financial products may be accepted on a “good till cancelled basis” or good for the “day only”. Alternatively, you may request a “time limit order”. You should discuss your requirements with your Dealer.

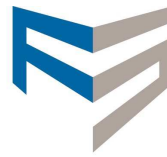
The time taken to process a transaction might be affected by your price instructions, the volume of securities to be traded, the liquidity of the stock and/or market conditions. Your Dealer will tell you if there are any unexpected delays in executing your order.

FSB reserves the right to choose not to process an instruction if the order could be deemed to be creating a false or misleading market or it could otherwise be construed as inappropriate trading.

Once your order has been executed you will receive a confirmation from Pershing detailing the transaction. The settlement date and time for sales or purchases is specified on the front of the relevant confirmation.

## SHORT SELLING

FSB does not offer a short selling facility for retail clients.



## EXECUTION AND SETTLEMENTS

All orders placed with FSB will be executed by Pershing Securities Australia Pty Ltd. You cannot place an order directly with Pershing unless you have been approved for DMA ("Direct Market Access") trading.

We pass all our settlement duties to our Clearing and Settlement Agent, Pershing Securities Australia Pty Ltd.

The ASX and Chi-X Operating Rules requires all share transactions to be settled on the second business day after the Trade date or T+2 in industry terms. Therefore, to ensure the ASX and Chi-X settlement requirements are met, you will need to adhere to the following settlement regimes:

**Linked bank accounts-** If you settle your trades by a direct debit/credit through a linked bank account, then funds will be debited/credited from/to your account on T+2 (Trade date plus 2 business days). For "buy" trades you will need to ensure that you have sufficient funds in your account to settle the trade on T+2 (Trade date plus 2 business days).

**Direct Bank Transfers-** your settlement funds (if you do not have a direct debit facility) for a buy transaction should be directly deposited into Pershing's bank account on T+1 or 1 business day after the trade date so that the funds are available before 10 am on T+2. EFT's are usually transferred overnight. You can organise a "same-day" transfer with your bank, but it may incur an additional fee from your bank. The details of the account are shown on the front of the confirmation.

**B-Pay-** If you settle a trade using B-Pay, you will need to initiate payment by no later than T+1 (Trade date plus 1 business day) to ensure FSB receives the cleared funds in time for settlement on T+2 (Trade date plus 2 business days)

**DVP Settlement-** Clients who settle by DVP will need to notify their custodians on Trade date for all trades and ensure that they instruct the market on T+1 (Trade date plus 1 business day) for a T+2 settlement.

**International payments-** Overseas clients will need to instruct payment for "buy" trades on Trade date. This is to ensure that we receive cleared funds for settlement on T+2 (Trade date plus 2 business days).

Please contact your Dealer immediately if you believe you may not be able to satisfy your obligations. If settlement of a sell transaction does not occur within T+2, "fail fees" may be incurred (see below).

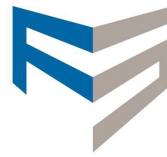
If you fail to settle a transaction by the specified date or time you must indemnify Pershing and FSB against all costs, expenses and losses incurred as a result of your failure to settle by the due date. Pershing and FSB will be entitled to re-sell or re-purchase the securities for the uncompleted transaction and any other securities FSB holds as a sponsor for you on CHESS. More information can be found under Part C Section 17, page 10 of the Pershing Client Application Form Terms and Conditions that you receive when you open an account with us.

FSB staff will help you resolve any shareholding or settlement problems you may have.

## FOSTER STOCKBROKINGS' REMUNERATION FOR THE SERVICES PROVIDED

### Brokerage

Foster Stockbroking receives brokerage whenever shares or other securities are bought or sold.



FSB utilises a two-tiered pricing system:

**1. Standard Settlement Clients**

If your shareholdings are CHESS-sponsored and held with FSB on a Holder Identification Number (HIN); and you have a Direct Debit (DD) and Direct Credit (DC) banking facility, you will be charged a minimum brokerage rate of \$85.00 plus GST per contract note.

**2. Non-standard Settlement Clients**

- a. If your shareholdings are held by the respective Share Registries on various Security Reference Numbers (SRNs); and/or
- b. You pay for buy trades BPay or Electronic Funds Transfer (excluding Direct Debit facility); and/or
- c. You request to receive proceeds by Electronic Funds Transfer (as opposed to the automatic Direct Credit facility);

You will be charged a minimum brokerage rate of \$105.00 plus GST per contract note

Otherwise brokerage is charged as a percentage of the value of the transaction. The specific brokerage rate will depend on factors such as the level and type of service provided and the size and frequency of transactions. The brokerage rate might be applicable to all transactions or to a single transaction.

Brokerage rates are negotiable and should be discussed with your Dealer prior to transacting any business. Your Dealer will disclose the amount of

brokerage payable in the confirmation for the transaction.

In the instance of capital raising such as an Initial Public Offering (IPO) or a placement, a fee may also be paid to FSB. Fees from Third Parties will be separately disclosed to clients.

**Failure to settle**

On sell transactions, if your shares are not delivered prior to T+2, the ASX charges a fail fee, which is charged to your account. The settlement date is shown on the confirmation note and if, when placing your order, there is any doubt that shares will be available for settlement by T+2, please discuss this with your Dealer, or our settlements area. Fail fees range from \$110 to \$5,500 per security, per day incl GST depending upon the size of the transaction.

On buy transactions, FSB reserves the right to charge late settlement fees at its sole discretion.

**FSB Fail Fees**

In addition to the ASX fail fees, FSB may also charge an additional fee for failed trades as follows:

- **Failed Buy Trades:**  
For buy trades which have not been paid for within 2 business days after trade date, FSB reserves the right to charge \$55.00 incl. GST per failed plus interest at up to 15% per annum. In addition, FSB reserves the right to charge a dishonour fee of \$110.00, including GST.
- **Failed Sell Trades:**  
For sell trades for which stock has not been provided within 2 business days after the trade date, Pershing will charge a minimum of \$55.00 incl GST on each day a



## FOSTER STOCKBROKING

trade fails to settle. FSB reserves the right to charge an administration fee of \$55.00 including GST.

For more information please see Section 17, Part C, page 10 of the Pershing Equities Terms and Conditions contained in the client application form.

### Search fees

If you wish to sell Issuer Sponsored securities and you supply details and/or a Security Reference Number (SRN) which is incomplete, incorrect or unknown, FSB may need to apply for the correct SRN via CHESSE. A charge may be payable to FSB and this charge may apply each time a SRN is verified via CHESSE.

### Dealers' Remuneration

Our Dealers are remunerated by salary and they may also receive a discretionary bonus based on their performance. Bonuses are not linked to specific transactions.

### DISPUTE RESOLUTION

We aim to give our clients quality general financial product advice and to provide an efficient follow-on service. However, if you have a complaint we recommend that in the first instance you discuss your complaint with your Dealer. Alternatively, you may write to our Compliance Manager providing as much detail as possible, such as names and any relevant documentation, and mail it to Level 25, 52 Martin Place, Sydney, NSW 2000. Our procedure to resolve any complaint is to acknowledge the complaint in writing, conduct an investigation and discuss the complaint with relevant person/s, and

then send a first response to the client within a two-week period.

If you have a complaint about any services provided to you by Pershing you should have that complaint dealt with according to Pershing's complaint resolution procedures as detailed in Section 25 page 11 of their Terms and Conditions and section 13 Part G, page 28 of the Pershing FSG, both are contained in the Client Application Form.

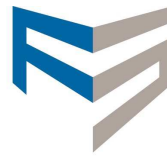
FSB is a member of the Australian Financial Complaints Authority (AFCA). If you feel a satisfactory resolution has not been achieved you can write to AFCA at GPO Box 3, Melbourne, Victoria, 3001 or contact them on Tel: 1800 93 16 78 (free call), , Email: [info@afca.org.au](mailto:info@afca.org.au) ,Website: [www.afca.org.au](http://www.afca.org.au).

This independent service is free to consumers.

The Australian Securities and Investments Commission ASIC also provides a free information service on 1300 300 630 for Australia or +61 3 5177 3988 if outside Australia. They can also be faxed on +61 3 5177 3999 or emailed on [www.asic.gov.au](http://www.asic.gov.au)

### PROFESSIONAL INDEMNITY INSURANCE

In accordance with ASIC Market Integrity Rules, FSB maintains professional indemnity insurance cover that FSB reasonably determines is adequate having regard to the nature and extent of its business and the responsibilities and risks assumed in connection with that business. Such cover includes insurance against a breach of duty that FSB owes in a professional capacity arising from any



act or omission of FSB and its employees.

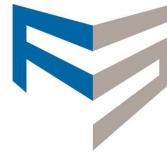
## PRIVACY

Client privacy is important to FSB and our privacy policy is available from the Foster Stockbroking website.

**The following table sets out some of the possible risks that may be associated with investing in listed securities**

<p><b>Overall Market Risks</b></p> <p>The risk of loss by reason of movements in the share market generally.</p> <p>These can be caused by any number of factors including political, economic, taxation or legislative factors. Specific examples are changes in interest rates, political changes, changes in taxation or superannuation laws, international crises or natural disasters.</p>
<p><b>Stock Specific Factors</b></p> <p>These would include current and future company profitability, the strength of the company's management and directors and the significance of any key personnel, the company's profit history, the company's tangible asset base, debt level and fixed cost structure, litigation, exploration results or whether it is developing a new product.</p>
<p><b>Domestic versus International Factors</b></p> <p>The vulnerability of the company to international events or market factors, would include movements in exchange rates, changes in trade or tariff policies and changes in other stock or bond markets.</p>
<p><b>Sector Specific Factors</b></p> <p>These would include demand for the product the company produces, commodity prices, the economic cycle of industry, changes in consumer demands, lifestyle changes and changes in technology.</p>





## LIMITATIONS OF RESEARCH

Your Dealer can provide you with certain research reports. In preparing research reports, FSB does not take into account the specific investment objectives, financial situation or particular needs of any specific recipient. Reports are published only for information purposes and are not to be construed as a solicitation or any offer to buy or sell any securities or related financial instruments. FSB is not aware if a recipient intends to rely on any report and is not aware of the manner in which the recipient will use any report.

More information about our research reports can be obtained by visiting our website. [www.fostock.com.au](http://www.fostock.com.au)

## CONTACT DETAILS

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NSW 2000

### Telephone No:

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+61-2 9993 8100 (Equities)

### Website:

[www.fostock.com.au](http://www.fostock.com.au)