

## CLIENT APPLICATION FORM

All transactions are executed and cleared by Morrison Securities Pty Limited (Morrison Securities) ABN 50 001 430 342 AFSL No 241737 Level 7, 7-15 Macquarie Place Sydney NSW 2000

### Buying Shares? Before proceeding with this application please note:

A requirement of opening an account with Morrisons Securities is that you will settle your trades with a Cash Management Account (CMA).

If you have an active CMA, please complete a Third Party Authority form with the Financial Institution giving Morrisons Securities withdrawal authority. Your advisor may be able to assist with providing the required forms.

If you require a new CMA, please visit <https://www.macquarie.com> and search for "Cash Management Account".

If you wish to trade prior to your CMA being opened, you can Bpay the funds to Morrison Securities Pty Ltd using the details on your contract note. Funds must be received by 12pm on the day prior to settlement

### Please ensure you have read and understood:

- ☐ Morrison Securities Equities Terms and Conditions (Part E)
- ☐ Morrison Securities Explanation of CHESS Sponsorship (Part F)
- ☐ Morrison Securities Direct Debit Request and Service Agreement (Part G)
- ☐ Morrison Securities Product Disclosure Statement (PDS) for Exchange Traded Options (Part H)
- ☐ Morrison Securities Derivatives Client Agreement (Part I)
- ☐ Morrison Securities Privacy Policy and Client Statement (Part J)
- ☐ Morrison Securities Financial Services Guide (FSG) (Part K)
- ☐ Intermediary Terms and Conditions (Part L)
- ☐ Intermediary Financial Services Guide (FSG) (Part M)

### In order to process your Application, we will need:

- ☐ Completed and signed Client Application Form (Part A)
- ☐ Completed and signed Broker to Broker Transfer Authority Form – Equities (Part B)
- ☐ Completed and signed Broker to Broker Transfer Authority Form – Options (For Options Clients Only) (Part C)

### General Instructions:

Print in clear BLOCK LETTERS

If you make a mistake, cross it out and initial the changes. Please do not use correction fluid.

### DECLARATION

By signing this application form, you agree, represent and warrant that you

Agree to be bound by the terms and conditions contained within the application.

Are over the age of 18 years and not of any legal disability.

### INTERMEDIARY USE ONLY:

Equities Advisor Code:	<input type="text"/>	Equities Brokerage:	<input type="text"/>
Options Advisor Code:	<input type="text"/>	Options Brokerage:	<input type="text"/>

By signing below, the Intermediary acknowledges that it has:

- (a) received and retained the original signed Sponsorship Agreement (if the Client has agreed to be CHESS Sponsored in Part A Section 9)
- (b) verified the signature on the Application Form, and confirm that it matches the Applicant's Identification documents

Name:	<input type="text"/>	Signature:	<input type="text"/>	Date:	<input type="text"/>
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### MORRISON SECURITIES USE ONLY

Upon acceptance of this application and the opening of an Account for the Applicant by Morrison Securities (and if the Applicant has agreed to be CHESS sponsored, upon the issue of a HIN), Morrison Securities will be taken to have agreed to be bound by (and for the CHESS sponsorship agreement, to have signed) the following documentation:

- (a) Morrison Securities Sponsorship Agreement
- (b) Morrison Securities Direct Debit Request & Service Agreement
- (c) Morrison Securities Derivatives Client Agreement
- (d) Morrison Securities Equities Terms and Conditions
- (e) Privacy Policy and Client Statements

Account Number:	<input type="text"/>	HIN:	<input type="text"/>
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## IDENTIFICATION REQUIREMENTS

Under the Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) legislative regime, due diligence must be conducted on any prospective client before certain services may be provided. The due diligence includes verifying a prospective client's identity. Applications made without providing this information cannot be processed.

The AML/CTF compliance program will also include ongoing customer due diligence and reporting of suspicious matters to AUSTRAC as necessary. This may require the Intermediary and/or Morrison Securities to collect further information.

## INDIVIDUALS / COMPANY DIRECTORS / TRUSTEES

Morrison's will use Electronic Verification (EV) of Individuals identification using the full name and date of birth or residential address from at least two reliable and independent data sources, one of which must be a government data source. Morrison's may also require you to provide certified copies of two primary Photographic Documents (see below) **OR** require you to satisfy the 100 points identification checklist which may be sent to you to complete..

### Photographic Identification

- Current photographic Australian driver's licence
- Current Australian passport
- or
- Overseas passport (with photograph)
- Overseas driver's licence (with photograph)①
- Overseas government issued Identity Card (with photograph)①

① Documents that are written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.

## COMPANY

If you are an Australian company or Corporate Trustee, you need to provide the following documents:

- A full company search of the ASIC database showing:
  - a. the full name of the company;
  - b. the ACN;
  - c. company type;
  - d. the registered office address of the company;
  - e. the principal place of business of a company;
  - f. the names of each director of the company (only for a proprietary company);
  - g. the name and date of birth of each beneficial owner (non-listed company)
- If the company is a regulated company, a search of the licence or other records of the relevant Commonwealth, State or Territory regulator;
- If the company is listed, a search of the relevant financial market.
- Certified Identification for each director as per requirement for Individuals
- Certified Identification for each beneficial owner as per requirement for Individuals or Company (25% or more ownership)

If you are a Foreign company or Corporate Trustee, you need to provide the following company documents showing:

- a. ARBN or foreign registration number
- b. the names of each director of the company (only for a proprietary company);
- c. registration of the company by a foreign registration body;
- d. Whether the company is private or public;
- e. the name and date of birth of each beneficial owner (non-listed company)
- Certified Identification for each director as per requirement for Individuals
- Certified Identification for each beneficial owner as per requirement for Individuals or Company (25% or more ownership)

## TRUST / SUPER ANNUATION FUND

If you are a registered managed investment scheme, an unregistered managed investment scheme with wholesale clients only (which does not make small-scale offerings under section 1012E), a regulated trust (e.g. SMSF) or government superannuation fund provide the certified copy or certified extract of the trust deed, ATO or ASIC documents showing:

- a. full name of the trust;
- b. that the trust is a registered scheme, regulated trust or superannuation fund;
- c. type of trust;
- d. the country in which the trust was established;
- e. the full business name (if any) of the trustee in respect of the trust.

If you are opening an account for Other Trust Types (e.g. family, unit, charitable, estate, etc) provide a certified copy or extract of Trust deed showing:

- a. full name of the trust;
- b. the type of trust;
- c. the country in which the trust was established;
- d. the full business name (if any) of the trustee in respect of the trust;
- e. Full name of beneficial owners or trust membership class;
- f. Name of the Settlor of the trust
- g. Name of all the trustees

Identification requirements -

- a. information relating to all trustees as per "individual" or "company" identification procedure;
- b. information relating to all beneficial owners as per "individual" or "company" identification procedure;
- c. information relating to settlor of the trust as per "individual" or "company" identification procedure.

**PART A****1. INDIVIDUAL / JOINT / DIRECTORS**

Please complete this section using your full name. Initials will not be accepted

**Individual / Director 1**

Title		Date of Birth	
Given Name(s)			
Surname			
Country of Birth <small>(Please write country name in full)</small>		Country of Citizenship <small>(if different to Country of Birth)</small>	
Are you an Australian Resident for Tax Purposes?		<input type="checkbox"/> Yes <input type="checkbox"/> No	
Tax File Number		Quotation of your Australian tax file number(s) ( <b>TFN</b> ) is optional.	
If no, please specify your country of residence for Tax purposes:			

**Residential Address** (PO Box is not acceptable)

Street Address <small>(including Suburb)</small>					
State		Post Code		Country	
Home No.		Work No.		Mobile No.	
Email Address					
Should Trade Confirmations be sent to this e-mail address?					<input type="checkbox"/> Yes <input type="checkbox"/> No

**Individual / Director 2**

Title		Date of Birth	
Given Name(s)			
Surname			
Country of Birth <small>(Please write country name in full)</small>		Country of Citizenship <small>(if different to Country of Birth)</small>	
Are you an Australian Resident for Tax Purposes?		<input type="checkbox"/> Yes <input type="checkbox"/> No	
Tax File Number		Quotation of your Australian tax file number(s) ( <b>TFN</b> ) is optional.	
If no, please specify your country of residence for Tax purposes:			

**Residential Address** (PO Box is not acceptable)

Street Address <small>(including Suburb)</small>					
State		Post Code		Country	
Home No.		Work No.		Mobile No.	
Email Address					
Should Trade Confirmations be sent to this e-mail address?					<input type="checkbox"/> Yes <input type="checkbox"/> No

**Individual / Director 3**

Title		Date of Birth	
Given Name(s)			
Surname			
Country of Birth <small>(Please write country name in full)</small>		Country of Citizenship <small>(if different to Country of Birth)</small>	
Are you an Australian Resident for Tax Purposes?		<input type="checkbox"/> Yes <input type="checkbox"/> No	
Tax File Number		Quotation of your Australian tax file number(s) ( <b>TFN</b> ) is optional.	
If no, please specify your country of residence for Tax purposes:			

**Residential Address** (PO Box is not acceptable)

Street Address <small>(including Suburb)</small>					
State		Post Code		Country	
Home No.		Work No.		Mobile No.	
Email Address					
Should Trade Confirmations be sent to this e-mail address?					<input type="checkbox"/> Yes <input type="checkbox"/> No

Please complete Section 1 for all Directors. If there are additional directors, please supply details on a separate page.

Company Name			
ABN / ACN		Country of Incorporation	
Company Type	<input type="checkbox"/> Proprietary <input type="checkbox"/> Public	Number of Directors	
ARBN (or foreign registration number)		Registration Body	
Tax File Number	Quotation of your Australian tax file number(s) ( <b>TFN</b> ) is optional		

Street Address (including Suburb)					
State		Post Code		Country	

Principal Address (including Suburb)					
State		Post Code		Country	

**If there are additional Beneficial Owners, please supply details on a separate page**

List individuals who, whether directly or through other companies or trusts, own 25% or more of the Company

Owner 1	Title		Given Name(s)	
	Surname		Date of Birth	

Residential Address (PO Box is not acceptable)

Street Address (including Suburb)				
State		Post Code		Country

<b>Owner 2</b>	Title		Given Name(s)	
	Surname		Date of Birth	

Residential Address (PO Box is not acceptable)

Street Address (including Suburb)					
State		Post Code		Country	

<b>Owner 3</b>	Title		Given Name(s)	
	Surname		Date of Birth	

Residential Address (PO Box is not acceptable)

Street Address (including Suburb)				
State		Post Code		Country

### Trust and Superannuation Fund Details

Name of Trust			
ABN / ARBN		Country of Establishment	
Type of trust		Business name of the trustee	
Name of the Settlor		Tax File Number	

If there are additional Beneficial Owners, please supply details on a separate page

Beneficial Owner 1	Full Name		Date of Birth	
Beneficial Owner 2	Full Name		Date of Birth	
Beneficial Owner 3	Full Name		Date of Birth	

If the account is on behalf of a person under the age of 18 years, please include their full name and date of birth below:

Full Name	Date of Birth
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## Account Designation

Trust Name, Superannuation Fund Name, Minor (child) details. Must include A/C. Must not be more than 28 characters (including A/C)

[illegible]

## 5. ADDRESS DETAILS

### Postal Address

Postal Address  
(including Suburb)

State

Post Code

Country

### Registration Address

*Only required if different to the postal address*

This will be the address we register on your Holder Identification Number (HIN) with CHESS which will be used by the registries to communicate holding information to you.

Registration Address  
(including Suburb)

State

Post Code

Country

## 6. DELIVERY DETAILS FOR TRADE CONFIRMATIONS

### Authorisation of the electronic dispatch of confirmations.

The authorisation and agreement in this section apply if you have provided an e-mail address for the despatch of trade confirmations and signed the Application Form. By doing so you authorise confirmations to be dispatched electronically to:

- (a) you at the e-mail address provided in Section 1  
(b) another person or organisation (as your agent) to whom you have authorised Morrison Securities to send electronic confirmations, at the e-mail address provided in the Application Form.

### Confirmations via Post

If no e-mail address for the applicants has been provided, the trade confirmations will be sent to the Postal address provided in section 5

Posted trade confirmations will incur a charge per trade confirmation.

### Additional Copies of Confirmation Notes:

Morrison Securities cannot send your trade confirmations to a third party; however the third party can be provided with a copy of your trade confirmation. If additional copies are required please provide the e-mail or postal details below:

Additional e-mail

Additional e-mail

### Confirmations via Post

Postal Address

## 7. THIRD PARTY AUTHORITY

### Authorised Agent Details

If you wish to authorise a third party to operate your account, please complete the below details. Until you notify us in writing that the authority has been revoked, the following person is authorised to act on your behalf, including giving dealing and other instructions, information and requests and/or receive account information.

Please provide certified copies of documents – refer to IDENTIFICATION REQUIREMENTS (Page 2)

Title

Date of Birth

Given Name(s)

Surname

Country of Birth

Country of Citizenship

Are you an Australian Resident for Tax Purposes?

☐ Yes

☐ No

If no, please specify your country of residence for Tax purposes:

### Residential Address (PO Box is not acceptable)

Street Address  
(including Suburb)

State

Post Code

Country

Home No.

Work No.

Mobile No.

Email Address

Should Trade Confirmations be sent to this e-mail address?

☐ Yes

☐ No

Position Held

Signature of Authorised Agent

## 8. STATUS OF APPLICANT

### ASX Affiliation

Are any of the Applicants, Directors, Responsible Officials, Partners, Authorised Representatives, Trustees, Beneficial Owners or any other Beneficiaries of this Account: affiliated with any Participant of ASX Group or ASX Listed Company?

☐ Yes

☐ No

If Yes, please provide details

### Politically Exposed Persons

Are any of the Applicants, a government official; government entity, or having dealings with a government official or any government related entity of any country?

☐ Yes

☐ No

If Yes, please provide details

## 9. TRADE SETTLEMENT DETAILS

### CHESSE Sponsorship

Please refer to the Explanation of CHESSE Sponsorship Agreement and the Morrison Securities Sponsorship Agreement in Part F of this document.

Would you like Morrison Securities to establish a new Sponsored HIN? ☐ Yes ☐ No

Would you like to transfer an existing HIN from another broker/sponsor?  
(If yes, please complete the **Broker to Broker Transfer Authority** Form in Part B) ☐ Yes ☐ No

Would you like to lodge financial products as collateral cover for your option positions? ☐ Yes ☐ No

### DVP / Margin Lending Details

Would you like to settle your transactions via a third-party settlement participant?  
(I.e. non-CHESSE sponsored/DVP/Margin Lending) ☐ Yes ☐ No

If yes, please confirm Participant Name  PID  HIN  X

Email Address for Confirmation Note  Trade Confirmations will be sent to the third party settlement participant

## 10. BANKING

### Direct Debit and Cash Management Account Authority

**PLEASE NOTE:** In order to complete this section, the Applicant is required to have an active Cash Management Account (CMA). To link a current CMA account, a Third Party Authority (TPA) must have been completed and sent to the financial institution that holds the CMA.

If a new CMA is required, please refer to your advisor for the list of accepted financial institutions. All CMA account holders must sign this section.

**Nominated Bank Account** The Applicant authorises Morrison Securities to credit/debit the Nominated Bank Account

\*Please tick applicable box: ☐ Credit Only ☐ Debit Only ☐ Debit & Credit ☐ CMA/CMT TPA Completed

Financial Institution Name:  Country of Financial Institution

Account Name

BSB  Account Number

Bank Account Holder 1 Name  Signature

Bank Account Holder 2 Name  Signature

Bank Account Holder 3 Name  Signature

## 11. DIVIDENDS

### Income Direction

Please tick if applicable

☐ I / we will be CHESSE Sponsored by Morrison Securities and I/we authorise CHESSE and Morrison Securities to severally advise the relevant Issuer or its nominee to pay by direct credit to the Nominated Bank Account(s) (as specified in Section 10 of this Application Form) all cash dividends, distributions, interest or income payable referable to my/our HIN.

By ticking this box, whenever you purchase financial products which are CHESSE sponsored by Morrison Securities, Morrison Securities will pass your banking details via CHESSE to the issuer's share registry. This instruction will override all previous instructions you may have given Morrison Securities or the relevant issuer. This instruction only applies to holdings sponsored by Morrison Securities in CHESSE. For other holdings, contact the Issuer directly. All cash dividends paid for financial products held under your HIN will be directed into the Nominated Bank Account specified in Section 10 of this Application Form. Note that by providing this instruction, it may override your participation in any existing Dividend Reinvestment Plans (**DRP**) or Bonus Share Plans. There are also no guarantees that all share registries will accept these instructions from Morrison Securities.

## 12. DECLARATIONS

### Acknowledgements

The Applicant acknowledges that it has received, read and understood the following documentation:

- (a) Morrison Securities Explanation of CHESSE Sponsorship Agreement [Part F] (if the Client has agreed to be CHESSE Sponsored in Part A Section 9)
- (b) Morrison Securities Financial Services Guide [Part K]
- (c) Morrison Securities PDS for Exchange Traded Options [Part H] – *for Options clients only*
- (d) Intermediary Financial Services Guide (FSG) (Part M)

### Agreement to be bound by documentation

By signing the application form below the Applicant acknowledges that it has received, read and agrees to be bound by the following documentation

- (a) Morrison Securities Equities Terms and Conditions [Part E]
- (b) Morrison Securities Sponsorship Agreement [Part F] (if the Client has agreed to be CHESSE Sponsored in Part A Section 9)
- (c) Morrison Securities Direct Debit Request and Service Agreement [Part G] (if the Client has provided Morrison Securities with Direct Debit Authority in Part A Section 10)
- (d) Morrison Securities Derivatives Client Agreement – [Part I] *for Options clients only*
- (e) Morrison Securities Privacy Policy and Client Statement [Part J]
- (f) Authorisation for electronic confirmations [Part A: Section 6 of Client Application Form] (if applicable)
- (g) Intermediary Terms and Conditions (Part L)

## 13. SIGNATURES

All account holders must sign. If the account holder is a company, please ensure that two Directors or a director and a Secretary sign. If the Company is a Sole Director/ Secretary Company, please indicate this and that person may sign on their own.

Individual / Director (1): Full name	Signature	Date
<input type="text"/>	<input type="text"/>	<input type="text"/>
Individual / Director (1): Full name	Signature	Date
<input type="text"/>	<input type="text"/>	<input type="text"/>
Individual / Director (1): Full name	Signature	Date
<input type="text"/>	<input type="text"/>	<input type="text"/>

## PART B: BROKER TO BROKER TRANSFER AUTHORITY FORM - EQUITIES

Please complete this form if you wish to transfer securities from another Sponsoring Broker to Morrison Securities Pty Limited (**Morrison Securities**)

### 1. MORRISON SECURITIES ACCOUNT DETAILS

Account Number	
Account Name	
Account Designation	

### 2. EXISTING SPONSORING BROKER ACCOUNT DETAILS

For your transfer to be successful, your registration details (i.e. your name and address) on this form must match the details on your account with Morrison Securities. If they do not match, you will need to advise your existing Sponsoring Broker of any name or address changes before we can process this transfer.

Account Name					
Account Designation					
Registered Address					
State		Post Code		Country	

### 3. EXISTING SPONSORING BROKER DETAILS

Broker Name		Existing Broker PID	
Account Number		HIN at existing Broker	

### TRANSFER INSTRUCTIONS

*Attach a separate sheet if additional securities are required to be transferred*

Please select one of the following options:

- ☐ Please transfer HIN (and all holdings) from existing broker to Morrison Securities (PID 1089); **or**
- ☐ Please transfer only the holdings listed below from existing broker to Morrison Securities (PID 1089)

ASX CODE	SECURITY NAME (E.g. Rio Tinto Limited)	QUANTITY (No of Shares)

### AGREEMENT

*All account holders must sign*

**CHESS Sponsorship:** Sponsor me/us into the CHESS Settlement Facility in accordance with Morrison Securities CHESS Sponsorship Agreement Terms and Conditions. I/we authorise Morrison Securities to transfer the existing HIN and all holdings or the above listed Holdings to my/our Morrison Securities account and we agree to be bound by Morrison Securities Sponsorship Agreement Terms and Conditions.

If the registration details that are being transferred to Morrison Securities do not match the details supplied on Morrison Securities Sponsorship Agreement, I hereby authorise Morrison Securities to amend the Registration details to match the Sponsorship Agreement. .

Original signature(s) only – digitally inserted signatures not accepted.

Individual / Director (1): Full Name	Signature	Date
Individual / Director (2): Full Name	Signature	Date
Individual / Director (3): Full Name	Signature	Date

\*ALL ACCOUNT HOLDERS MUST SIGN... FOR COMPANY ACCOUNTS, TWO DIRECTORS OR A DIRECTOR AND A SECRETARY MUST SIGN. IF THE COMPANY HAS A SOLE DIRECTOR/SOLE SECRETARY, PLEASE INDICATE THIS AND THAT PERSON MAY SIGN ON THEIR OWN

## PART C: BROKER TO BROKER TRANSFER AUTHORITY FORM - OPTIONS

Please complete this form if you wish to transfer Options Positions from another Options Broker to Morrison Securities Pty Limited (**Morrison Securities**).

### 1. MORRISON SECURITIES ACCOUNT DETAILS

Account Number	
Account Name	
Account Designation	

### 2. EXISTING SPONSORING BROKER ACCOUNT DETAILS

For your transfer to be successful, your registration details (i.e. your name and address) on this form must match the details on your account with Morrison Securities. If they do not match, you will need to advise your existing Sponsoring Broker of any name or address changes before we can process this transfer.

Account Name					
Account Designation					
Registered Address					
State		Post Code		Country	

### 3. EXISTING SPONSORING BROKER DETAILS

Broker Name		Existing Broker PID	
Account Number		HIN at existing Broker	

### TRANSFER INSTRUCTIONS

*Attach a separate sheet if additional securities are required to be transferred*

Please select one of the following options:

- ☐ Please transfer all Options, Cash and Collateral from my existing broker to Morrison Securities (PID 1089); or
- ☐ Please transfer only those positions shown in the attached statement /confirmation note from existing broker to Morrison Securities (PID 1089)
- ☐ Please transfer only those positions listed below from existing broker to Morrison Securities (PID 1089)

CALL / PUT, EXPIRY MONTH, STRIKE	QUANTITY	TRADE PRICE

### AGREEMENT

*All account holders must sign*

I/we authorise Morrison Securities to transfer the existing Options Positions as detailed above to my/our Morrison Securities account and we agree to be bound by Morrison Securities Derivatives Terms and Conditions. Original signature(s) only – digitally inserted signatures not accepted.

Individual / Director (1): Full Name	Signature	Date
Individual / Director (2): Full Name	Signature	Date
Individual / Director (3): Full Name	Signature	Date

\*ALL ACCOUNT HOLDERS MUST SIGN... FOR COMPANY ACCOUNTS, TWO DIRECTORS OR A DIRECTOR AND A SECRETARY MUST SIGN. IF THE COMPANY HAS A SOLE DIRECTOR/SOLE SECRETARY, PLEASE INDICATE THIS AND THAT PERSON MAY SIGN ON THEIR OWN



## PART E: MORRISON SECURITIES EQUITIES TERMS & CONDITIONS

for clients of Sequoia Wealth Management Pty Ltd  
ABN 22 002 314 310 AFSL No. 472387 (INTERMEDIARY)

### TERMS OF YOUR AGREEMENT WITH MORRISON SECURITIES PTY LIMITED ABN 50 001 430 342 AFSL No 241737 (Morrison Securities)

#### 1. Your agreement with Morrison Securities

Morrison Securities is admitted as a Trading Participant of one or more Australian Exchanges. Morrison Securities is also admitted as a Clearing Participant in accordance with the operating rules of ASX Clear Pty Limited ABN 48 001 314 503 (**ASX Clear**), a wholly owned subsidiary of ASX Limited ABN 98 008 624 691 (**ASX**), Morrison Securities is a trading Participant of Chi-X Australia Pty Ltd ABN 47 129 584 667 (**Chi-X**), National Stock Exchange of Australia Pty Limited ABN 11 000 902 063 (**NSX**), Sydney Stock Exchange Limited ABN 19 080 399 220 (**SSX**).

By placing an Order with the Intermediary (as your agent) to purchase or sell Exchange Traded Products by means of an Exchange Transaction, you accept and agree to be bound by the terms and conditions set out below in this document (**Terms and Conditions**). If you wish to buy or sell or otherwise deal in Exchange Traded Products on an Australian Exchange, the Intermediary will (as your agent) communicate your Order to Morrison Securities. Morrison Securities will, subject to these Terms and Conditions, execute or facilitate that Order on your behalf and will clear and settle the Exchange Transactions that result from the execution or facilitation of your Orders. Accordingly, Morrison Securities will carry the obligations to complete the sale or purchase, together with all the obligations which are ancillary to the completion (**Settlement Obligations**). Morrison Securities must also settle such Exchange Transactions as principal with ASX Clear or the relevant counterparty even though the Exchange Transaction was entered into on your behalf. Accordingly, your clearing and settlement obligations under the sale or purchase contract are owed directly to Morrison Securities and not to the Intermediary.

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 an Exchange Transaction, Morrison Securities has direct rights against you, including rights of sale under the ASIC Market Integrity Rules, Exchange Rules and ASX Clear Rules and those described in these Terms and Conditions.

#### 2. Conduct of Business

You acknowledge and agree:

- to comply with these Terms and Conditions, all applicable laws, the ASIC Market Integrity Rules, 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 ASIC Market Integrity Rules, Exchange Rules, ASX Clear Rules and ASX Settlement Rules at the Intermediary's offices; and
- that all Exchange Transactions are subject to the ASIC Market Integrity Rules, Exchange Rules, ASX Clear Rules, the directions, decisions and requirements of an Australian 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 Exchange Traded Products approved for settlement by ASX Settlement, the ASX Settlement Rules.

#### 3. Sponsorship

If you are not currently sponsored by Morrison Securities, Morrison Securities recommends that you enter into a Sponsorship Agreement with Morrison Securities to enable easy transfer of your Exchange Traded Products under CHESS (**Clearing House Electronic Subregister System**).

#### 4. Orders and instructions

You agree that:

- if you wish to place any Order, you must do so with the Intermediary (such communications to be given in the form and manner agreed with the Intermediary from time to time), and you authorize the Intermediary, as your agent (and not as the agent of Morrison Securities), to communicate your Order and other instructions or information to Morrison Securities;
- Morrison Securities may provide communications to you through the Intermediary and not directly to you.

Morrison Securities will not act on any Orders or other instructions or information communicated directly to it by you (and not the Intermediary). You may only terminate the Intermediary's authority to act on your behalf by terminating this agreement.

As a Participant of one or more Australian Exchange, subject to your instructions, Morrison Securities is required to handle and execute Orders in accordance with the ASIC Market Integrity Rules. A copy of the Morrison

Securities Best Execution Policy as at the date of these Terms and Conditions is attached as Schedule 4. Morrison Securities may from time to time amend its Best Execution Policy and make such amendments available on its website or through the Intermediary, or otherwise notify you of the amended Best Execution Policy.

Morrison Securities may at any time, in its absolute discretion, refuse to accept any Order from, or execute Orders for you. For example, Morrison Securities may refuse to accept your Order if it would require Morrison Securities to act otherwise than in accordance with its Best Execution Policy.

Subject to any instructions from you, Morrison Securities will generally execute Orders in the sequence in which they are received. However, you acknowledge and agree that:

- Your Order may be automatically crossed against other orders before reaching the Market;
- Morrison Securities may not be aware of principal orders that are being (or may be) executed, and that direct market access arrangements and program trading may make it impossible to prevent principal orders from being executed at the same time as (or before) your Order. Accordingly, you agree that Morrison Securities may execute principal orders where your Order on the same terms is outstanding and that these Terms and Conditions constitute disclosure as required by the ASIC Market Integrity Rules. Unless you notify Morrison Securities to the contrary, you will be taken to have consented to Morrison Securities (and/or any of its related bodies corporate) trading as Principal with you and agree to pay such commission (if any) on such transactions, each time you place an order with Morrison Securities through the Intermediary;
- you will be charged the normal rate of commission by the Intermediary for Orders which are crossed with Morrison Securities principal orders unless, if you are a retail client (as defined in the Corporations Act), we are not permitted to do so under the Corporations Act or the ASIC Market Integrity Rules; and
- an Order once accepted by Morrison Securities may not be transacted and an Order to transact an AQUA Product through the ASX Managed Fund Settlement Service is subject to acceptance by the issuer of the product and an application for issue or redemption of a product may be rejected; and
- an Order to transact in an AQUA Product is not traded on a Australian Exchange and comprises an application by you to the relevant product issuer. You acknowledge and agree that:
  - Morrison Securities does not control and cannot procure the issue or redemption of AQUA Products or the processing of requests for issue or redemption of, or switch between, AQUA Products;
  - Morrison Securities has no liability to you or the Intermediary with respect to any action or failure to take action by an issuer or other Settlement Participant in connection with a request for issue, redemption or switch of AQUA Products including (without limitation) an issuer's failure to issue or redeem AQUA Products or make available redemption monies or to deliver AQUA Products.

#### 5. Orders relating to sales

You agree that whenever you place a sale Order with the Intermediary, you must notify the Intermediary whether or not your sale Order is a covered short sale – i.e. a sale where you have, at the time you place the sale Order with the Intermediary, a legally binding commitment from a securities lender to lend the securities to you under a Securities Lending Arrangement.

Where your sale relates to a covered short sale, you must also inform the Intermediary at the time of placing the sale Order:

- the number of Exchange Traded Products to be sold that are to be delivered under the Securities Lending Arrangement;
- a description of the Exchange Traded Products (e.g. fully paid ordinary shares); and
- the name of the entity that issued the Exchange Traded Products (e.g. Westpac Banking Corporation).

You acknowledge that Morrison Securities will not be permitted to execute a sale Order for you unless you have informed the Intermediary whether or not the sale Order relates to a covered short sale. You agree that, each time you place a sale Order with the Intermediary and notify the Intermediary that the sale Order relates to a covered short sale, you will be taken to have warranted and represented to Morrison Securities and the Intermediary that the sale will meet the requirements and conditions of the Corporations Act, Corporations Regulations and ASIC Class Orders (if any) (as amended from time to time) relating to covered short sales, (including without limitation that you have obtained a legally binding commitment from a securities lender to lend the relevant securities to you under a Securities Lending Arrangement).

## 6. Orders to purchase Warrants

If you place an Order to purchase Warrants, the terms in Schedule 1 will apply to you.

## 7. Orders to purchase partly Paid Securities

If you place an Order to purchase Partly Paid Securities, the terms in Schedule 2 will apply to you.

## 8. The Intermediary's use of a DMA Service

Morrison Securities may provide a direct market access service (**DMA Service**) to the Intermediary under which the Intermediary may place your Orders directly into the Trading Platform through an electronic automated client order process. You acknowledge that if Morrison Securities provides a DMA Service to the Intermediary:

- a. There may be delays in the processing, execution, amendment or cancellation of an Order entered through the DMA Service and:
  - i. an Order may be wholly or partly filled before an instruction for its amendment or cancellation is processed; and
  - ii. you remain liable to settle the original Order, until any relevant amendment or cancellation is effected;
- b. The execution of an Order placed through the DMA Service may be delayed by filters or other electronic features of the electronic system;
- c. Morrison Securities is not responsible for the processing, execution or cancellation of any Orders submitted through the DMA Service, regardless of who enters such Orders and regardless of whether or not there is an error in the Order entry or for any delays in relation to the same;
- d. except as required by law, Morrison Securities makes no representations or warranties express or implied with respect to the DMA Service;
- e. there are significant risks in trading through a DMA Service because it is serviced by means of computer and telecommunications systems, even where generally accepted industry standards and practices are followed, including that your data may not be protected, and there are risks that other users of the DMA Service, institutions or intermediaries may be able to see your Orders and other communications relating to trading and execution without your (or Morrison Securities) consent and that third parties (including persons on private networks) will have the ability to attach to your network; and
- f. Morrison Securities may terminate the Intermediary's participation in the DMA Service at any time without notice to you.

## 9. Client's use of a DMA Service

Morrison Securities may provide a DMA Service to you under which you may place your Orders directly into the Trading Platform through an electronic automated client order process. You acknowledge that if Morrison Securities provides the DMA Service to you, the terms in Schedule 3 will apply.

## 10. Morrison Securities right to require the Intermediary to refuse to accept Orders

You acknowledge that Morrison Securities may at any time in its absolute discretion direct the Intermediary to:

- a. refuse to accept you as a client or not to accept Orders from you; or
- b. refuse to accept a particular Order from you.

## 11. Purchases and Sales

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

If the Intermediary previously arranged for your Exchange Transactions to be executed by an ASX participant other than Morrison Securities, and you had authorised that other ASX participant (or an Clearing Participant that clears and settles transactions executed by that other ASX participant) to withdraw funds from your cash management account or account with a financial institution (**CMA**) in order to settle Exchange Transactions executed by that other ASX participant for you, you will be taken, when you first place an Order with the Intermediary to be executed by Morrison Securities, to have authorised Morrison Securities (on the same terms as the authority granted to that other ASX participant or Clearing Participant) to withdraw funds from your CMA in order to settle Exchange Transactions which the Intermediary has arranged for Morrison Securities to execute for you.

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 Morrison Securities may deposit the Exchange Traded Products purchased for you in a particular transaction as security for a loan if Morrison Securities has received and paid for such Exchange Traded Products on your behalf.

You must deliver to Morrison Securities (and not the Intermediary) 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:

**Morrison Securities Pty Limited**  
**Level 7, 7-15 Macquarie Place**  
**Sydney NSW 2000**

If you have entered into a Sponsorship Agreement with Morrison Securities, you will be taken to have satisfied this obligation if you ensure that sufficient Exchange Traded Products are held in your Sponsored Holding with Morrison Securities, those Exchange Traded Products are unencumbered and, if the consent of any third party is required before Morrison Securities may withdraw those Exchange Traded Products, that consent has been obtained and communicated to Morrison Securities. You irrevocably authorise Morrison Securities to apply any Exchange Traded Products held in your Participant Sponsored Holding to satisfy your Settlement Obligations arising from any Exchange Transaction executed by Morrison Securities 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 Morrison Securities in deliverable form; and
- c. all amounts due and payable by you to Morrison Securities or the Intermediary have been paid.

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

## 12. No Advice

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

You also acknowledge that the manner in which Morrison Securities may exercise or not exercise, or the timing of or any delay in any exercise by Morrison Securities of any right of Morrison Securities is not to be taken to be financial product advice by Morrison Securities,

## 13. 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 second Business Day after the execution of the relevant Exchange Transaction. The Intermediary has no authority to extend the Settlement Date and Time.

## 14. Warranties by the client

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

- a. you will be in a position to pay the Commission (if any) in respect of the transaction which will result from execution of the Order;
- b. you will be in a position to pay for any Exchange Traded Products purchased and have a presently exercisable and unconditional right to vest any Exchange Traded Products sold in the buyer, to enable settlement at the Settlement Date and Time; and
- c. if your Order relates to mFund Products, that you will be in a position pay Morrison Securities the issue price of the mFund Products to be issued to you and have a presently exercisable and unconditional right to deliver any mFund Products to be redeemed, in enable settlement at the Settlement Date and Time;
- d. if your Order relates to the purchase of a Partly Paid Security, you have made arrangements (to Morrison Securities satisfaction) to pay to Morrison Securities a sufficient amount to cover any liability arising from all possible future calls in respect of the Partly Paid Securities; and
- e. you will not place an Order for an AQUA Product unless you have received and read the Product Disclosure Statement relating to the product and the ASX Fact Sheet in relation to the ASX Managed Fund Settlement Service.

## 15. 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)).

## 16. Confirmations

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

You authorise Morrison Securities (on its own behalf and on behalf of the Intermediary) to give Confirmations to you electronically to the email address notified to Morrison Securities by the Intermediary on your behalf from time to time for this purpose. Morrison Securities 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 Intermediary 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 Morrison Securities enters into multiple Exchange Transactions in order to complete your Order, you authorise Morrison Securities to accumulate those Exchange Transactions (whether executed on the same Australian Exchange or otherwise) on a single Confirmation and to specify the volume weighted average price for those Exchange Transactions on that Confirmation. If requested by you, Morrison Securities will, if required under the ASIC 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 ASIC Market Integrity Rules, Morrison Securities may elect not to give any Confirmations to you in relation to Exchange Transactions executed for you. If Morrison Securities so elects, these Terms and Conditions are taken to be the notification required to be given by Morrison Securities to you under the ASIC Market Integrity Rules.

#### **17. Failure to Settle**

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

and you authorise Morrison Securities and each of its directors and employees as your attorney to give instructions on your behalf in respect of your Exchange Traded Product holdings sponsored by Morrison Securities (or a related body corporate of Morrison Securities) in CHESS, or held by a related body corporate of either of Morrison Securities or the Intermediary in nominee holdings, and in respect of call deposit facilities or cash management trust accounts on which either Morrison Securities or the Intermediary is authorised to give instructions, to enable Morrison Securities to realise those Exchange Traded Products or funds and apply the proceeds in reduction of your liability to Morrison Securities and to recover Morrison Securities costs in so acting. If you fail to settle, Morrison Securities may make arrangements on your behalf to ensure that your Settlement Obligations are performed (including by buying-in or borrowing the relevant Exchange Traded Products). If you have not met your settlement obligations owed to Morrison Securities in respect of an Exchange Transaction executed for you by Morrison Securities by the date which is 4 Business Days after the Settlement Date and Time, it is Morrison Securities policy (and Morrison Securities may be obliged under the ASX Settlement Rules), without any notice to you:

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

Products), and recover any resulting loss from you.

You must pay or reimburse Morrison Securities any such administration fees and default charges (together with any GST payable on those amounts) immediately upon demand or at Morrison Securities option it may deduct such administration fees and default charges (and any GST) from any sale proceeds or other amounts otherwise payable to you. Morrison Securities will not be liable to you for any failure by Morrison Securities to exercise (or any delay in the exercise by Morrison Securities of) any right Morrison Securities may have against you, or any loss incurred by you as a result of Morrison Securities 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 17 are in addition to any rights that are conferred to Morrison Securities under the Exchange Rules and the ASX Clear Rules.

#### **18. Assignment to the Intermediary of debts owed by you to Morrison Securities**

If you have not paid any debt to Morrison Securities, you acknowledge that Morrison Securities may (by notice to you and the Intermediary) assign that debt to the Intermediary and the assigned debt will become an obligation of yours owed to the Intermediary. In the event of such an assignment, the Intermediary (and each of its directors and employees) will have the rights and powers (and may do all the things) set out in clause 17 as if a reference to Morrison Securities were a reference to the Intermediary.

#### **19. Cancellations**

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

- a. if requested to do so by the Intermediary in the circumstances contemplated by the ASIC Market Integrity Rules (as if the Intermediary were a Trading Participant that executed that Order to which the Exchange Transaction or Crossing relates);
- b. if an Australian Exchange or a participant of the Australian Exchange exercises its power under the Exchange Rules to cancel or amend (or require the cancellation or amendment of) the Exchange 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 1 of these Terms and Conditions, and Morrison Securities obligations in relation to the settlement of an Exchange Transaction, will no longer apply in respect of a cancelled transaction from the time it is cancelled or, in the case of an amended Exchange Transaction, apply as amended.

#### **20. Interest on Morrison Securities trust account**

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

#### **21. Instructions by e-mail**

You acknowledge and agree that;

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

#### **22. Information**

You warrant that all information provided by you to the Intermediary or Morrison Securities is, or will be when given, accurate, true and correct and further agree to immediately notify Morrison Securities in writing upon becoming aware that such information is no longer accurate, true and correct. You agree that Morrison Securities and the Intermediary may share such information, as well as your account details and information regarding your transactions in Exchange Traded Products with each other and with Morrison Securities related bodies corporate on a confidential basis as Morrison Securities considers appropriate. You agree that

Morrison Securities may use information provided by you to verify any security holdings with company registries on your behalf. You also consent to Morrison Securities and/or the Intermediary disclosing this information and your account details to any regulatory authority, and consent to Morrison Securities and/or the Intermediary using such information and your account details for the purposes of monitoring compliance by you, the Intermediary and/or Morrison Securities 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 Morrison Securities holds about you.

You also warrant and represent that you are authorised to provide such information to the Intermediary and/or Morrison Securities (for example, when the information relates to another person, such as where you are a company, that you are authorised to provide information relating to directors and members of the company) and that the provision of the information by you complies with all applicable privacy laws, including the *Privacy Act 1988* (Cth). You also acknowledge that you understand, and agree, that some information that you are requested to provide to the Intermediary and/or Morrison Securities:

- a. may be for the purpose of or connected to verifying the identity of you or another person or for other reasons relating to compliance with the *Anti-Money Laundering and Counter- Terrorism Financing Act 2006* (Cth) and the rules made under that Act;
- b. such verification may involve use of third party systems and services, such as document verification services; and
- c. may be transmitted to New Zealand.

### 23. Tax File Number

Morrison Securities is an Australian financial service licensee that is authorised by law to request your TFN. You are not required to provide your TFN and failing to provide your TFN to Morrison Securities is not an offence. If Morrison Securities is unable to quote your tax file number or exemption to registries, it may be obliged to take tax at the highest marginal rate from any dividends, distributions, interest and payments to which you are entitled.

Accordingly, failing to provide your TFN or not permitting Morrison Securities to quote it in relation to an investment may have taxation consequences. You may wish to seek independent advice in this regard.

By providing a TFN and signing the Application Form you:

- a. appoint Morrison Securities as your agent and request and authorise Morrison Securities to;
  - (i) provide your Tax File Number to all investment bodies with whom Morrison Securities acts on your behalf;
  - (ii) apply your TFN to any investment or account which you may in future make or open with or through Morrison Securities (and their related bodies corporate) to which your TFN may lawfully be applied; and
- b. acknowledge that this authority will apply until such time as it is revoked in writing to Morrison Securities.

Despite the other terms in this section, you may instruct Morrison Securities in writing at the time of making an investment, not to quote your TFN in relation to that investment.

### 24. Electronic Verification

Morrison Securities may use the personal information collected about you in the Application Form for any purpose stated in the Privacy Statement as well as for the purposes of verifying your identity in accordance with our obligations under the Anti-Money Laundering Laws. Morrison Securities conduct electronic verification checks which means, other than verifying your personal information using Document Verification Service (DVS) via an online platform provider or:

- a. We may disclose personal information about you to a credit reporting agency for the purposes of providing an assessment as to whether the personal information matches (in whole or part) information contained in a credit information file in the possession or control of the credit reporting agency;
- b. The credit reporting agency may provide us with the assessment; and
- c. The credit reporting agency may use the personal information (including your name, residential addresses and date of birth) contained in credit information files of other individuals, for the purpose of preparing the assessment.

Other uses of your personal information by the credit reporting agency are restricted under Privacy laws. By agreeing to this Client Agreement, you consent to us providing your personal information to a credit reporting agency for electronic verification purposes. However, if you do not consent to electronic verification as contained in the declarations section of the Application Form, you will need to provide us with original certified copies of documents so that we can verify your identity manually.

### 25. Indemnity

You must, to the maximum extent permitted by law, at all times and from time to time, indemnify and keep each of Morrison Securities 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 for damages made against the Indemnified Person as a result of:

- a. any transaction entered into by Morrison Securities 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 Morrison Securities;
- 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 Morrison Securities negligence, wilful default or fraud.

### 26. Credit references

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

### 27. Complaints

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

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

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

Following receipt of your complaint, the Complaints Officer will acknowledge receipt of it in writing and provide an estimate of the time it will take to investigate the circumstances. The Complaints Officer will fully investigate your complaint and follow up if further information is required from you. The Complaints Officer 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 Morrison Securities is a member of the Australian Financial Complaints Authority (**AFCA**), Morrison Securities will advise you if you continue to have a complaint that you have the option to pursue your complaint with AFCA. AFCA's contact details are:

**Australian Financial Complaints Authority**  
**GPO Box 3 Melbourne VIC 3001**  
**Telephone 1800 931 678**  
**Facsimile (03) 9613 6399**

If you are not satisfied with the response to your complaint, you may wish to pursue the matter with the relevant Australian Exchange. 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.

### 28. Compensation arrangements

As Morrison Securities is a Participant of one or more Exchange Exchanges and a Clearing Participant of ASX Clear, you may be entitled to make a claim on a compensation fund (such as the National Guarantee Fund (**NGF**), the Chi-X Fidelity Fund, the NSX Fidelity Fund or the Sydney Stock Exchange 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 on a compensation fund contact:

- in relation to transactions on ASX and the NGF, you can contact ASX or the Securities Exchanges Guarantee Corporation Limited ABN 19 008 626 793; or
- in relation to transactions on another Australian Exchange, you can contact that Relevant Exchange.
- in relation to transactions on Chi-X after 26 October 2020, Chi-X is a member of SEGC and NGF applies, and for transactions prior to this date until claims to the Fidelity Fund ceases by 25 October 2027, the following:

The Chi-X Operating Rules require the following disclosure to be given to retail clients of Morrison Securities:

*“Chi-X and ASX operate different compensation funds that provide protection for retail investors in the circumstances defined in the Corporations Act and Regulations.*

*The Chi-X compensation fund covers losses resulting from defalcation or fraudulent misuse of your money, property or authority by a Chi-X participant, subject to certain exceptions. In circumstances where your stockbroker is also an ASX participant, the following applies in relation to such a loss.*

*If you do not expressly or impliedly instruct your stockbroker, who is a Chi-X participant, to execute your trading instructions on the Chi-X market, and it is not reasonably apparent from the usual business practice of your stockbroker which of the ASX or Chi-X market the participant would use when acting for you, the Chi-X fund will not apply. In this case, the NGF may apply, provided the loss is connected to the ASX market and is covered by the NGF claims provisions. The NGF claims provisions are set out in Division 4 of Part 7.5 of the Corporations Act and Regulations (for further information see the legislation and the NGF Information Booklet available at [www.secg.com.au](http://www.secg.com.au)). Note that if your stockbroker is not an ASX participant, the NGF will not apply in any circumstance.”*

Morrison Securities takes no responsibility for the accuracy of this disclosure. If you have any queries concerning the content of the above disclosure, please contact Chi-X directly on (02) 8078 1700. Morrison Securities has professional indemnity insurance which Morrison Securities considers is adequate having regard to:

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

Morrison Securities considers that these compensation arrangements satisfy the requirements of section 912B of the Corporations Act and associated regulations.

## 29. 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 your Intermediary and give receipts to Morrison Securities in relation to any purchase or sale of Exchange Traded Products or other matters to which these Terms and Conditions relate.

## 30. Amendment

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

## 31. Governing law

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

## 32. References to Chi-X, NSX and SSX

Morrison Securities is also a participant of Chi-X, NSX and SSX. The provisions of these Terms and Conditions will apply to transactions to be executed on Chi-X, NSX or SSX as if references to ASX were to Chi-X, NSX or SSX as relevant. References to ASX Operating Rules will be taken to be references to Chi-X Operating Rules, NSX Business Rules and SSX Business Rules.

## 33. Interpretation

In this document (including the Schedules), unless the contrary intention appears:

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

**ASIC Market Integrity Rules** means the *ASIC Market Integrity Rules (Securities Markets) 2017*.

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

**ASX Clear** means ASX Clear Pty Limited ABN 48 001 314 503.

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

**Australian Exchange** means ASX or Chi-X or NSX and, without limitation, any other exchange on which Morrison Securities transacts Orders, or the financial markets operated by them (as the context requires).

**Best Execution Policy** means the policy issued by Morrison Securities and given to you in accordance with the ASIC Market Integrity Rules that is attached to these Terms and Conditions as Schedule 4.

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

*(Securities Markets)*

**Clearing Participant** means a person admitted as a participant under the ASX Clear Rules.

**Confirmation** has the meaning given to it in clause 16.

**Corporations Act** means the *Corporations Act 2001* (Cth) as amended from time to time.

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

**Error** has the meaning given to it in the Exchange Rules and in relation to Chi-X, has the meaning given to "error trade" in the Chi-X Operating Rules, and has the meaning of any equivalent term in any other Exchange Rules including without limitation "error" or "trade error".

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

**Exchange Traded Products** has the meaning given to Cash Market Products in the ASIC Market Integrity Rules

**Exchange Transaction** has the meaning given to Cash Market Transaction in the ASIC Market Integrity Rules

**Intermediary** means the AFSL holder or Corporate Authorised Representative of an AFSL holder with whom you instructed to buy/sell financial products on your behalf.

**Market** means the means the market operated by the relevant Market Operator under the ASIC Market Integrity Rules.

**Market Integrity Rules** means *ASIC Market Integrity Rules (Securities Markets) 2017*.

**mFund Product** has the meaning given to Managed Fund Product in the ASX Operating Rules.

**NSX** means National Stock Exchange of Australia Limited ABN 11 000 902 063.

**Order** means an order or instruction for the sale, purchase, issue or redemption of Exchange Traded Products to be executed or facilitated by Morrison Securities.

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

**Partly Paid Security** means a financial product quoted on an Australian Exchange for which the holder may be liable to pay a call or instalment in accordance with the terms of issue and for which an amount remains unpaid, but does not include a Quoted Product issued by a no liability company.

**Securities Lending Arrangement** has the meaning given to it in section 1020AA of the Corporations Act.

**SSX** means Sydney Stock Exchange Limited ABN 19 080 399 220.

**Trading Participant** has the meaning given to that term in the ASIC Market Integrity Rules

**Warrant** has the meaning given to it in the ASX Operating Rules.

**You** means the person or persons in whose name the account is opened with Morrison Securities 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 (including in Schedule 1, Schedule 2, Schedule 3 and Schedule 4) have the meanings given to them in the ASIC Market Integrity Rules, Exchange Rules, ASX Clear Rules or the ASX Settlement Rules. If you require a copy of these definitions, please contact the Intermediary.

You agree that in the event of any inconsistency between this document and any applicable laws, the ASIC Market Integrity Rules, 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 Morrison Securities as notified to you from time to time.

## Morrison Securities Pty Limited

A participant of ASX Group, Chi-X Australia Pty Ltd, National Exchange of Australia Pty Limited, Sydney Stock Exchange Limited  
ABN 50 001 430 342  
AFSL No. 241737

## SCHEDULE 1

### WARRANT CLIENT AGREEMENT

The following terms and conditions apply if you are to purchase Warrants. You agree and acknowledge that:

- a. you have received and read a copy of the Explanatory Booklet issued by ASX and Chi-X in respect of Warrants ("Understanding Trading and Investment Warrants", available electronically at the following link: <http://www.asx.com.au/education/download-brochures.htm#warrants> and <https://www.chi-x.com.au/warrants> or in paper form on request by contacting the Intermediary);
- b. a Warrant has a limited life and cannot be traded after its expiry date;
- c. you are aware that Warrants do not have standardised Terms of Issue and it is your responsibility to become aware of the Terms of Issue of any Warrant in which you invest;
- d. Warrants may be subject to adjustments after their initial issue. You acknowledge that it is your responsibility to become aware of any adjustments which may have been made to any Warrant in which you choose to invest;
- e. admission to Trading Status of a Warrant does not imply that an Australian Exchange or the Securities Exchanges Guarantee Corporation Limited gives any guarantee or warranty as to the viability of the Warrant-Issuer or Guarantor; and
- f. failure of the Warrant-Issuer or Guarantor (if applicable) to fulfil their obligations does not give rise to a claim against the Intermediary, Morrison Securities, a Relevant Exchange, handling Market Participants or the Securities Exchanges Guarantee Corporation Limited.

## SCHEDULE 2

### PARTLY PAID SECURITY AGREEMENT

The following terms and conditions apply if you are to purchase Partly Paid Securities. You agree and acknowledge that you are aware that:

- a. a Partly Paid Security is a security which may require you to make a further payment or payments at some time in the future;
- b. it is your responsibility to obtain and read a copy of the prospectus, product disclosure statement or information memorandum issued by an Issuer which sets out the particular features of, and rights and obligations attaching to, a Partly Paid Security before placing an order to buy a Partly Paid Security;
- c. you may be liable for further payments on a Partly Paid Security and that a failure to make a further payment by the specified date(s) may result in an Issuer of a Partly Paid Security or their associates or agents taking action, including legal action, against you to recover the outstanding payments and/or may result in the forfeiture of your entitlement to the Partly Paid Security;
- d. in certain circumstances you may be liable to make a further payment on a Partly Paid Security despite the fact that you may have disposed of a Partly Paid Security prior to the date that a further payment falls due;
- e. you should monitor announcements made by the Issuer of a Partly Paid Security and that it is your responsibility to inform yourself of the date/s or circumstances that a further payment falls due and the last day that you can dispose of the Partly Paid Security before becoming liable for a further payment;
- f. the amount of a further payment may be unrelated to the financial performance of a Partly Paid Security and that the amount of the further payment may exceed the intrinsic value of a Partly Paid Security at the time a further payment falls due; and
- g. an obligation on you in relation to a Partly Paid Security, including an obligation to make a further payment, does not give rise to a claim against the Intermediary, Morrison Securities, a Relevant Exchange, handling Market Participants or the Securities Exchanges Guarantee Corporation Limited.

## SCHEDULE 3

### DMA SERVICE TERMS

The following terms and conditions apply if the Client is given access to the DMA Service.

#### 1. ACCESS TO THE TRADING SYSTEM

##### 1.1 Access by Authorised Persons only

No person other than an Authorised Person may at any time submit an Order for the Client (whether as principal or as agent for the Client) through the DMA Service using the Security Information provided by Morrison Securities (or the Intermediary) to the Client. Morrison Securities may in its discretion at any time limit the number of Authorised Persons who are permitted to submit Orders for the Client through the DMA Service.

The Client must not authorise, allow nor permit any person other than an Authorised Person to access or use the DMA Service using the Security Information.

The Client acknowledges and agrees that Morrison Securities may, in its absolute discretion:

- a. refuse to approve as an Authorised Person any person nominated by the Client for that purpose;
- b. revoke its approval of an Authorised Person at any time; and
- c. from time to time test whether an Authorised Person has adequate knowledge of the DMA Service and the Dealing Rules (as defined in the ASIC Market Integrity Rules), directions, decisions and requirements of an Australian Exchange relevant to the type of order submission facilities given to the Authorised Person by Morrison Securities.

The Client must notify the Intermediary immediately once any Authorised Person ceases to be authorised by the Client to access the DMA Service on the Client's behalf.

#### 2. USE OF THE SYSTEM

The Client acknowledges that:

- a. the DMA Service is accessible through the DMA System;
- b. neither Morrison Securities nor any related body corporate of Morrison Securities makes any representation or warranty, express or implied, to the Client or to any other person regarding the DMA System, nor provides any guarantee with respect to the DMA System, including without limitation, with respect to the operation, functionality, effectiveness, accuracy, reliability, merchantability, quality or fitness for purpose;
- c. neither Morrison Securities nor the Intermediary nor any related body corporate of Morrison Securities or the Intermediary is in any way responsible or liable to the Client or any person claiming through the Client, for any loss that results from the Client's use of the DMA System, or from any failure, error or defect of or in the DMA System;
- d. the Client is solely responsible for assessing the adequacy of the DMA System and for deciding whether or not to access it; and
- e. it is the Client's responsibility to obtain, at its own expense, all hardware and software to be used by the Client in connection with use of the DMA Service.

#### 3. SECURITY INFORMATION

The Client acknowledges that the Security Information is confidential and agrees that it is responsible for maintaining its confidentiality.

The Client agrees that it must:

- a. only use the Security Information in accordance with these terms;
- b. not disclose the Security Information (or any part of it) to any person or persons (including its employees, contractors, agents and consultants) other than to an Authorised Person;
- c. ensure that at all times, each Authorised Person maintains the confidentiality of the Security Information;
- d. notify Morrison Securities immediately upon becoming aware that any Security Information has been or may be used or disclosed in a manner that is not consistent with these terms; and
- e. regularly review and, if necessary, upgrade the security of its network through which it accesses the DMA Service to ensure that only Authorised Persons are able to access or use the DMA Service.

#### 4. SUBMITTING ORDERS THROUGH THE DMA SERVICE

##### 4.1 Permission to submit Orders using Security Information

The Client acknowledges and agrees that it (and/or any Authorised Person) is permitted to submit Orders through the DMA Service only if it or they do so using the Security Information.

##### 4.2 Responsibility for submitting Orders

The Client:

- a. determines the time at which Orders are submitted through the DMA Service;
- b. is responsible for all Orders submitted through the DMA Service using the Security Information, regardless of who enters such Orders and regardless of whether or not there is an error in the Order entry;
- c. is bound by any agreement entered into on its behalf in reliance on such Orders;
- d. is liable for any reasonable expense incurred by Morrison Securities in reliance on such Orders; and
- e. accepts the sole risk and responsibility for Orders submitted by it through the DMA Service, including any Order submitted in error.

##### 4.3 Order priority

The Client acknowledges that all Orders submitted by it through the DMA Service are, subject to any Filters, entered on a Trading Platform in the sequence in which they are received, and otherwise as expeditiously as practicable, and this may result in Morrison Securities principal orders being satisfied ahead of an Order.

##### 4.4 Acknowledgment about resubmitting purged Orders

The Client acknowledges that Orders purged from a Trading Platform by the relevant Australian Exchange will not be resubmitted to that Trading Platform by Morrison Securities or the Intermediary.

##### 4.5 No pre-arranged Orders

The Client undertakes to ensure that any Orders placed through the DMA Service which match opposite orders placed by Morrison Securities in a Trading Platform, either as agent or principal, will be of an accidental nature, meaning that no pre-arrangement of the matched orders will have taken place with Morrison Securities, and will not detract in any way from the Client's Orders transacting in a Trading Platform under strict rules of time and price priority.

## **5. ORDERS RELATING TO DERIVATIVES PRODUCTS**

### **5.1 Derivatives Client Terms**

The Client must not submit an Order through the DMA Service in relation to a Derivatives Contract unless the Client has:

- been given the documentation (such as the Morrison Securities' product disclosure statement and ASX booklet "Understanding Options Trading"); and
  - signed any Client agreements,
- which Morrison Securities is required to give to the Client, or which must be entered into by the Client, under the Corporations Act, ASIC Market Integrity Rules, Exchange Rules, ASX Clear Rules or the ASX Settlement Rules, before Morrison Securities is permitted to accept an Order from the Client in respect of Derivatives Contracts.

### **5.2 Closing Out Derivatives Contracts**

If, as a result of Orders submitted by the Client through the DMA Service, a Derivatives Contract registered in the Client's account with Morrison Securities as Buyer and a Derivatives Contract in the same Series or Delivery Month is registered in the Client's account with Morrison Securities as Seller, Morrison Securities will use its best endeavours to ensure that the corresponding Derivatives Contracts registered with ASX Clear are closed out by ASX Clear in accordance with ASX Clear Rule 13.2. However, the Client acknowledges and agrees that the Client's obligations in relation to those Derivatives Contracts continue in force until ASX Clear has closed out the corresponding Derivatives Contracts registered with it in accordance with ASX Clear Rule 13.2.

### **5.3 Exercise of a Derivatives Contract**

The Client acknowledges that, if the Client wishes to exercise a Derivatives Contract registered in the Client's account with Morrison Securities:

- the Client is not able to do so through the DMA Service (whether or not that Derivatives Contract was bought through the DMA Service); and
- the Client must contact the Intermediary directly in order to communicate the Client's instruction to exercise that Derivatives Contract (and the Intermediary in turn will be responsible for communicating the Client's instruction to Morrison Securities).

## **6. TRADING RULES**

### **6.1 DMA Trading Limits**

Morrison Securities may at any time through the DMA Service impose, and from time to time vary, DMA Trading Limits. Without limitation, Morrison Securities may impose DMA Trading Limits on any or all of the following:

- the value or number of any buy Orders or trades;
- the value or number of any sell Orders or trades;
- the available cleared funds;
- the available sponsored stock;
- the net value of any buy Orders or trades less sell Orders or trades;
- the gross value of any buy Orders or trades and any sell Orders or trades;
- the value of any Order or trade; and
- the value of any Order submitted by one or more Authorised Person, or trade undertaken by such a person.

The Client must comply, and ensure that each Authorised Person complies, with all applicable DMA Trading Limits.

### **6.2 Prohibited orders**

The Client must ensure that:

- each Authorised Person accesses the DMA Service in a way that ensures fairness, efficiency and ongoing protection of market integrity;
- it does not place an Order through the DMA such that the beneficial ownership of the financial products which are the subject of the Order would not change if the Order was executed;
- it does not take any action, fail to take any action or place any Order through the DMA Service where that Order (or the resulting transaction) would violate or cause or result in the Client, the Intermediary or Morrison Securities violating any Applicable Regulation, including without limitation, any Applicable Regulation in relation to:
  - market manipulation, false trading, market rigging, fictitious transactions, wash trading or matching of orders;
  - insider trading;
  - front running;
  - fraud;

- creation of a disorderly market or otherwise prejudicing the integrity or efficiency of the market; or
- misleading or deceptive conduct; and
- each Order is submitted in accordance with these terms or any policy or operational guideline published by Morrison Securities from time to time in relation to the DMA Service.

### **6.3 Filters**

Morrison Securities may impose Filters to restrict the placement of any Orders or the execution of any trades through the DMA Service, including (without limitation) Filters whose object is to:

- prevent a breach of the provisions set out in this paragraph 6;
- prevent Orders being registered with a Trading Platform where the price at which the Order is submitted through the DMA Service is too far from the prevailing market price for the relevant security or financial product;
- ensure that the DMA Service does not interfere with the efficiency and integrity of the market conducted by an Australian Exchange;
- ensure that the DMA Service does not interfere with the proper functioning of any Trading Platform; or
- facilitate compliance with, and prevent breaches of, the Applicable Regulations.

Morrison Securities has, and accepts, no responsibility or liability to the Client or any person claiming through the Client for failing to submit such Orders to a Trading Platform.

### **6.4 Delays**

The Client acknowledges that there may be delays in the processing or execution of an Order placed through the DMA Service, and:

- an Order may be wholly or partly filled before an instruction for its amendment or cancellation is processed;
- The Intermediary and the Client remain liable to Morrison Securities to settle the original Order, until any relevant amendment or cancellation is effected; and
- Morrison Securities will not be liable for any loss or damage to the Client by reason of any delay in processing any Order submitted through the DMA Service.

### **6.5 Morrison Securities takes no responsibility**

The Client acknowledges that Morrison Securities takes no responsibility for the processing, execution or cancellation of any Orders placed through the DMA Service or for any delays in relation to the same.

### **6.6 Reconciliation**

The Client is responsible for reconciling end-of-day confirmations against its records on any given trading day, and must communicate to Morrison Securities, any discrepancies found in this reconciliation before the market opens on the next trading day. The Client acknowledges that Morrison Securities is not responsible in any circumstances for the losses of any kind of the Client that occur through errors that go undetected as a result of the failure of the Client to perform this reconciliation.

## **7. PRINCIPAL TRADING BY MORRISON SECURITIES**

The Client acknowledges that Morrison Securities and/or any of Morrison Securities related bodies corporate or affiliates may:

- enter a transaction in securities, derivatives, warrants and other financial products on an Australian Exchange as principal and, where permitted by law, may take the opposite position in any such transaction, acting either for a client or on Morrison Securities own account (and the Client consents to Morrison Securities and/or Morrison Securities related bodies corporate entering such transactions and taking such positions); and
- place principal orders on the same terms as any Order, and that Morrison Securities order may be filled before an Order due to it being entered into the relevant Trading Platform prior to the Order.

## **8. MORRISON SECURITIES WARRANTIES AND LIABILITIES**

### **8.1 No representations or warranties about the DMA Service**

Subject to those provisions of the *Competition and Consumer Act* (Cth) and any other rights implied by law, which cannot be excluded by agreement between the parties, Morrison Securities makes no representations or warranties express or implied, including without limitation, any implied warranties as to merchantability, quality or fitness for a particular purpose or otherwise (including as to accuracy, currency, availability, completeness or quality) with respect to the DMA Service.

### **8.2 Exclusion of liability**

The Client acknowledges that the DMA Service is provided at its risk and that to the extent permitted by law, Morrison Securities excludes all liability in contract, tort (including negligence) or otherwise relating to or resulting from use of the DMA Service, including without limitation, liability for any loss or damage (including incidental, indirect and consequential loss and damage, loss of prospective profits, or expenses) incurred or suffered by the Client directly or indirectly, as a result of:

- any defect, delay, failure, inaccuracy in, use of or inability to use the DMA Service; or
- any government restriction, exchange or market rulings, suspension of

trading computer or telephone failure, unlawful access to the DMA Service, theft, sabotage, war, earthquakes, strikes, force majeure and without limitation, any other conditions beyond Morrison Securities control.

### 8.3 Limitation of liability in any event

Morrison Securities liability shall in any event be limited to:

- a. in the case of goods, replacement or repair of the goods; and
- b. in the case of services, re-supply of the services.

### 8.4 System and trading risks

The Client acknowledges that there is significant risk in trading through a system, including the DMA Service, which is serviced by means of computer and telecommunications systems, even where generally accepted industry standards and practices are followed, including that:

- a. the access to and use of the DMA Service cannot be operated in all circumstances without error including, without limitation, errors in computer programs and telecommunications systems. These errors may result in, among other things:
  - i. a delay in telecommunications services;
  - ii. interrupted service and faults, such that the DMA Service may not remain accessible at all times during the trading day and there may be problems affecting the stability of the DMA Service that could cause the Client to be unable to enter Orders via the DMA Service during normal trading hours;
  - iii. Orders and other communications relating to trading and execution not reaching Morrison Securities or being lost, rejected or partially received or sent, such that they are not accurately received or sent by the Client or Morrison Securities and are not representative of the original content of the Orders and other communications relating to trading and execution;
  - iv. inaccuracies in the provision of the DMA Service and generally;
  - v. the Client's data may not be protected, and there are risks that other users of the DMA Service, institutions or holders or an Australian financial services licence will be able to see Orders submitted by the Client and other communications relating to trading and execution without the Client's (or Morrison Securities) consent and that third parties (including persons on private networks) may have the ability to attach to the Client's network;
- b. Orders and other communications relating to trading and execution and other data submitted to the DMA Service will not remain confidential;
- c. the Client's system may not be compatible with the DMA Service or a Trading Platform; and that this incompatibility may lead to an unstable environment; and
- d. Orders may be placed through the DMA Service without the Client's authority by a person using the Security Information given to the Client and accordingly, that trades which have not been authorised by the Client may be executed.

## 9. TERMINATION

Morrison Securities may terminate the Client's participation in the DMA Service at any time by notice in writing.

The Client may terminate its participation in the DMA Service by request in writing to Morrison Securities. The Client acknowledges that if the Intermediary's participation in the DMA Service is terminated, the Client's participation will also be terminated.

Termination of the Client's participation does not affect its outstanding obligations under this agreement or any other agreement you have with Morrison Securities.

## 10. DEFINITIONS

**Authorised Person** means a person who is nominated and permitted by Morrison Securities to submit Orders through the DMA Service using the Security Information provided by Morrison Securities or the Intermediary.

**Derivatives Contract** has the meaning given to Options Market Contract or Derivatives CCP Contract, each as defined in the ASX Clear Rules or the corresponding contract between the Client and Morrison Securities, as the context requires.

**DMA System** means the on-line system through which the Client is able to connect to the DMA Service, and where applicable includes the software and hardware applicable to that system.

**DMA Trading Limits** means the limits that Morrison Securities may place on the Orders that may be submitted and/or the trades that may be undertaken through the DMA Service.

**Filters** mean the restrictions Morrison Securities imposes, whether by automated or manual means, to limit the Client's ability to place Orders through the DMA Service.

**Order** means an order for the purchase or sale of (or other dealing in) Exchange Traded Products made through the DMA Service using the Security Information provided to the Client and, as the context requires, includes (without limitation):

- a. an order or instruction to amend or cancel an existing order submitted through the DMA Service; or

- b. an order or instruction to open or close out a position in Derivatives Contracts.

**Security Information** means the user code, user name and password given to the Client by Morrison Securities or the Intermediary in connection with use of the DMA Service.

**Trading Platform** has the meaning given to that term in the ASIC Market Integrity Rules.

Words used in this Schedule 3 have the meaning ascribed to them in the Equities Terms and Conditions unless the context requires otherwise.

## SCHEDULE 4

### MORRISON SECURITIES BEST EXECUTION POLICY

#### 1. INTRODUCTION

The Australian Government introduced legislation to allow for competitive stock exchanges within Australia, in accordance with the ASIC Market Integrity Rules, Morrison Securities Pty Limited (**Morrison Securities**) as a Market Participant has an obligation to obtain the best outcome for its clients when handling and executing client orders in Equity Market Products, where those products relate to trading on the Australian exchange(s). Equity Market Products includes shares, interests in managed investment schemes (including exchange-traded funds), rights to acquire shares or interests in managed investment schemes under a rights issue, and CHES Depository Interests (CDIs) admitted to quotation on ASX. Morrison Securities is also required to establish and implement policies and procedures designed to achieve the best possible outcome for Retail Clients and Wholesale Clients when executing client orders or receiving and transmitting orders for execution. The obligation to obtain the best possible outcome for Clients is referred to in this policy as the "Best Execution" obligation.

This Best Execution policy is designed to provide Clients with a reasonable amount of information in order to allow clients to make an informed decision about whether to instruct Morrison Securities to handle, transmit and execute Orders.

#### 2. MARKET PARTICIPATION AND EXECUTION VENUES

Securities traded on NSX or SSX are not traded on ASX or Chi-X. Morrison Securities is a Market Participant of both ASX and Chi-X. Accordingly, the Order Books to which Morrison Securities may transmit your orders may be transmitted for execution are the ASX Trade Match, ASX Centre Point, ASX Volume Match, ASX PureMatch platforms operated by ASX and Chi-X to meet the Best Execution obligations.

The Order Book to which Morrison Securities will transmit your orders will be determined in accordance with the procedures below depending on whether you are a Retail Client or Wholesale Client, as those terms are defined in the Corporations Act.

#### 3. BEST EXECUTION OBLIGATION

Morrison Securities will take all reasonable steps to obtain the best possible outcome for its Clients. Best outcome means different things for different Clients.

##### 3.1. Retail Clients

For Retail Clients best outcome will mean best total consideration being the purchase price paid by the Client plus transaction costs; or the sale price received minus transaction costs, where transaction costs means all costs paid by a Client that are directly related to a particular transaction. If you are a Retail Client this will mean that Morrison Securities will always attempt to obtain the best total consideration for your order unless you specifically instruct us otherwise. Specific instructions must be clear and unambiguous and in writing. Morrison Securities reserves the right to decline an order which includes instructions which are not consistent with obtaining Best Execution and trading rules may however prevent Morrison Securities from following the Client's instructions or achieving Best Execution.

##### 3.2. Wholesale Clients

For Wholesale Clients, best outcome will include price, cost total consideration, speed, likelihood of execution and any other relevant order consideration or specific instructions. Again, specific instructions must be clear and unambiguous and in writing. Morrison Securities will generally give price a higher relative importance when obtaining the best outcome but may also take into consideration a range of different factors, including the requirement for timely execution, the liquidity of the market, potential price impact, and the size of the order.

## 4. ORDER HANDLING

When Morrison Securities receives, transmits or executes orders in relation to Equity Market Products on behalf of the Client, Morrison Securities will take all reasonable steps to achieve Best Execution. An order may be received by Morrison Securities via email, telephone, facsimile or via the Morrison Securities automated client order processing system (**ACOP**). Where a Client (or representative of an Australian Financial Services Licensee on behalf of its client) sends an order to Morrison Securities the order will be subject to the filters on the ACOP system and where it meets all the filters it will be placed into the ASX central order



limit order book or CHI-X central limit order book. Any order sent via ACOP that does not meet these filters will be referred to a Designated Trading Representative (DTR) who is then required to make relevant enquiries of the order placer and manually enter the order into the relevant order book if it has satisfactorily met all due enquiries.

Morrison Securities uses the Smart Order Router supplied by external vendor IRESS known as Best Market Router (BMP), to manage Morrison Securities' Best Execution obligations across ASX and Chi-X markets for Equity Market Products. In certain circumstances Morrison may also direct orders manually into a specific order book. All orders that will trade fully or partially immediately will be entered into the relevant market by Morrison Securities DTR's, via ACOP or via the Smart Order Router or by being directed to the appropriate order book.

Once the available volume has been exhausted within the relevant price parameters then the order will reside with the ASX market subject to specific instructions from the client. Any client orders that are not market orders will be entered into the ASX market, subject to specific instructions from the client. If the price on the Chi-X market changes after the order has been routed to the ASX market the order will not be transmitted to the Chi-X order book unless there is a specific instruction from the Client as to do so would mean a loss of priority. Similarly, any Wholesale Client iceberg order relating to new portions of the hidden order that become pro-trade transparent will lose priority.

## **5. SPECIFIC CLIENT INSTRUCTIONS**

Any specific instructions provided by Clients will be adhered to by Morrison Securities, and by doing so, the Client may not receive Best Execution. Instructions must be given verbally or in writing and must be provided in a manner that is clear and unambiguous.

Morrison Securities will take all reasonable steps to handle and execute client orders in satisfaction with Client instructions.

Wholesale Clients are able to provide Morrison Securities with standing instructions and these must be in writing. Wholesale Clients are also able to opt-out of Best Execution by providing Morrison Securities with standing instructions which are applicable for 12 months. Any Wholesale Client wishing to opt-out for any periods extending past the initial 12 month period will need to renew the standing instructions every 12 months.

## **6. VENUE AVAILABILITY**

It is important to note that:

- a. in circumstances where one market (either ASX or Chi-X) will not be available for trading, is unresponsive or disorderly, orders will be routed to the alternative market unless the client gives express instructions to the contrary.
- b. the Chi-X and ASX markets do not operate in a similar fashion and in particular the opening and closing market times vary, Chi-X commences trading at 10am and closes at 4.12pm (Australian Eastern Standard Time) with no auction on the open, close or intra-day trading halts as there is for ASX.
- c. the ASX Purematch trading hours are the same as ASX TradeMatch however there is no auction before and after the standard trading. These variances mean that it may be very difficult to determine where the best outcome might be achieved.
- d. orders in Chi-X are "day only" orders and will all be purged at the end of trading for the day. This should only impact those orders that have been specifically transmitted to Chi-X and clients should give instructions to transfer orders from this market if they wish to participate in the end of day ASX auction.
- e. Morrison Securities has chosen to use ASX as the default and therefore all orders will be transmitted to ASX TradeMatch for the auction unless a specific order to the contrary is received.

Any suspension of an equity market product precludes Morrison Securities from transacting or matching on all licensed markets unless such suspension is due to a technical failure.

## **7. CROSSINGS**

In addition to crossings on either of ASX or Chi-X markets it is possible for Morrison Securities to operate its own crossing system. Such a system is an automated service provided by Morrison Securities to its Clients that matches or executes Client orders with orders of Morrison Securities or its Clients. Morrison Securities does not currently operate such a market. If it is deemed appropriate to transmit an order for a Wholesale Client to an existing crossing market with another Market Participant then that other Market Participant will be required to provide best execution.

## **8. MONITORING AND REVIEW**

Morrison Securities will monitor the effectiveness of this Policy on a regular basis and at least annually. It will also review this Policy whenever there is a material change that affects the receipt transmission and execution of a Client order to ensure the Policy remains adequate. On receipt of a reasonable request by a client we will provide the Client with evidence that the order has been executed in

accordance with our Policy and will advise the Client of the estimated time to provide the necessary information.

to clients of Sequoia Wealth Management Pty Ltd  
ABN 22 002 314 310 AFSL No. 472387 (INTERMEDIARY)

### MORRISON SECURITIES EXPLANATION OF CHESS SPONSORSHIP

#### 1. Explanation of Chess Sponsorship Agreement

This document explains the effect of the CHESS (Clearing House Electronic Subregister System) sponsorship agreement (**Sponsorship Terms**) if you (**Client**) enter into the Sponsorship Agreement with Morrison Securities Pty Limited ABN 50 001 430 342, AFSL No. 241737 (**Morrison Securities**). It is important that you read this explanation and the Sponsorship Terms and understand their content before signing the Client Application Form (which includes the Sponsorship Terms). By signing the Client Application Form, you acknowledge that you have understood the effect of the Sponsorship Terms.

You are entitled to receive a copy of the executed Sponsorship Terms. You can request a copy of the executed Sponsorship Terms by contacting the Intermediary.

#### 2. What is the purpose of the Sponsorship Terms?

The Sponsorship Terms appoint us as your “controlling participant” on CHESS. CHESS is a system of registering financial products on computer so instead of holding certificates to show that you own shares or other financial products, under CHESS you have financial products registered in your name to show that you own them. CHESS is operated by ASX Settlement Pty Ltd ABN 49 008 504 532 (**ASX Settlement**) under the ASX Settlement Rules. Only certain people may control financial products on CHESS (we fall under one of these categories).

By signing the Client Application Form, you appoint us as your controlling participant to control your holding of financial products on CHESS. In other words, we “sponsor” your holdings of financial products on CHESS.

#### 3. Explanation of the Sponsorship Terms

##### a. Clause 1 - Our authority and obligations

In clause 1 you authorise us to act as your agent on CHESS in respect of your holding(s) of the financial products identified by your HIN on Client Application Form.

Clause 1 also sets out our obligations in relation to the transfer of financial products into or out of your holding. Importantly, we will not usually initiate any transfer or conversion of financial products into or out of your holding without your express authority. However, in limited circumstances, for example, if we ask that you pay for financial products and the purchase price for those financial products remains unpaid, we may sell those financial products at your risk and expense.

Clause 1 also identifies the regulatory regime which applies to us and with whom a complaint against us may be lodged.

##### b. Clause 2 - Acknowledgements by you

Clause 2 contains certain acknowledgements by you. These acknowledgments are that:

- i. you have understood the effect of these Sponsorship Terms;
- ii. if you die or become bankrupt, your sponsored holdings will be locked (**holder record lock**);
- iii. if you die, the Sponsorship Terms remain in operation, with your legal representative authorised to administer your estate for up to three months after the removal of the holder record lock;
- iv. if we are not a Market Participant of ASX, neither ASX nor a Related Body of ASX has any responsibility for supervising or regulating the relationship between you and us (we note however that we are a Participant of ASX, Chi-X, NSX and SSX);
- v. in the event of your death or bankruptcy, where a joint holding exists, we will establish a new holder record in the name of your joint holder or take steps to protect the interest of the joint holder not subject to the bankruptcy order;
- vi. if a transfer of a financial product included in your holding is effected in accordance with the ASX Settlement Rules, then:
  1. you may not assert or claim against ASX Settlement or the relevant issuer of the financial product that we were not authorised by you to effect that transfer; and
  2. unless the transfer was taken to have been effected by a Market Participant of ASX or a Clearing Participant of ASX Clear, you have no claim arising out of the transfer against the national guarantee fund under the Corporations Regulations (again we note however that we are both a Market Participant of ASX and a Clearing Participant of ASX Clear).

##### c. Clause 3 - Security, other interests and subpositions

If you instruct us to lodge financial products as cover for written position in relation to exchange traded options or advise us that an interest has been or will be created over financial products, you give us authority to give

effect to your instructions. However, please note that we must always act within the ASX Settlement Rules. You should be aware of the provisions in the ASX Settlement Rules and ASX Clearing Rules as to ASX Clear's power to deal with the financial products on default by the Clearing Participant and in particular, ASX Clear's power of sale in relation to the financial product without any notice to you.

#### d. Clause 4 - Information

You must promptly give us any information or documents we ask for to enable us to perform our obligations to act as your controlling participant or comply with the ASX Settlement Rules and requirements.

#### e. Clause 5 – Fees and Indemnities

Clause 5 states that you must pay us fees under the Sponsorship Terms as advised by us from time to time. There are currently no fees payable by you in connection with the Sponsorship Terms.

In clause 5, you also indemnify us – that is, you agree to be responsible for and pay on our demand – for liabilities, losses or costs we suffer or incur:

- i. in connection with performing our obligations under the Sponsorship Terms;
- ii. in connection with us acting as your controlling participant or agent for the purposes of CHESS; or
- iii. if you do something you agree not to do, or don't do something you agree to do, under the Sponsorship Terms.

Under clause 5 you also authorise us to debit any amount you owe us to any account you have with us.

#### f. Clause 6 - Suspension from CHESS

If we are suspended from CHESS participation, you may instruct ASX Settlement to remove your sponsored holdings from the CHESS subregister or move them to another controlling participant in CHESS. If you do not give ASX Settlement such notice within 20 business days, ASX Settlement may change your CHESS sponsor.

#### g. Clause 7 - Complaint procedures

You have certain rights if you wish to claim compensation or make a complaint against us. In particular, if we breach the Sponsorship Terms, you may refer that breach to any regulatory authority including ASX Settlement. If we breach a provision of the Sponsorship Terms and you make a claim against us, our ability to satisfy that claim will depend on our financial position. If a breach by us of a provision of the Sponsorship Terms falls within the circumstances specified in Part 7.5, Division 4 of the Corporations Regulations, you may make a claim on the National Guarantee Fund for compensation.

#### h. Clause 8 - Change of controlling participant

Clause 8 contains provisions setting out what is to happen if there is a significant change to the organisational structure of our group or the whole of our business is to be transferred to another controlling participant. In particular, those provisions provide for the novation of the Sponsorship Terms to another controlling participant without the need for you to sign a new sponsorship agreement.

#### i. Clause 9 - Termination

The Sponsorship Terms are terminated if we become insolvent, if our participation on CHESS is terminated/suspended, if either party notifies the other that it wants to terminate the Sponsorship Terms, or if you give us a withdrawal instruction under rule 7.1.10(c) of the ASX Settlement Rules. While one of these events will bring the Sponsorship Terms to an end, the rights and obligations which have occurred before that time are not affected.

#### j. Clause 10 - ASX Settlement Rules

If there is an inconsistency between a part of the Sponsorship Terms and the ASX Settlement Rules, the ASX Settlement Rules will prevail to the extent of that inconsistency.

You have the obligation under clause 10 not to do anything to prevent or hinder us from complying with our obligations under the ASX Settlement Rules.

#### k. Clauses 11 to 15 - Miscellaneous

Clause 11 clearly sets out the procedure for formal communications between you and us. Importantly, if you give instructions to the Intermediary, we are not obliged to act in accordance with those instructions until they are actually passed on to us.

Clauses 12 and 13 set out the procedure we will follow if we want to waive or vary a provision of the Sponsorship Terms. Note that we usually need your written consent if we want to vary a provision.

Clauses 14 and 15 state that you are entitled to receive a copy of the Sponsorship Terms executed by you and us, and that you instruct us not to send you a hard copy of the Sponsorship Terms executed by us. However, if you ask us at any time, we will send to you a hard copy executed by us. You can request a copy of the executed Sponsorship Terms by contacting your Adviser.

#### l. Clause 16 - Meaning of words

At the end of the provisions section of the Sponsorship Terms is a dictionary which explains the meaning of key words which appear in the

Sponsorship Terms. If you have any questions about the Sponsorship Terms, please contact the Compliance Manager at Morrison Securities Pty Ltd, Level 7, 7-15 Macquarie Place Sydney NSW 2000 Phone: 1300 363 766

## MORRISON SECURITIES SPONSORSHIP AGREEMENT

### Parties

The client named on the application form (**Client**); and Morrison Securities Pty Limited,

ABN 50 001 430 342, AFSL No. 241737 (**Morrison Securities**).

### 1. MORRISON SECURITIES AUTHORITY AND OBLIGATIONS

- 1.1 The Client appoints Morrison Securities as its Controlling Participant for CHESS to provide transfer and settlement services as agent for the Client with respect of the Client's holding with the Holder Identification Number (**HIN**) identified on the Client Application Form. A HIN is a number that is used to identify a holding in CHESS. The Client authorises Morrison Securities as the Client's agent to do any act under CHESS relating to the Client's holding.
- 1.2 Subject to clause 8, Morrison Securities will not initiate any transfer or conversion into or out of the Client's holding sponsored under these Sponsorship Terms without the Client's express authority.
- 1.3 Subject to clause 1.4, Morrison Securities is not obliged to transfer financial products into the Client's holding where payment for those financial products has not been received, until payment is received. If the Client authorises Morrison Securities to purchase financial products the Client will pay for that purchase within 2 business days from the day of date of the purchase.
- 1.4 If Morrison Securities demands that the Client pay for financial products, but the purchase price for those for financial products remains unpaid, Morrison Securities may sell those financial products at the Client's risk and expense (including any brokerage, stamp duty, GST and other applicable charges).
- 1.5 If Morrison Securities claims that the Client has not paid Morrison Securities an amount lawfully owed to Morrison Securities, Morrison Securities can refuse to comply with the Client's withdrawal instructions (but only to the extent necessary to retain in the Client's holding sponsored under these Sponsorship Terms financial products with a value equal to 120% of the current market value of the amount claimed).
- 1.6 Subject to clauses 1.4 and 1.5, Morrison Securities will initiate any transfer, conversion or other action necessary to give effect to withdrawal instructions within the scheduled time.
- 1.7 The regulatory regime which applies to Morrison Securities is Chapter 7 of the Corporations Act, the ASIC Market Integrity Rules, the operating rules of ASX Clear and the ASX Settlement Rules. The Client can obtain information as to Morrison Securities status from ASIC, ASX, ASX Clear and ASX Settlement.
- 1.8 A complaint against Morrison Securities may be lodged by the Client with Morrison Securities, ASIC, ASX, ASX Clear, ASX Settlement or the Australian Financial Complaints Authority, GPO Box 3 Melbourne VIC 3001, Telephone 1800 931 678, Facsimile (03) 9613 6399. The Client may lodge a claim for compensation with Morrison Securities or, if the circumstances specified in Part 7.5, Division 4 of the Corporations Regulations apply, with the National Guarantee Fund.

### 2. ACKNOWLEDGEMENTS BY THE CLIENT

- 2.1 The Client acknowledges that:
  - (a) before the Client signs these Sponsorship Terms Morrison Securities provided the Client with an explanation of the effect of these Sponsorship Terms and the Client understood the effect of these Sponsorship Terms;
  - (b) if the Client dies or becomes bankrupt, a holder record lock will be applied to all the Client's holdings sponsored under these Sponsorship Terms in accordance with rules 8.15.8 to 8.15.11 of the ASX Settlement Rules (unless the Client's legally appointed representative or trustee elects to remove those holdings from the CHESS subregister);
  - (c) if the Client dies, these Sponsorship Terms are deemed to remain in operation in respect of the legally appointed representative authorised to administer the Client's estate for a period of up to three calendar months after the removal of the holder record lock pursuant to rule 8.16.3 of the ASX Settlement Rules (unless the Client's legally appointed representative elects to remove the holdings sponsored under these Sponsorship Terms from the CHESS subregister); and
  - (d) if Morrison Securities is not a Market Participant of an Approved Market Operator, neither the Approved Market Operator, nor a Related Party of the Approved Market Operator, has any responsibility for regulating the relationship between the Client

and Morrison Securities, other than in relation to the rules relating to sponsorship agreements.

- 2.2 If the Client is a joint holder, the Client also acknowledges that:
  - (a) if one of the joint holders dies, all holdings under the joint holder record must be transferred into new holdings under a new holder record in the name of the surviving holder(s) (these Sponsorship Terms remains valid for the new holdings under the new holder record); and
  - (b) if one of the joint holders becomes bankrupt, Morrison Securities will:
    - (i) establish a new holder record in the name of the joint holder that is bankrupt, transfer that person's interest into new holdings under the new holder record and request that ASX Settlement apply a holder record lock to all holdings under that holder record (unless the legally appointed representative of the bankrupt holder elects to remove the holdings from the CHESS subregister); and
    - (ii) establish a new holder record in the names of the other joint holders and transfer their interest into new holdings under the new holder record.
- 2.3 The Client acknowledges that if a transfer is taken to be effected by the Client under Section 9 of the ASX Settlement Rules and the Source Holding for the transfer is a Participant Sponsored Holding under these Sponsorship Terms, then:
  - (a) the Client may not assert or claim against ASX Settlement or the relevant Issuer that the transfer was not effected by Morrison Securities or that Morrison Securities was not authorised by the Client to effect the transfer; and
  - (b) unless the transfer was taken to have been effected by a Market Participant of an Approved Market Operator or a Clearing Participant of ASX Clear, the Client has no claim arising out of the transfer against the compensation arrangement applicable to the Approved Market Operator or the Clearing Participant of ASX Clear under the Corporations Act and Corporations Regulations.
3. **SECURITY, OTHER INTERESTS AND SUBPOSITIONS**
  - 3.1 If the Client instructs Morrison Securities that financial products are to be lodged with ASX Clear as cover for written positions in the market for exchange traded options operated by ASX, the Client:
    - (a) authorises Morrison Securities to reserve the financial products in a subposition, so that the financial products come under the control of ASX Clear and are subject to the security interest granted in favour of ASX Clear to secure the performance by the relevant Clearing Participant of its obligations to ASX Clear under and in accordance with ASX Clear Rules 14.6.7;
    - (b) authorises any subsequent dealing (including, without limitation, any transfer) of the reserved financial products in accordance with the ASX Settlement Rules and ASX Clear Rules;
    - (c) acknowledges that the financial products will remain subject to that security interest for so long as those financial products remained reserved in the subposition in accordance with ASX Clear Rules 14.6.7; and
    - (d) authorises Morrison Securities to take whatever action is required by ASX Clear or the ASX Settlement Rules to give effect to that cover;
    - (e) warrants that the financial product is not and may not be subject to any other security interest, other than where the parties to the security interest agree between themselves in writing that ASX Clear's security interest in respect of the financial product has priority over that security interest, and the parties hold the benefit of such agreement on trust for the benefit of ASX Clear, unless ASX Clear otherwise agrees in writing, or is otherwise a security interest as permitted under the ASX Clear Operating Rules or the ASX Settlement Rules.
  - 3.2 If Client instructs Morrison Securities that a charge or other interest in financial products has been or is to be given to a person, then the Client authorises Morrison Securities to take whatever action is reasonably required by that person in accordance with the ASX Settlement Rules to give effect to or record that interest.
  - 3.3 Morrison Securities may take steps to create a subposition over the Client's holding in the circumstances contemplated by clauses 3.1 or 3.2. Morrison Securities may also create a subposition if the Client consents. If Morrison Securities does this, the Client's ability to transfer, convert or otherwise deal with the financial products will be restricted in accordance with the ASX Settlement Rules.

#### **4. INFORMATION**

- 4.1 The Client must promptly give Morrison Securities any information or documents that Morrison Securities asks for to enable Morrison Securities to:
- (a) perform its obligations or to act as the Client's "controlling participant" or agent under these Sponsorship Terms; or
  - (b) comply with the requirements of ASX Settlement or the ASX Settlement Rules.
- 4.2 The Client must, in respect of each holder record (which exists or is to be created) for the Client, ensure that Morrison Securities is advised of the registration details (including any applicable residency indicator).
- 4.3 The Client must ensure that the information referred to in clause 4.2 above is provided to Morrison Securities:
- (a) as soon as possible after the Client places an order with a trading participant (including an order relating to FOR financial products) but in any event, not later than 2 business days prior to the scheduled settlement date of the relevant market transaction; and
  - (b) if the Client's registration details have changed, as soon as possible after that time.
- 4.4 If the Client does not ensure that Morrison Securities is advised of a residency indicator but Morrison Securities has been provided with a street address, then Morrison Securities will be taken to have been advised that, if the relevant street is:
- (a) a street located in Australia, a residency indicator of "D" (for domestic) applies with respect to that holder record; or
  - (b) a street located outside Australia, a residency indicator of "F" (for foreign) applies with respect to that holder record.
- 4.5 If Morrison Securities suffers any claim, liability, direct or consequential loss (including to ASX Settlement or an issuer) or incur any cost, charge or expense of any nature as a result of the Client providing (or procuring the provision) or being taken to provide inaccurate registration details, or failing to provide (or procure the provision of) accurate registration details, the Client must on demand fully indemnify Morrison Securities and keep Morrison Securities fully indemnified in respect of such claim, liability, loss, cost, charge or expense:
- (a) as soon as possible after the Client places an order with a trading participant (including an order relating to FOR financial products) but in any event, not later than 2 business days prior to the scheduled settlement date of the relevant market transaction; and
  - (b) if the Client's registration details have changed, as soon as possible after that time.
- 4.6 Information or documents the Client gives to Morrison Securities may be disclosed:
- (a) to any person for these purposes;
  - (b) if required by any regulatory authority (including ASX Settlement) or if allowed or required by law; or
  - (c) to Morrison Securities officers, employees, advisers and agents; or
  - (d) with the Client's consent; or
  - (e) to enable Morrison Securities to enforce its rights.
- #### **5. FEES AND INDEMNITIES**
- 5.1 The Client must pay Morrison Securities fees in connection with these sponsorship arrangements as advised by Morrison Securities from time to time.
- 5.2 If the Client does not pay Morrison Securities an amount when it is due, Morrison Securities can charge interest on the overdue amount. Morrison Securities does this using the method and interest rate Morrison Securities determines from time to time.
- 5.3 The Client indemnifies Morrison Securities against, and the Client must therefore pay Morrison Securities on demand for liability, loss or costs (including consequential or economic loss) Morrison Securities suffers or incurs:
- (a) in connection with Morrison Securities performing its obligations under these Sponsorship Terms; or
  - (b) in connection with Morrison Securities acting as the Client's "controlling participant" or agent for the purposes of CHES; or
  - (c) if the Client does something that the Client agrees not to do, or don't do something that the Client agrees to do, under these Sponsorship Terms.
- 5.4 The Client must pay to Morrison Securities these amounts when Morrison Securities asks. Morrison Securities may also debit any of these amounts to any account the Client has with Morrison Securities even if Morrison Securities does not expressly ask the Client to pay Morrison Securities.
- 5.5 The indemnity in clause 5.3 is a continuing obligation, independent of the Client's other obligations to Morrison Securities. It continues

even after these Sponsorship Terms are terminated. It is not necessary for Morrison Securities to incur expense or make payment before enforcing a right of indemnity conferred by these Sponsorship Terms.

#### **6. SUSPENSION FROM CHES**

- 6.1 If Morrison Securities is suspended from CHES participation, (subject to the assertion of an interest in financial products controlled by Morrison Securities, by the liquidator, receiver, administrator or trustee of Morrison Securities) the Client has the right, within 20 business days of ASX Settlement giving notice of the suspension, to give a notice to ASX Settlement requesting that the Client's holdings sponsored under these Sponsorship Terms be removed either:
- (a) from the CHES subregister; or
  - (b) from Morrison Securities control to the control of another Sponsoring Participant with whom the Client has entered into a valid sponsorship agreement pursuant to rule 12.19.10 of the ASX Settlement Rules.
- 6.2 If the Client does not give ASX Settlement such a notice, ASX Settlement may effect a change of controlling participant under rule 12.19.11 of the ASX Settlement Rules, in which case the Client will be deemed to have entered into a new sponsorship agreement with the substitute controlling participant on the same terms as these Sponsorship Terms.
- 6.3 Where the Client is deemed to have entered into a new sponsorship agreement in accordance with this clause, the controlling participant must enter into a sponsorship agreement with the Client within 10 Business Days of the change of controlling participant.
- #### **7. COMPLAINT PROCEDURES**
- 7.1 Except as referred to in clause 7.2, no external compensation arrangements apply to the Client in relation to this sponsorship agreement.
- 7.2 If Morrison Securities breaches a provision of these Sponsorship Terms and the Client makes a claim for compensation pursuant to that breach, Morrison Securities ability to satisfy that claim will depend upon Morrison Securities financial circumstances.
- 7.3 If a breach by Morrison Securities of a provision of this falls within the circumstances specified under Part 7.5, Division 4 of the Corporations Regulations, the Client may make a claim on the National Guarantee Fund for compensation.
- 7.4 If Morrison Securities breach these Sponsorship Terms, the Client may refer that breach to any regulatory authority, including ASX Settlement.

#### **8. CHANGE OF CONTROLLING PARTICIPANT**

- 8.1 If the Client receives a Participant Change Notice from Morrison Securities of the Participant Sponsored Holding and the Participant Change Notice was received at least 20 Business Days prior to the date proposed in the Participant Change Notice for the change of controlling participant, the Client is under no obligation to agree to the change of controlling participant, and may choose to do any of the things set out in clauses 8.2 or 8.3.
- 8.2 The Client may choose to terminate these Sponsorship Terms by giving withdrawal instructions under the ASX Settlement Rules to Morrison Securities indicating whether the Client wants to:
- (a) transfer the Client's Participant Sponsored Holding to another controlling participant; or
  - (b) transfer the Client's Participant Sponsored Holding to one or more Issuer Sponsored Holdings.
- 8.3 If the Client does not take any action to terminate the agreement in accordance with clause 8.2 above, and does not give any other instructions to Morrison Securities which would indicate that the Client does not agree to the change of controlling participant then, subject to clause 8.8, on the Effective Date these Sponsorship Terms will have been taken to have been novated to the new controlling participant and will be binding on all parties as if, on the Effective Date:
- (a) the new controlling participant is a party to these Sponsorship Terms in substitution for the existing controlling participant; and
  - (b) the existing controlling participant is released by the Client from any obligations arising on or after the Effective Date.
- 8.4 The novation in clause 8.3 will not take effect until the Client has received a notice from the new controlling participant confirming that the new controlling participant consents to acting as the controlling participant for you. The Effective Date may as a result be later than the date set out in the Participant Change Notice.
- 8.5 The Client will be taken to have consented to the events referred to in clause 8.4 by the doing of any act which is consistent with the novation of these Sponsorship Terms to the new controlling participant (for example by giving an instruction to the new

- controlling participant), on or after the Effective Date, and such consent will be taken to be given as of the Effective Date.
- 8.6 These Sponsorship Terms continues for the benefit of the existing controlling participant in respect of any rights and obligations accruing before the Effective Date and, to the extent that any law or provision of any agreement makes the novation in clause 8.3 not binding or effective on the Effective Date, then these Sponsorship Terms will continue for the benefit of the existing controlling participant until such time as the novation is effective, and the existing controlling participant will hold the benefit of these Sponsorship Terms on trust for the new controlling participant.
- 8.7 Nothing in clauses 8.1 to 8.6 will prevent the completion of CHES transactions by the existing controlling participant where the obligation to complete those transactions arises before the Effective Date and these Sponsorship Terms will continue to apply to the completion of those transactions, notwithstanding the novation of these Sponsorship Terms to the new controlling participant under clauses 8.1 to 8.6.
- 8.8 If the new controlling participant is not accredited under the ASX Settlement Rules to facilitate the settlement of AQUA Products and the Client's holding contains AQUA Products, Morrison Securities will convert the AQUA Product holdings to Issuer Sponsored Holdings.
- 9. TERMINATION**
- 9.1 Subject to the ASX Settlement Rules, these Sponsorship Terms are terminated:
- if either party notifies the other in writing that it wants to terminate these Sponsorship Terms (in which case these Sponsorship Terms are terminated from the time the notice is received unless a later time is specified in this notice);
  - if Morrison Securities becomes insolvent;
  - if Morrison Securities status as a Participant of CHES is terminated or suspended; or
  - upon the giving of a withdrawal instruction by the Client to Morrison Securities in accordance with rule 7.1.10(c) of the ASX Settlement Rules.
- 9.2 The termination of these Sponsorship Terms does not affect any rights or obligations that have accrued before that time.
- 10. ASX SETTLEMENT RULES**
- 10.1 These Sponsorship Terms are subject to the ASX Settlement Rules. The Client must not do anything that would prevent or hinder Morrison Securities from complying with its obligations under the ASX Settlement Rules.
- 10.2 If these Sponsorship Terms are inconsistent with the ASX Settlement Rules, the ASX Settlement Rules prevail to the extent of the inconsistency.
- 11. MISCELLANEOUS**
- 11.1 Unless otherwise required or permitted by Morrison Securities or by the ASX Settlement Rules, notices and other communications (each a **Notice**) under these Sponsorship Terms must be signed by or on behalf of the person giving it, addressed to the person to whom it is to be given and:
- delivered to that person's address;
  - sent by pre-paid mail to that person's address; or
  - transmitted by electronic mail to that person's address.
- 11.2 A Notice given to a person in accordance with this clause is treated as having been given and received:
- if delivered to a person's address, on the day of delivery if a Business Day, otherwise on the next Business Day;
  - if it is sent by pre-paid mail on the third Business Day after posting; and
  - if transmitted by electronic mail to a person's e-mail address and a correct and complete transmission report is received, on the day of transmission if a Business Day, otherwise on the next Business Day.
- 11.3 Where the Client is a joint holder, Morrison Securities may treat a notice or other communication (including instructions) signed or received from one of the joint holder's as binding on all of them.
- 12. COMMENCEMENT OF PROVISIONS, WAIVER AND VARIATION**
- 12.1 Morrison Securities can vary these Sponsorship Terms by giving the Client written notice of the variation. Morrison Securities will give you:
- at least 8 business days notice of the variation of the variation is, in Morrison Securities reasonable opinion, to remove any inconsistency between these Sponsorship Terms and the ASX Settlement Rules; and
  - at least 20 business days notice in other cases.
- 12.2 Subject to clause 12.1, a provision of these Sponsorship Terms, or a right created under it, may not be waived or varied except in writing signed by the party or parties to be bound.

- 12.3 Where this agreement contains provisions which come into effect by operation of the ASX Settlement Rules on a particular date (**provision effective date**) and the provision effective date is after the date of the agreement, those provisions only have effect from the provision effective date. You can obtain details of any such provisions and effective dates from the Intermediary.

### **13. SET OFF**

Morrison Securities may set off any amount Morrison Securities owes the Client against any amount the Client owes Morrison Securities or any of Morrison Securities related companies.

### **14. APPLICABLE LAW**

These Sponsorship Terms are governed by the laws in force in New South Wales. The Client and Morrison Securities submit to the non-exclusive jurisdiction of the courts of New South Wales.

### **15. COPIES OF THESE SPONSORSHIP TERMS**

The Client is entitled to receive a copy of these Sponsorship Terms executed by Morrison Securities. By returning one copy signed by the Client, the Client instructs Morrison Securities not to send to it a hard copy of these Sponsorship Terms executed by Morrison Securities. However, if the Client asks Morrison Securities to, Morrison Securities will provide the Client at any time with a hard copy of these Sponsorship Terms executed by both parties.

### **16. MEANING OF WORDS**

**ASX Clear** means ASX Clear Pty Limited ABN 48 001 314 503.

**ASX Clear Rules** means the operating rules of ASX Clear.

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

**ASX Settlement** means ASX Settlement Pty Limited ABN 49 008 504 532 and its agents appointed under the ASX Settlement Rules.

**ASX Settlement Rules** means the operating rules of ASX Settlement for CHES.

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

**bankrupt** means being in a state of "bankruptcy" as that term is defined in the ASX Settlement Rules.

**business day** has the meaning given in the ASX Settlement Rules. Generally, it means any day other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and a day that ASX declares is not a business day.

**CHES** stands for Clearing House Electronic Subregister System and has the meaning given in the ASX Settlement Rules. It is a system of registering financial products on computer.

**CHES subregister** has the meaning given in the ASX Settlement Rules. Generally, it means that part of a register of financial products that is administered by ASX Settlement.

**Chi-X** means Chi-X Australia Pty Ltd.

**Clearing Participant** means a participant of ASX Clear.

**controlling participant** has the meaning given to it in the ASX Settlement Rules. Generally it means a person who has the capacity in CHES to transfer financial products in and out of a sponsored holding.

**conversion** has the meaning given in the ASX Settlement Rules. Generally, it means the movement of financial products from one holding on one subregister to another holding on another subregister without a change in legal ownership.

**costs** includes charges and expenses (including stamp duty and other government charges); and costs, charges and expenses in connection with legal and other advisers on a full indemnity basis.

**financial products** has the meaning given in the ASX Settlement Rules.

**FOR financial products** has the meaning given in the ASX Settlement Rules. In general, it refers to financial products which, because of legislation or a governing instrument, must not be owned beyond a specified limit by foreign persons.

**holder record** has the meaning given in the ASX Rules. Generally, it means the details recorded by securities clearing house in CHES for the purpose of operating one or more holdings.

**holder record lock** has the meaning given in the ASX Settlement Rules. Generally, it means the facility in CHES for preventing financial products from being deducted from a holding.

**holding** has the meaning given in the ASX Settlement Rules. Generally, it means a holding of financial products by a person, including, when introducing an example does not limit the meaning of the word to which the example relates to that example of examples of a similar kind.

**Intermediary** means the AFSL holder or Corporate Authorised Representative of an AFSL holder with whom you instructed to buy/sell financial products on your behalf.

**Issuer** has the meaning given in the ASX Settlement Rules.

**market transaction** has the meaning given in the ASX Settlement Rules.

**NSX** means National Stock Exchange of Australia Limited.

**Registration Details** has the meaning given in the ASX Settlement Rules. In general, it refers to the Client's name, address and a Residency Indicator.

**residency indicator** has the meaning given in the ASX Settlement Rules. In general, it refers to a code (being "D" for domestic, "F" for foreign and "M" for mixed) used to indicate the status for the purposes of the relevant legislation or governing instrument of the ultimate beneficial owner of FOR Financial Products in a holding on CHES

**scheduled time** has the meaning given in the ASX Settlement Rules. The scheduled time varies depending on the act to which it relates.

**SSX** means Sydney Stock Exchange Limited.

**subposition** has the meaning given in the ASX Settlement Rules. Generally, it means an arrangement under which activity relating to the financial products may be restricted and access to the financial products given to a person other than the Client's normal sponsor.

**trading participant** has the meaning given in the ASX Settlement Rules.

**transfer** has the meaning given in the ASX Settlement Rules. Generally, it means a transfer of financial products to or from a holding on CHES.

**withdrawal instructions** has the meaning given in the ASX Settlement Rules. Generally, it means the instructions by a person who is sponsored on CHES for the withdrawal of financial products from the sponsored holdings.

Certain definitions refer to the ASX Settlement Rules. The Client should read those rules for the full terms of the definitions. The definition may change from time to time if the ASX Settlement Rules are changed.

The singular includes the plural and vice versa.

A reference to:

- (a) a document (including the ASX Settlement Rules) or agreement includes any variation or replacement of it;
- (b) law means common law, principles of equity, and laws made by parliament (and laws made by parliament include regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them); and any thing includes the whole and each part of it.

## PART G: MORRISON SECURITIES DIRECT DEBIT REQUEST AND SERVICE AGREEMENT

### DIRECT DEBIT REQUEST

If you complete Section 10 on the Application Form and sign the Application Form in the manner required, you:

- (a) request and authorise Morrison Securities (Debit User Identification Number 527566) to arrange for any amount which you owe to Morrison Securities from time to time to be debited through the Bulk Electronic Clearing System and paid to Morrison Securities from the account you have nominated the Application Form;
- (b) authorise Morrison Securities to debit in accordance with the Direct Debit Agreement the account nominated by you in the Application Form with any amount Morrison Securities may debit or charge you; and
- (c) acknowledge having read and understood, and agree to be bound by, the terms in the Direct Debit Agreement below.

### Direct Debit Request Service Agreement

#### 1. Definitions

In this Direct Debit Agreement:

**Account** means the account identified as the direct debit account in Direct Debit/Credit Authority Form, but only if that account is held with a Financial Institution.

**Agreement** means this Direct Debit Request Service Agreement between you and us.

**Banking day** means a day other than a Saturday or a Sunday or a public holiday listed throughout Australia, or where there is a public holiday simultaneously in Victoria and New South Wales.

**Bulk Electronic Clearing System (BECS)** means the clearing and settlement system regulated by the Australian Payments Clearing Association and used to transfer funds between Australian Bank accounts.

**CMA** means Cash Management Account

**Debit Day** means the day that payment is due from you to Morrison Securities.

**Debit Payment** means a particular transaction where a debit is made.

**Direct Debit** means the direct debit request which you make to Morrison Securities by completing this form.

**Financial Institution** means a financial institution with whom Morrison Securities has a direct debit facility arrangement. Please contact your adviser to check whether Morrison Securities has a direct debit facility arrangement with Your Financial Institution.

**Your Financial Institution** means the Financial Institution at which the Account is kept.

#### 2. Debiting the Client's Account

- 2.1 By completing the Direct Debit/Credit Authority Form and signing in the manner prescribed, you authorise Morrison Securities to arrange for funds to be debited from the Account and you warrant and represent that you are duly authorised to request the debiting of payments from the nominated bank account.
- 2.2 By providing debit authority on the Account you agree and acknowledge that Morrison Securities has the authority to withdraw funds for the amounts owed to us
- 2.3 Morrison Securities will only arrange for funds to be debited from the Account as authorised in the direct debit request.
- 2.4 If the Debit Day falls on a day that is not a Banking day, Morrison Securities may direct Your Financial Institution to debit the account on the following Banking day. If you are unsure about the day on which the Account has or will be debited, you should ask Your Financial Institution.
- 2.5 To facilitate withdrawals from your account, the Financial Institution may require that these payments be processed through a clearing account held by Morrison Securities with the Financial Institution. Payments made through the clearing account are aggregated with payments of other

Morrison Securities CMA account holders for the purpose of transferring a single payment between the clearing account and Morrison Securities. You acknowledge that the clearing account is a payment facilitation account and not a trust account, and accordingly is not subject to the trust account rules and protections. For the purpose of client monies rules of Part 7.8 of the Corporations Act, you direct Morrison Securities to facilitate payments for your CMA using the Morrison Securities clearing account of your Financial Institution.

#### 3. Your Obligations

- 3.1 It is your responsibility to ensure that there are sufficient clear funds available in the Account, by the due date, to allow a Debit Payment to be made in accordance with the Direct Debit Request.
- 3.2 If there are insufficient funds in the Account to meet a Debit Payment:
  - (a) you may be charged a fee and/or interest by Your Financial Institution;
  - (b) you may also incur fees or charges imposed or incurred by Morrison Securities; and
  - (c) you must arrange for the Debit Payment to be made by another

method or arrange for sufficient clear funds to be in the Account by an agreed time so that Morrison Securities can process the Debit Payment.

- 3.3 You should check the Account statement to verify that the amounts debited from the Account are correct.
- 3.4 If Morrison Securities is liable to pay goods and services tax (GST) on a supply made in connection with this agreement, then you agree to pay Morrison Securities on demand an additional amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.
- 3.5 You agree to comply with the CMA providers terms and conditions

#### **4. Amendments**

- 4.1 You may request deferment of, or alteration to, suspension of these direct debit arrangements or stop any debit item by providing signed written instructions to your financial adviser.
- 4.2 You may also cancel your authority for Morrison Securities to debit the Account, or stop any particular Debit Payment, by providing notice to your financial adviser or Your Financial Institution.
- 4.3 Morrison Securities may make changes or terminate these arrangements at any time by giving 14 days' notice in writing to you.

#### **5. Dispute**

- 5.1 If you believe that there has been an error in debiting the Account, you should notify Morrison Securities directly on Accounts (02) 8114 2240 and confirm that notice by email ([accounts@morrisonsecurities.com](mailto:accounts@morrisonsecurities.com)) or in writing as soon as possible posting to Level 7, 7-15 Macquarie Place Sydney NSW 2000
- 5.2 If Morrison Securities concludes as a result of our investigations that the Account has been incorrectly debited Morrison Securities will arrange for Your Financial Institution to adjust the Account accordingly. Morrison Securities will also notify you in writing of the amount by which the Account has been adjusted.
- 5.3 If Morrison Securities concludes as a result of our investigations that the Account has not been incorrectly debited Morrison Securities will provide you with reasons and any evidence for this finding.
- 5.4 Morrison Securities requests that any queries about an error made in debiting the Account should be directed to Morrison Securities in the first instance (and not to Your Financial Institution) so that Morrison Securities can attempt to resolve the matter with you. If the matter cannot be resolved in this manner Morrison Securities may refer it to Your Financial Institution which will obtain details from you of the disputed transaction. In any event, you may also direct your claim that there has been an error directly to Your Financial Institution at any time.

#### **6. Accounts**

Morrison Securities recommends that you:

- (a) confirm with Your Financial Institution whether direct debiting through the Bulk Electronic Clearing System (BECS) is available from the Account as direct debiting may not be available on all accounts offered by Your Financial Institution; and
- (b) check that the Account details provided to Morrison Securities are correct by checking them against a recent Account statement from Your Financial Institution.

#### **7. Confidentiality and Privacy**

- 7.1 Morrison Securities will keep any information (including Account details) in your Direct Debit confidential.
- 7.2 Morrison Securities will only disclose information that it has about you:
- (a) to the extent specifically required by law; or
- (b) for the purposes of this Direct Debit Request Service Agreement (including disclosing information in connection with any query or claim or relating to an incorrect or wrongful debit); or
- (c) as permitted by the Terms.

#### **8. Notices**

- 8.1 If you wish to notify Morrison Securities about anything relating to this Direct Debit Request Service Agreement, you should contact them directly on Accounts (02) 8114 2240 or email ([accounts@morrisonsecurities.com](mailto:accounts@morrisonsecurities.com)) or write to Morrison Securities at Level 7, 7-15 Macquarie Place Sydney NSW 2000.
- 8.2 Morrison Securities may send notices either electronically to your email address or by ordinary post to the address you have given Morrison Securities.
- 8.3 If sent by mail, communications are taken to be received on the day they would be received in the ordinary course of post.

#### **9. Governing Law**

These terms are governed by the laws in force in New South Wales

## **PART H: PRODUCT DISCLOSURE STATEMENT (PDS)**

Issued by Morrison Securities Pty Limited

ABN 50 001 430 342 AFSL No. 241737

Level 7, 7 Macquarie Place, Sydney 2000, NSW

A Participant of ASX Group, Chi-X, NSX and SSX

Date of issue: 31 May 2021

The information in this Product Disclosure Statement (PDS) does not take into account your personal objectives, financial situation and needs. Before trading in the products referred to in this PDS you should read this PDS and be satisfied that any trading you undertake in relation to those products is appropriate in view of your objectives, financial situation and needs. We recommend that you consult your financial adviser or obtain other independent advice before trading in exchange traded options or Low Exercise Price Options (LEPOs) or Total Return Single Stock (TORESS) LEPOs which is a type of LEPO.

#### **1. Purpose of a PDS**

This PDS has been prepared by Morrison Securities Pty Limited as the broker who is taken to be the issuer of the exchange traded options and low exercise price options. This PDS is designed to assist you in deciding whether the products covered in this PDS are appropriate for your needs. This PDS has been prepared to assist you in comparing it with others you may be considering. The PDS is an important document and we recommend you contact us should you have any questions arising from the PDS prior to entering into any transactions with Morrison Securities. When we use terms 'we', 'us' or 'our' in this PDS, the reference is to Morrison Securities. If you have any questions in relation to this PDS, please do not hesitate to contact us by telephone 1300 363 766. A glossary of terms used in this PDS is contained in section 13 below.

#### **2. What products does this PDS cover?**

This is a Product Disclosure Statement for exchange traded options which are able to be traded on the financial market operated by ASX Limited ABN 98 008 624 691 (ASX) and which are settled and cleared by ASX Clear Pty Limited ABN 48 001 314 503 (ASX Clear). It deals with exchange traded equity options and index options (each **exchange traded options**) and LEPOs.

Exchange traded equity options are options over quoted shares (or other securities) of a range of different companies listed on ASX.

Exchange traded index options are options over an index such as the S&P™/ASX 200™ Index.

A list of companies and indices over which exchange traded options are traded can be found on the ASX website

[[http://www.asx.com.au/documents/products/asx\\_eto\\_market\\_making\\_sc\\_heme.pdf](http://www.asx.com.au/documents/products/asx_eto_market_making_sc_heme.pdf) or <http://www.asx.com.au/products/equity-options.htm>].

LEPOs are call options with an exercise price of one cent. LEPOs are leveraged instruments and potential profits and losses can be greater than the money initially outlaid. LEPOs will move in price approximately the same as the underlying share.

#### **3. Introduction**

##### **3.1 Exchange Traded Options (ETOs)**

ETOs are a versatile financial product which can allow investors to:

- (a) hedge against fluctuations in their underlying share portfolio;
- (b) increase the income earned from their portfolio; and
- (c) profit from speculation.

The flexibility of ETOs stems from the ability to both buy and sell an option contract and undertake multiple positions targeting specific movements in the overall market and individual equities.

The use of ETOs within an investor's overall investment strategy can provide flexibility to take advantage of rising, falling and sideways markets. However, both the purchase and sale of ETOs involves risks which are discussed at length later in the section titled "Significant risks explained". Specific concepts, which should be practically understood before engaging in an options strategy, are:

- (a) the effect time has on any one position/strategy;
- (b) how volatility changes, both up and down, may change your pay-off diagram or loss for a position;
- (c) how to calculate margins and worst-case scenarios for any position;
- (d) the likelihood of early exercise and the most probable timing of such an event;
- (e) the effect of dividends and capital reconstructions on an options position; and
- (f) liquidity of an options series, the role of market makers, and the effect this may have on your ability to exit a position.

When buying an ETO the initial outlay of capital may be small relative to the total contract value so that transactions are 'leveraged'. This means that both profits and losses can be magnified. Transactions should only be entered into by investors who understand the nature and extent of their rights, obligations and risks associated with trading ETOs.

When selling an ETO the initial income may seem attractive, but the downside may be unlimited. Risk minimisation strategies should be

employed to mitigate losses when a position does not move in a favourable manner.

While this PDS provides product information (including information about the risks, characteristics and benefits of ETOs), investors should inform themselves and if necessary obtain advice about the specific risks, characteristics and benefits of the ETO they intend to trade and relevant ASX rules.

### 3.2 Educational booklets

ASX has prepared a number of educational booklets relating to ETOs which are available to you via their website,

<http://www.asx.com.au/education/download-brochures.htm>.

In addition to reading this PDS, investors are advised that this PDS references certain of the ASX booklets. The ASX booklets that relate to options are available free of charge on the ASX website. These booklets provide useful information regarding options traded on ASX, including option features, the advantages of options, the risks associated with options, option adjustments, option pricing, margins, taxation and option contract specifications.

The ASX booklet entitled **Understanding Options Trading** is a booklet which we must give you in accordance with the ASX operating rules when you sign our client agreement to trade ETOs. This booklet is also available on line at <http://www.asx.com.au/documents/resources/UnderstandingOptions.pdf>. If you cannot access the ASX booklets via the ASX website, please contact us immediately and we will arrange to forward copies of the booklets to you at no charge.

Morrison Securities suggests that you read and understand all of the information referred to in this section before you trade in ETO's. Before trading in ETOs through Morrison Securities you are required to read this booklet. If you place an order to buy or sell an ETO through Morrison Securities, you will be taken to have confirmed to Morrison Securities that you have read and understood this ASX booklet and this PDS. If you have any questions on any aspect of the booklets, you should consult your financial advisor before making any investment decisions.

### 3.3 LEPOs

LEPOs (over equities) are essentially equity options with an exercise price of one cent per underlying share. LEPOs are European style options; in other words, they can only be exercised on the expiry date. The buyer (or taker) of a LEPO has the right to buy an agreed number of shares (typically 100 shares per LEPO contract) at a specified future date, in return for the payment of the exercise price (one cent per share). The seller (or writer) of a LEPO undertakes to sell the underlying shares at expiry in return for the exercise price. The seller (writer) of a call option is only required to deliver the underlying shares if the buyer (taker) exercises the option. When you enter into a LEPO, you do not pay (or receive) the full amount of the premium upfront. Instead, you pay or receive margins during the life of the LEPO and pay or receive the balance of the premium if and when you exercise the LEPO.

LEPOs are different from standard ETOs in a number of ways:

- LEPOs are only available as call options
- LEPOs are European style options, meaning they are only exercisable on expiry day, while standard equity options are generally American style options exercisable at any time before expiry. Refer to section 4.10 of this PDS for information about automatic exercise
- LEPOs have a very low exercise price and a much higher premium – close to the market value of the underlying share of the LEPO
- LEPOs do not require an amount equal to the full premium to be paid on purchase. Instead the buyer (taker) effectively pays a margin, which represents a small percentage of the value of the underlying shares. In standard equity options, the buyer (taker) pays the premium upfront and the seller (writer) receives the premium upfront
- Both the buyer (taker) and seller (writer) of a LEPO are subject to ongoing margining.

In summary, the premium for a LEPO will generally track the price of the underlying shares, so an investor's profit or loss will generally track movements in the underlying share on a one-for-one basis. Buying a LEPO is similar to a forward purchase of shares, while selling a LEPO is similar to a forward sale of shares. Because of their low exercise price, LEPOs trade for large premiums. The high premium exposure carries a risk similar to that of owning the shares outright, or for sellers (writers), short selling shares.

The ASX booklet entitled LEPOs: Low Exercise Price Options Explanatory Booklet is available on line at

<http://www.asx.com.au/documents/resources/UnderstandingLEPOs.pdf>. If you cannot access the ASX booklet via the ASX website, please contact us immediately and we will arrange to forward to you by email a copy of the booklet to you at no charge.

**TORESS LEPOs** (Total Return Single Stock LEPOs) are a special type of LEPOs that have a cash adjustment for the dividend. The ASX Booklet for TORESS LEPOs is available from the ASX at.

<https://www.asx.com.au/documents/products/toress-understanding->

LEPOs.pdf

Before trading in LEPOs or TORESS LEPOs through Morrison Securities you are required to read these booklets. If you place an order to buy or sell a LEPO or TORESS LEPO through Morrison Securities, you will be taken to have confirmed to Morrison Securities that you have read and understood this ASX booklet and this PDS.

### 3.4 About Us

Morrison Securities Pty Limited

ABN 50 001 430 342

Australian Financial Services Licence Number: 241737

Level 7, 7-15 Macquarie Place, Sydney NSW 2000

Phone 1300 363 766

Email: [morrison.admin@morrisonsecurities.com](mailto:morrison.admin@morrisonsecurities.com)

Website: [www.morrisonsecurities.com](http://www.morrisonsecurities.com)

### 3.5 How do your orders get executed and settled?

You may only provide instructions to us in accordance with your client agreement with us. That agreement might require that, if you wish to provide us with instructions, you must do so only through an intermediary with whom we have entered an arrangement under which that person may place orders with us on behalf of clients in relation to ASX transactions (**Licensee**). That agreement might permit you to provide instructions to us directly (such as through a DMA Service) or through the relevant Licensee.

When placing the order Morrison Securities will need:

- (a) your account number;
- (b) details of the person giving the order;
- (c) details of the stock to be dealt in;
- (d) the series, specifying both the expiry day and the strike price (and if long dated the year); and
- (e) whether the order is to buy or sell.

Once the order is executed, Morrison Securities will also clear the ETO or LEPO. Accordingly, Morrison Securities will make the appropriate adjustments to your cash, and holding positions, including brokerage for the transaction. You will owe your obligations in respect of any ETOs or LEPOs executed for you directly to Morrison Securities, despite the fact that a Licensee may have arranged for the relevant trade to be executed on your behalf. You will not be taken to have satisfied your obligations to Morrison Securities by making any payment or delivering documents to the Intermediary.

### 4. What are exchange traded option & LEPO contracts

#### American or European style options

ETOs may be **American** or **European style** exercise. Most ASX options are **American style** which means they are tradeable and can be exercised at any time prior to the expiry day. **European style options**, which include index options, are also tradeable but can only be exercised on the expiry day and not before.

LEPOs are European style only, which means they can only be exercised on the expiry date and not before. Further detail can be found at [www.asx.com.au/documents/resources/UnderstandingLEPOs.pdf](http://www.asx.com.au/documents/resources/UnderstandingLEPOs.pdf).

#### Taker and writers of ETOs and LEPOs

An ETO or a LEPO is a contract between two parties which gives the buyer (the taker) the right, but not the obligation, to buy or sell the securities underlying the option at a specified price (exercise price) on, or before a predetermined date. To acquire this right, the taker pays a premium to the writer (the seller) of the contract. When considering options over an index, the same concepts generally apply.

#### Payment and receipt of the premium

The taker will always pay the writer a price (the premium) to enter the ETO or LEPO. The writer receives and keeps the premium but has the obligation to buy from or sell to the taker the underlying securities at the exercise price if the taker exercises the option.

The premium is not a standardised feature of the ETO contract or LEPO and is established between the taker and writer at the time of the trade.

ETO or LEPO sellers are referred to as 'writers' because they underwrite (or willingly accept) the exercise risk of the contract. Similarly, buyers are referred to as 'takers' of an ETO or LEPO as they take up the right to buy or sell a parcel of securities. Every ETO or LEPO contract has both a taker and a writer.

#### Call options and put options - long and short positions

There are two types of ETOs, namely **call options** and **put options**. All option positions consist of one or more of a bought call, a sold call, a bought put, or a sold put. A long (or bought) option position is created by the purchase of a call or put. A short (or sold) position is created by the sale of a call or put. By combining two or more of these basic positions, an investor can create a trading strategy that meets a range of investment objectives, including the protection of an existing portfolio of securities. For more information on possible trading strategies we refer you to the ASX Booklet entitled Options Strategies' available on the ASX website at <http://www.asx.com.au/documents/resources/UnderstandingStrategies.pdf>. Call options give the taker the right, but not the obligation, to buy a standard quantity of underlying securities at a predetermined price on or



before a predetermined date. If the taker exercises their right to buy, the seller (writer) is required to sell a standard quantity of securities at the predetermined exercise price.

Put options give the taker the right, but not the obligation to sell a standard quantity of underlying securities at a predetermined price on or before a predetermined date. If the taker exercises their right to buy, the seller (writer) is required to buy a standard quantity of securities at the predetermined exercise price.

The premium is the price of the option agreed to by the buyer and seller through the market.

The taker will always pay the writer a price (called the premium) to enter into the option contract. The writer receives and keeps the premium but has the obligation to buy from or deliver to the taker the underlying securities at the exercise price if the taker exercises the option.

#### 4.1 Deliverable or cash settled

ETOs and LEPOs are either deliverable or cash settled.

Most exchange traded equity options and LEPOs are deliverable, that is with physical delivery of the underlying security, while index options are cash settled.

Cash settlement occurs in accordance with the rules of ASX Clear against the Opening Price Index Calculation (OPIC) as calculated on the expiry date.

#### 4.2 Standardised Contracts

ETOs and LEPOs are created by the exchange on which the underlying equity or index is listed. Morrison Securities trades ETOs in relation to entities and indices listed on ASX. The ASX website provides a list of entities and indices over which ETOs are traded; these can be found at [http://www.asx.com.au/documents/products/asx\\_eto\\_market\\_making\\_scheme.pdf](http://www.asx.com.au/documents/products/asx_eto_market_making_scheme.pdf).

ASX determines the key contract specifications for each series of ETOs or LEPOs listed, including:

- (a) the underlying security or underlying index;
- (b) the contract size, that is, the number of units of the underlying security. The contract size is usually 100 securities per contract for equity ETOs and LEPOs
- (c) the exercise price (or strike price), which is the specified price at which the taker (buyer) of an equity option can buy or sell the underlying securities. ASX sets the range of exercise prices at specific intervals according to the value of the underlying securities. It is important to note that the exercise price of an equity option may change during the life of an option if the underlying security is subject to a bonus or rights issue or other form of capital reconstruction or in some cases a special dividend or distribution. The number of underlying securities may also be subject to an adjustment; and
- (d) the expiry date.

ASX may in accordance with its operating rules make an adjustment to any of the above specifications if the listed entity over which the option relates makes a pro-rata change to its ordinary capital structure (e.g. bonus issues or special dividends or distributions are to be paid). If ASX does make an adjustment it will endeavour to preserve the open positions of takers and writers at the time of the adjustment as best as possible. ASX has issued an Explanatory Guide for Option Adjustments which can be found at [http://www.asx.com.au/documents/resources/explanatory\\_note\\_option\\_adjustments.pdf](http://www.asx.com.au/documents/resources/explanatory_note_option_adjustments.pdf) which provides further information regarding ASX option adjustments.

Full details of all ETOs and LEPOs listed on ASX and expiry date information can be found on the ASX website at

<https://www2.asx.com.au/markets/trade-our-derivatives-market/derivatives-market-prices/single-stock-derivatives>.

Details of contract specifications for ETOs and LEPOs are published by ASX on their website at <http://www.asx.com.au/products/equity-options/options-contract-specifications.htm>. The contract specifications detail the key standardized features of ETOs and index options traded on ASX.

#### 4.3 Premium

The premium (price of the option) is not set by ASX but is negotiated between the buyer and seller of the ETO or LEPO through the market.

The premium for an equity option is quoted on a cents per security basis so the dollar value payment is calculated by multiplying the premium amount by the correct multiplier for that particular series (i.e. the number of underlying securities in the contract which is usually 100). For example, if you buy 10 call option contracts with a premium quoted at 50c per security, the total premium is \$500.00 (being \$0.50 x 100 x 10). The premium for an index option is calculated by multiplying the premium by the index multiplier. For example, a premium of 50 points, with an index multiplier of \$10, represents a total premium cost of \$500 per contract.

Option premium will fluctuate during the option's life depending on a range of factors including the exercise price, the price of the underlying securities or the level of the index, the volatility of the underlying securities or the underlying index, the time remaining to expiry date, interest rates,

dividends, distributions and general risks applicable to markets.

Most option pricing involves the use of a mathematical formula, which includes calculating the intrinsic and time value of the particular option. You should refer to the section entitled 'Option pricing fundamentals' in the ASX Booklet Understanding Option Trading for more information regarding the fundamentals of pricing options. ASX also provides a pricing calculator on the ASX website, [www.asx.com.au](http://www.asx.com.au).

#### 4.4 No Dividends or Entitlements

ETOs and LEPOs do not entitle investors to dividends or other distributions or entitlements paid or provided by the issuer of the underlying securities, unless the investor exercises the option to become the holder of the underlying securities at or before the relevant date for dividend, distribution or entitlement purposes. **TORESS LEPOs** provide a cash adjustment for stock dividends.

#### 4.5 Opening/Buying/Taking an ETO or LEPO position

The establishment of a contract is referred to as opening a position. Once the taker of an ETO or LEPO has an open position, they have three alternatives:

- (a) the taker can exercise the ETO or LEPO;
- (b) the taker can hold the ETO or LEPO to expiry and allow it to lapse; or
- (c) the taker can close out their position by selling the same ETO or LEPO. Note: at this point the open position will be closed out.

#### 4.6 Opening/selling/Writing an ETO or LEPO

Once the seller or writer of an ETO or LEPO has an open position, they have two alternatives:

- (a) let the ETO or LEPO go to expiry and risk being exercised against (if it is not exercised against, it will expire without any further obligation or liability on the writer); or
- (b) close out the ETO or LEPO by buying the ETO or LEPO back before it has been exercised.

#### 4.7 Closing out of option contracts

An option position may be 'closed out' by placing an order equal and opposite in effect to the open position to be closed. If you have a bought/long position you would sell it, if you have a sold/short position you would buy it back. This effectively cancels out the open position. An investor would close out an ETO or LEPO contract:

- (a) when there is a risk of unwanted early exercise
- (b) to take a profit; or
- (c) to limit a loss.

It is important that you advise us (or, if you trade through an Intermediary, advise the Intermediary), when placing your order, if you are seeking to close out an existing open position. Closing out can be achieved without reference to the original party to the trade because of the process of novation. ASX Clear is able to substitute a new buyer as the contract party when an existing taker sells to close their position. The process of novation is discussed in more detail below in the section 8.1 below entitled 'Trading and clearing ETOs and LEPOs'.

**Note: Morrison Securities will set all accounts to automatic exercise. This is discussed further in section 4.10 below.**

#### 4.8 Expiry

Options have a limited life span and expire on standard expiry days set by ASX Clear.

The expiry day is the day on which all unexercised options in a particular series expire and is the last day of trading for that particular series. For both equity and index options this is usually the third Thursday before the last Friday in the month.

ASX also list some Weekly equity and index options which offer expiry dates that occur each week for the current month. However, ASX Clear has the right to change this date should the need arise.

As options expire new expiry dates are added further out.

All option classes (stock or index) with a monthly expiry have expiries generally based on the financial quarters (March, June, September and December). For example, a June expiry means that the option expires on the expiry day in June. If Thursday or Friday are not business days, the expiry day is brought forward to the next business day.

A full list of all options series available for trading is available on the ASX website, <http://www.asx.com.au/products/equity-options/about-options.htm> in the csv file 'Listed ETO code list' in the 'Related information' section. This list is updated daily.

You can find a useful expiry calendar and option listing guidelines on the ASX website at <http://www.asx.com.au/products/equity-options/about-options.htm>.

#### 4.9 Exercise

ETO or LEPO takers make the decision to exercise the ETO option or LEPO contract. This means that a writer of an American equity option may be exercised against at any time prior to expiry.

ASX Clear will 'randomly' allocate a writer for every exercised position. This means that if the taker wants to exercise the options and either buy or sell (depending on whether it is a call or a put) at the predetermined price, then

ASX randomly allocates a writer of that option and allocates the exercise against them. The writer must then accept the securities at a predetermined price for a call or sell the securities at the predetermined price for a put. The taker of an ETO or LEPO will generally only exercise for a profit and therefore the exercise may result in a loss to the writer of the ETO or LEPO, depending on their initial costs.

Once a writer has been allocated, the writer has lost the opportunity to close out their position and must affect the delivery or cash settlement obligations for the particular equity option contract.

#### 4.10 Automatic exercise by Morrison Securities

Morrison Securities will automatically exercise any open ETO or LEPO contract taken or bought by you if your contract is in the money at expiration of the contract.

For call options, the option will be in the money where the exercise price is below the price of the underlying securities at expiration of the call option. For put options, the option will be in the money where the exercise price is higher than the price of the underlying securities at expiration of the put option.

All unexercised option contracts will expire on the expiry date.

#### 4.11 Settlement

Payment for, and the delivery of underlying securities, on exercise of an open ETO contract occurs via ASX's Clearing House Electronic Sub register System (CHES) on T+2 from date of exercise. Morrison Securities is obliged to make payment to ASX within this timeframe (i.e. within two business days).

For cash settled index options, a cash settlement amount calculated having regard to the opening price index calculation on expiry day is paid to exercising takers on the day following the expiry date. The level used for settling index options is determined by a special formula.

If you intend to invest in index options, you should take the time to understand these arrangements.

For more information on settlement of index options see the ASX Booklet Understanding Options Trading section on 'Trading index options'.

**Note: if you exercise a LEPO you are required to pay the full purchase price the following day.**

Morrison Securities requires that you settle at T+1 (that is within 24 hours from the time the trade occurred) for all cash positions which arise from premiums, interest, and other cash financial transactions. This requirement is reflected in the terms of our client agreement with you. You are required to pay the margin amounts we call from you within 24 hours of being advised of the margin amount by us. Please see the discussion on margins below.

#### 4.12 Morrison Securities open positions limits and right to close out open positions

Under the terms of your agreement with Morrison Securities, Morrison Securities has the right to impose from time to time limits (Morrison Securities Derivatives Limits) in respect of the open ETOs and LEPOs which have been or may be sold on behalf of you or any other particular clients or clients generally. These limits may relate to ETOs or LEPOs of one or more specified series, or to ETOs or LEPOs generally.

Also under the terms of your agreement with Morrison Securities, Morrison Securities has the right in its discretion to close out (or request you to instruct the Licensee or Morrison Securities to close out) one or more open ETOs or LEPOs held in your Client Account at any time in order to ensure that the open ETOs or LEPOs sold on your behalf or on behalf of clients generally do not exceed any Morrison Securities Derivatives Limit.

Morrison Securities is not liable to compensate you for any loss which may result from (or any reduction in the potential profit which you might have otherwise made but for) the closing out of an ETO or LEPO by Morrison Securities pursuant to this right.

Morrison Securities may exercise this right whether or not you have complied with its obligations to provide Morrison Securities Cover in respect of the Client's open ETOs or LEPOs as the case may be. You must pay the costs of closing out open ETOs or LEPOs if Morrison Securities exercises this right.

#### 5. Significant benefits of exchange traded options and LEPOs

ETOs and LEPOs confer a number of benefits which include:

- Risk management where investors can **hedge** (protect) their portfolio from a drop in value. Put options allow investors holding securities to hedge against a fall in price;
- Shareholders can **earn income** by writing call options over securities they already hold. As a writer of options, the investor will receive the premium amount up front. The risk is that the writer may be exercised against and be required to deliver their securities to the taker at the exercise price;
- By taking a call option, the purchase price for the underlying security is locked in. This gives the call option holder **time to decide** whether or not to exercise the option and buy the securities. The holder has until the expiry date to make their decision. Likewise the taker of a put option has time to decide whether or not to sell the securities;

- ETOs and LEPOs benefit from standardisation and registration with a clearing and settlement facility which reduces **counterparty default risk**. This process provides the benefit that the client's position can be closed out without reference to the original counterparty and the client's risk to that counterparty is transferred to ASX Clear;
- Speculation** where the flexibility of entering and exiting the market prior to expiry permits an investor to take a view on market movements and trade accordingly. In addition the variety of ETO or LEPO combinations allows investors to develop strategies regardless of the direction of the market;
- ETOs and LEPOs do not require a rising market to make money, rather investors can **profit from both rising, falling** and sideways markets depending on the strategy they have employed. Strategies may be complex and strategies will have different levels of risk associated with each strategy;
- The initial outlay for an ETO or LEPO contract is not as much as investing directly in the underlying securities. Trading in ETOs or LEPOs can allow investors to benefit from a change in the price of the security without having to pay the full price of the security. An investor can therefore purchase an ETO or LEPO (representing a larger number of underlying securities) for less outlay and still benefit from a price move in the underlying securities. The ability to make a higher return for a smaller initial outlay is called leverage. Investors however, need to understand that **leverage** can also produce increased risks (see below);
- Given the lower initial outlay attached to ETOs or LEPOs, investors can **diversify their portfolios and gain a broad market exposure** over a range of securities or the index itself.

#### 6. Significant risks explained

**The risk of loss in trading in ETOs and LEPOs can be substantial.**

It is important that you carefully consider whether trading ETOs or LEPOs is appropriate for you in light of your investment objectives and financial circumstances.

You should only trade ETOs and LEPOs if you understand the nature of the products and the extent of your exposures to risks. The risks attached to investing in ETOs and LEPOs will vary in degree depending on the option traded (see the risks outlined below).

The PDS does not cover every aspect of risk associated with ETOs and LEPOs. For further information concerning risks associated with ETO trading you are referred to the ASX booklet **Understanding Options Trading** and in particular the section entitled 'Risks of option trading' (the booklet can be found on the ASX website at [www.asx.com.au/documents/resources/UnderstandingOptions.pdf](http://www.asx.com.au/documents/resources/UnderstandingOptions.pdf)).

ETOs and LEPOs are not suitable for some retail investors. For example, investors who have a low risk tolerance should not enter into ETO or LEPO trades which have the potential for unlimited losses. In deciding whether or not you should trade ETO or LEPO contracts, you should be aware of the following matters relating to risk:

- The **high level of leverage** that is obtainable in trading ETOs and LEPOs (due to the low level of initial capital outlay) can work against an investor. Depending on the market movement, the use of leverage may lead to large losses;
- ETOs and LEPOs have a **limited life span** as their value erodes as the option reaches its expiry date. In particular some **Weekly ETOs and LEPOs** are listed for expiry after only one week. It is therefore important to ensure that the ETO or LEPO selected meets the investor's investment objectives;
- ETOs and LEPOs are subject to movements in the **underlying market**. ETOs and LEPOs may fall in price or become worthless at or before expiry;
- The **maximum loss in taking** (buying) an ETO is the amount of premium paid. If the option expires worthless, the taker will lose the total value paid for the option (the premium) plus transaction costs.
- Whilst writers (sellers) of options earn premium income, they may also incur **unlimited losses** if the market moves against the option position. The premium received by the writer is a fixed amount; however, the writer may incur losses greater than that amount. For example, the writer of a call option has increased risk where the market rises and the writer does not own the underlying securities. If the option is exercised, the writer of the option is forced to buy the underlying securities at the current (higher) market price in order to deliver them to the taker at the exercise price. Similarly, where the market falls, the writer of a put option that is exercised is forced to buy the underlying securities from the taker at a price well above the current market price;
- Writers of ETOs and LEPOs could sustain a total **loss of margin funds** deposited with their broker where the market moves against the option position. In addition, the writer may be obliged to pay

additional margin funds (which may be substantial and potentially unlimited) to maintain the ETO or LEPO position or upon settlement of the contract. Margins are discussed below;

- (g) Under certain conditions, it could become difficult or impossible to **close out** a position. This can happen for example where there is a significant change in price over a short time period;
- (h) ASX and ASX Clear, have discretionary powers in relation to the market. They have power to **suspend the market operation**, or lift market suspension in ETOs or LEPOs while the underlying securities are in trading halt if the circumstances are appropriate, restrict exercise, terminate an ETO or LEPO position or substitute another underlying security (or securities), impose position limits or exercise limits or terminate contracts, all to ensure fair and orderly markets are maintained as far as practicable. These actions can affect an investor's ETO or LEPO positions;
- (i) The placing of **risk minimisation orders** may not always limit an investor's losses to the amounts that are expected. Market conditions may make it impossible for a broker to execute the risk minimisation orders. Strategies using combinations such as 'spreads' or 'straddles' may be as risky as taking a simple 'long' or 'short' position.
- (j) Trades affected on ASX may be subject to **dispute**. When a trade is subject to a dispute, ASX has powers, in accordance with its rules, to request that a broker amend or cancel a trade, which will in turn result in the contract with the client being amended or cancelled. Any change or amendment to the beneficial ownership of the security can have Capital Gains tax implications;
- (k) Morrison Securities has the ability to amend or **cancel the trade** as stated in our Terms of Trading and Derivatives Client Agreement. This could cause you to suffer loss or increase your loss and could have Capital Gains Tax implications. ASX has the power to cancel, amend or require the cancellation of amendment of transactions. This power can be exercised without your permission or Morrison Securities' agreement;
- (l) Trades affected on ASX are traded on an electronic trading platform and cleared through ASX Clear. As with all such electronic platforms and systems, they are subject to failure or **temporary disruption**. If the system fails or is interrupted, we will have difficulties in executing all or part of your order according to your instructions. An investor's ability to recover certain losses in these circumstances will be limited given the limits of liability imposed by ASX and ASX Clear;
- (m) If you fail to pay an amount due from a transaction in accordance with the ASX Operating Rules, you agree that Morrison Securities has the right to sell any or all of your securities in addition to the securities which are the subject of the defaulting contract in order to offset any debt owed to Morrison Securities.
- (n) Morrison Securities may exercise its right to close out (or request you to instruct the Licensee or Morrison Securities to close out) one or more open ETOs or LEPOs held in your Client Account at any time in order to ensure that the open ETOs or LEPOs sold on your behalf or on behalf of clients generally do not exceed any Morrison Securities Derivatives Limit. Such closing out of one or more of your open positions may result in a loss for you. Morrison Securities is not liable to compensate you for any loss which may result from (or any reduction in the potential profit which you might have otherwise made but for) the closing out of an ETO or LEPO by Morrison Securities pursuant to this right. Morrison Securities may exercise this right whether or not you have complied with its obligations to provide Morrison Securities Cover in respect of the Client's open ETOs or LEPOs as the case may be. Morrison Securities may also require you to pay the costs of closing out open ETOs or LEPOs if Morrison Securities exercises this right.

This PDS does not cover every aspect of risk associated with options. For further information concerning risks associated with options trading you are referred to the ASX booklet **Understanding Options Trading** and in particular the section entitled 'Risks of option trading' (the booklet can be found on the ASX website at <http://www.asx.com.au/documents/resources/UnderstandingOptions.pdf>). We recommend that you consult your financial adviser or obtain other independent advice before trading in ETOs or LEPOs.

## 7. Fees and other costs

The exact cost of your transaction will be disclosed on your Confirmation but will consist of the charges (subject to future changes by ASX) discussed below. There may also be certain amounts that are (or may become) payable in respect of options which are discussed below. Some fees that we charge may be tax deductible. You must confirm this with your own Tax Adviser or Accountant in relation to your specific situation.

## 7.1 Contract fees

ASX charges a fee per contract based on tiered fee structure effective 31 May 2021. These fees apply to buying and selling; opening or closing.

Fee Categories	(\$ per contract)*
ETO Single Stock 1	\$0.06
ETO Single Stock 2	\$0.10
ETO Single Stock 3	\$0.13
ETO Single Stock 4	\$0.21
ETO Single Stock 5	\$0.31

\* Per contract fee of \$0.00 applied if option price is 1c or lower.

Each underlying will be reviewed regularly by ASX and published in their "ETO Registration Fee Tier Assignment" updates (every 6 months indicatively).

## 7.2 Exercise fees

ASX levies \$0.05 plus \$0.005 GST (or \$0.055 including GST) for every contract that is exercised.

## 7.3 Index Options

In the case of index options, ASX charges \$0.45 plus \$0.045 GST (or \$0.495 including GST) per contract including GST, for both the transaction and the exercise fee.

## 7.4 Brokerage

If you wish to trade ETOs or LEPOs through us, you will need to become a client of an intermediary (**Licensee**) with whom Morrison Securities has entered into an arrangement under which the Licensee may place orders with Morrison Securities on behalf of clients.

We (Morrison Securities) do not charge you fees for the services that we may provide to you. Instead, the relevant Licensee may charge you fees in respect of those transactions executed by Morrison Securities on your behalf. However, the Licensee (not Morrison Securities) determines the amount and structure of any such fees. The information concerning the fees which the Licensee may charge can be obtained directly from the relevant Licensee.

Morrison Securities will charge the relevant Licensee a fee for those transactions executed through ASX by Morrison Securities on your behalf (**Execution Fee**). In addition to the Execution Fee, Morrison Securities may also charge a range of fees to the Licensee including a fixed monthly fee, a fee per trade, a fee per service and other fees.

The impact of transaction costs on profitability is often greater for options transactions than for transactions in the underlying interests because these costs are often greater in relation to option premiums than in relation to the prices of underlying interests. Transaction costs are especially significant in option strategies calling for multiple purchases and sales of options such as spreads and straddles. Investors should always discuss transaction costs with their financial advisor before engaging in options transactions.

## 7.5 Margins

The Clearing House (**ASX Clear**) will call amounts of money known as '**margin**' from a Clearing Firm as cover. Margins are generally a feature of all exchange traded derivative products and are designed to protect the Clearing House against default. A margin is the amount calculated by the Clearing House as necessary to cover the risk of financial loss on an ETO contract due to an adverse market movement.

The seller (writer) of an ETO will ordinarily be required to pay margin in respect of that contract or provide collateral acceptable to the Clearing House. That is because the Clearing House is exposed to the risk that the seller (writer) will not perform their obligations if and when the option is exercised.

Margin requirements for option writers are complex. Margin requirements are subject to change, and may vary from time to time, at the discretion of the Clearing House. Margin requirements can have an important effect on an option writer's risks and opportunities.

### 7.5.1 Margins for ETOs

ASX Clear calculates margins daily using a margin calculation engine called Standard Portfolio Analysis of Risk (**SPAN**).

The total margin for ETOs is made up of two components:

1. The premium margin, which is the market value of the particular position at the close of business each day. It represents the amount that would be required to close out your position;
2. The SPAN requirement contains further margin charges and margin concessions. The SPAN requirement uses the following:
  - The **Scan Risk** – the basic evaluation of risk replicating how positions will gain or lose under particular combinations of price and volatility movements. Scan risk uses price and volatility scan ranges.
  - The **Intracommodity Spread Charge** – risk levels related to particular patterns of calendar spreading.
  - **Delivery Risk** – risk related to positions in physically deliverable products as they approach or enter their delivery period.
  - The **Intercommodity Spread Credit** – reductions to risk associated

with risk offsets between associated products.

- **Short Option Minimum** – an evaluation of the irreducible minimum risk related to portfolios.

If you have a number of option positions open, the margin calculation engine will evaluate the risk associated with your entire options portfolio and calculate your total margin obligation accordingly. It is possible that some option positions may offset others, leading to a reduction in your overall obligation.

Amounts of margin are determined daily by ASX Clear, following the close of trading each day. In times of high volatility an intraday margin call may be made by ASX Clear.

Morrison Securities is entitled to call (and may at any time call) for additional margin from you, compared to the amount that is obliged to be paid to ASX Clear – we do this as a risk management tool.

ASX Clear margin obligations may be met by paying cash or by providing certain types of eligible collateral (e.g. securities and bank guarantees). ASX Clear generally discounts the value of such collateral deposited with it to 70% of its full value as a risk management tool. This means that if the securities used by you as collateral have a market value of \$10,000, only \$7,000 will be counted as collateral cover for your margin obligations.

**You must pay margin within 24 hours of you being advised of the margin call by us.** The margining process used by ASX Clear is explained in detail in the ASX booklet **Understanding Margins** which is available on the ASX website at

[www.asx.com.au/documents/resources/Understanding\\_Margins.pdf](http://www.asx.com.au/documents/resources/Understanding_Margins.pdf)

### 7.5.2 How ASX Clear calculates LEPO margins

To understand the margining process for Low Exercise Price Options (LEPOs) you should first read the LEPO Explanatory Booklet which sets out the features and benefits of LEPOs. This booklet can be downloaded from the ASX website at [www.asx.com.au](http://www.asx.com.au)

Unlike ordinary exchange traded options, where only the writer is margined, with LEPOs both the taker and the writer are margined. This is because the taker of a LEPO does not pay the writer the full premium upfront. As such, the taker is margined as they have an obligation to pay the premium.

### 7.6 Late settlement or margin payments

Any interest levied on late settlement and margin payments is due and receivable at the time the amount is levied and certainly within 1 business day of a demand being made by Morrison Securities.

## 8. Other significant characteristics of exchange traded option contracts and LEPOs

### 8.1 Trading and clearing ETOs and LEPOs

ETOs and LEPOs are traded on ASX's trading platform and cleared through ASX Clear. Participants of ASX must comply with the market rules of ASX. Participants who clear ETO or LEPO contracts must comply with the clearing rules of ASX Clear.

ASX Clear stands between the buying and selling brokers (the **ASX participants**) and guarantees the performance to each of them. This process is known as 'novation'. Importantly ASX Clear does not have an obligation to you, the underlying client. The rules of ASX Clear govern arrangements once a deliverable exchange traded option has been exercised.

### 8.2 Client Trust Accounts and Collateral

In order for us to trade an ETO or LEPO contract for you, we require you to provide us with money or securities to enable us to manage the risks associated with our dealings for you in those options. Client money and securities paid or given by you in connection with our advising or dealing in the options must be held by us on trust in accordance with the Corporations Act and the ASX rules.

Money is held on trust for you in a trust account. However, this does not apply to money paid to reimburse us for payments we have had to make to ASX Clear (generally margin calls) in respect of dealings for you. The Corporations Act provides that money held in the trust account can be used for specific purposes such as meeting margin obligations, guaranteeing, securing, transferring, adjusting or settling dealings in derivatives.

Morrison Securities may retain the interest (if any) earned on any moneys held for you in its trust account.

CHESS securities (held by you) may be lodged in your name with ASX Clear as collateral for margin obligations relating to ETO or LEPO trades. When CHESS securities are lodged with ASX Clear, the securities are held by ASX Clear as 'third party security'. The lodged securities cannot be used by us in relation to our dealings or for our other clients in relation to their dealings unless authorised by you as Third Party Collateral.

Securities in a client's superannuation fund cannot be used as Third Party Collateral for any other account.

### 8.3 National Guarantee Fund

Except in limited the circumstances National Guarantee Fund (NGF) protection does not apply to dealings in ETOs or LEPOs. The NGF provides investors trading in ETOs or LEPOs with protection in the following circumstances.

- If an option is exercised, the NGF guarantees completion of the resulting trade in certain circumstances; and
- If you have entrusted property to Morrison Securities in the course of dealing in options, and Morrison Securities later becomes insolvent, you may be able to claim on the NGF, in accordance with the rules governing the operation of the NGF, for any property which has not been returned to you or has not otherwise been dealt with in accordance with Morrison Securities' obligations to you. There are limits on claims to the NGF for property entrusted.

For more information on the possible protections offered by the NGF see <http://www.segc.com.au>.

## 9. Dispute resolution system

If you have any concerns or comments about the financial service or financial products provided to you, you should take the following steps:

- Send your complaint in writing to the Complaints Officer at Morrison Securities, Level 7, 7 Macquarie Place Sydney NSW 2000
- If you have not received a satisfactory response or 45 days have elapsed you may refer the matter to Australian Financial Complaints Authority (AFCA). Morrison Securities is a member of the AFCA. AFCA can be contacted on 1800 931 678 or GPO Box 3, Melbourne VIC 3001 or [info@afca.org.au](mailto:info@afca.org.au). This service is provided to you free of charge;
- You may also choose to refer the matter to ASX.
- Alternatively, you may refer the matter to the Australian Securities and Investments Commission (ASIC). ASIC may be contacted on their freecall Infoline on 1300 300 630 or by fax to (03) 5177 3999 or online via their website [www.asic.gov.au](http://www.asic.gov.au).

If you require further information on how complaints are handled by Morrison Securities please refer to our Financial Services Guide.

## 10. Significant taxation implications

You should consult your own taxation adviser before making any decisions to trade in ETOs or LEPOs.

For further information on the taxation treatment of options you are referred to the article Income Tax Treatment of Exchange Traded Options at

[http://www.asx.com.au/documents/products/taxation\\_of\\_exchange\\_trade\\_d\\_options\\_may\\_2011.pdf](http://www.asx.com.au/documents/products/taxation_of_exchange_trade_d_options_may_2011.pdf).

*Disclaimer: ASX booklet provides general information. The Australian Taxation Office (ATO) may hold views that are different.*

The taxation consequences of trading in ETOs and LEPOs are complex and will depend on your individual circumstances. It is therefore important that you ascertain whether you are a trader, a speculator or a hedger as the tax treatments for each may differ as discussed below.

Given we (Morrison Securities) are not a taxation adviser you should discuss any taxation issues with your Tax Adviser or Accountant before entering or disposing of an ETO or LEPO. You should be aware that there might be capital gains tax consequences. You should seek appropriate independent advice in this regard.

This PDS does not intend to cover every aspect of taxation as it relates to ETOs or LEPOs. The information below acts as a summary of significant taxation considerations that should be considered by you before investing in ETOs or LEPOs. Accordingly, you are recommended to seek professional tax advice before entering into or disposing of an ETO or LEPO.

Some fees that we charge may be tax deductible. You must confirm this with your own Tax Adviser or Accountant in relation to your specific situation.

### 10.1 Implications for Australian Resident Investors

#### Revenue Account

##### Writer of the Option

Where a writer of an option writes an option in the ordinary course of business or the option has been written over an underlying revenue asset, the option will be treated as being on revenue account.

The premium received by the writer of the option will generally be assessable on a due and receivable basis. Where any premium is credited to the writer's Clearing House account the amount will still be assessable on this basis.

Any subsequent margin calls will not be deductible when they are deposited by the writer into their Clearing House account. These margins will merely reduce any net position of the writer upon the close out, settlement or exercise of the option by the taker.

Where interest is received by the writer on the margins held in their Clearing House account, this is required to be included in the writer's assessable income.

##### Taker of the Option

A taker will generally hold an option on revenue account when it is held or traded in the ordinary course of business, or the option is used to hedge an underlying revenue asset.

Where this is the case, any premium paid by the taker is generally regarded as being deductible on a due and payable basis. This will generally be at the

time the option is entered into. Where an option on revenue account lapses, there are no further tax implications.

However, where an option on revenue account is exercised, the option strike price will form part of the acquisition cost or disposal proceeds for the underlying asset in question.

Alternatively, where the option is closed-out prior to its expiration, any gain or loss on the option position will generally be treated as assessable or deductible as the case may be.

## 10.2 Capital Account

### Writer of the Option

Where a writer writes an option over an underlying capital transaction, the option will be held on capital account. Consequently, any income tax implications will generally be determined in accordance with the Capital Gains Tax (CGT) provisions.

The premium received by the writer of the option will generally give rise to an assessable capital gain on a received or a receivable basis. Where any premium is credited to the writer's Clearing House account the amount will still be assessable on this basis.

Any subsequent margin calls will merely reduce any net position of the writer upon the close-out, settlement or exercise of the option by the taker.

Where interest is received by the writer on the margins held in their Clearing House account, this is required to be included in the writer's assessable income.

### Exercise of a Call Option

Where a call option is exercised, the option premium and the proceeds on the sale of the underlying asset should generally be treated as a single transaction. Accordingly, both the premium and the proceeds received will form part of the writer's capital proceeds for CGT purposes.

This may have practical implications for writers of options where the premium and sale proceeds are received in different financial years.

### Exercise of a Put Option

Where a put option is exercised, the option premium paid and exercise price will form part of the cost base of the underlying asset for the investor.

Accordingly, both the premium and the strike price paid will form part of the writer's cost base of the underlying asset for CGT purposes.

This may have practical implications for writers of the options where the premium is received in a different financial year to the payment of the strike price and acquisition of the underlying capital asset.

### Taker of the Option

A taker will generally hold an option on capital account where an underlying capital transaction is being hedged. Consequently, any income tax implications will generally be determined in accordance with the CGT provisions.

At the time the premium is paid, there are no taxation consequences for the taker in respect of any premium paid for options which are held on capital account.

Where an option on capital account lapses, the taker will realise a capital loss at this time equal to the amount of the premium paid.

When an option is settled or closed-out, the taker will realise a capital gain or loss depending on the amount paid (being the premium plus any incidental costs) for the option and the amount received on settlement.

### Exercising a Call Option

Where a call option is exercised, the option premium and exercise price will form part of the cost base of the underlying asset for the taker.

### Exercising a Put Option

Where a put option is exercised, the taker will generally deduct the option price from the proceeds received on the disposal of the underlying asset.

## 11. Goods and services tax

The purchase and disposal of options over securities and the share price index by investors is not subject to GST.

## 12. LEPOs and cash settled ETOs

For LEPOs and cash settled ETOs, the net profits approach may be regarded as the preferred tax method.

See

[http://www.asx.com.au/documents/products/taxation\\_of\\_exchange\\_trade\\_d\\_options\\_may\\_2011.pdf](http://www.asx.com.au/documents/products/taxation_of_exchange_trade_d_options_may_2011.pdf) for further discussion.

## 13. Glossary

<b>AFCA</b>	Australian Financial Complaints Authority
<b>AFSL</b>	Australian financial services licence
<b>American style option</b>	An option which is tradeable and can be exercised at any time prior to the expiry day
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited ABN 98 008 624 691 or the market operated by it, as the context requires
<b>ASX Clear</b>	ASX Clearing Pty Limited ABN 48 001 314 503, a wholly owned subsidiary of ASX
<b>ASX Settlement buyer</b>	ASX Settlement Pty Ltd ABN 49 008 504 532
<b>call option</b>	The buyer (the taker) the right, but not the obligation, to buy or sell the securities underlying the option at a specified price (exercise price) on, or before a predetermined date. To acquire this right, the buyer pays a premium to the writer (the seller) of the contract. When considering options over an index, the same concepts generally apply
<b>CGT</b>	capital gains tax
<b>CHESS</b>	ASX's Clearing House Electronic Subregister System
<b>equity option</b>	an ETO over securities (such as shares issued by an ASX listed company)
<b>ETO</b>	Exchange Traded Option
<b>European style option</b>	An option which is tradeable but can only be exercised on the expiry day and not before. Index options are European style options
<b>FSG</b>	Financial Services Guide
<b>index option</b>	an ETO over a market index (such as the S&P/ASX 200)
<b>LEPO</b>	low exercise price option
<b>Licensee</b>	An AFSL holder who has engaged Morrison Securities on your behalf to execute and clear transactions on ASX
<b>long position</b>	A long (or bought) option position is created by the purchase of a call option or a put option
<b>Morrison Securities, we, us, our</b>	Morrison Securities Pty Limited, ABN 50 001 430 342 AFSL No. 241737
<b>Morrison Securities Derivatives Limits</b>	The limits which Morrison Securities has the right to impose from time to time in respect of the open ETOs or LEPOs which have been or may be bought and/or sold on behalf of you or any other particular clients or clients generally. These limits may relate to ETOs or LEPOs of one or more specified series, or to ETOs or LEPOs generally.
<b>NGF</b>	National Guarantee Fund
<b>OPIC</b>	Opening Price Index Calculation
<b>PDS</b>	Product Disclosure Statement
<b>put option</b>	A put option gives the taker the right, but not the obligation to sell a standard quantity of underlying securities at a predetermined price on or before a predetermined date. If the taker exercises their right to buy, the seller (writer) is required to buy a standard quantity of securities at the predetermined exercise price
<b>seller</b>	The seller (the writer) receives and keeps the premium in respect of an ETO or LEPO, but has the obligation to buy from or sell to the taker (the buyer) the underlying securities at the exercise price if the taker exercises the option. The seller (the writer) of an ETO or LEPO will ordinarily be required to pay margin in respect of that contract or provide collateral acceptable to the Clearing House
<b>short position</b>	A short (or sold) position is created by the sale of a call option or a put option
<b>taker</b>	The taker (the buyer) the right, but not the obligation, to buy or sell the securities underlying the option at a specified price (exercise price) on, or before a predetermined date. To acquire this right, the taker pays a premium to the writer (the seller) of the contract. When considering options over an index, the same concepts generally apply
<b>TORESS LEPO</b>	Total return single stock low exercise price option
<b>You</b>	The client that has been given this PDS
<b>Weekly Options writer</b>	Options listed to expire after only one week
	The writer (the seller) receives and keeps the premium in respect of an ETO or LEPO, but has the obligation to buy from or sell to the taker (the buyer) the underlying securities at the exercise price if the taker exercises the option. The writer (the seller) of an ETO or LEPO will ordinarily be required to pay margin in respect of that contract or provide collateral acceptable to the Clearing House

## PART I: MORRISON SECURITIES DERIVATIVES CLIENT AGREEMENT

between a client of Sequoia Wealth Management Pty Ltd  
ABN 22 002 314 310 AFSL No. 472387 (INTERMEDIARY)

and

MORRISON SECURITIES PTY LIMITED  
ABN 50 001 430 342 AFSL No. 241737 (Morrison Securities)

### 1. INSTRUCTIONS

#### 1.1 ASX Derivative Products

The Client may from time to time instruct the Intermediary to deal in the following kinds of derivatives which are traded on ASX:

- (a) Options Market Contracts (sometimes referred to as Exchange Traded Options); and
- (b) other kinds of derivatives traded on ASX, but not including Futures Market Contracts (**ASX Derivative Products**).

#### 1.2 Authorisation of additional ASX Derivative Products

If the Client gives instructions to the Intermediary to deal in a Derivative Product in which the Intermediary is not authorised to deal under this clause, those instructions are taken to vary this agreement to authorise the Intermediary to deal in that Derivative Product under this clause.

#### 1.3 Orders and instructions

If the Client places an Order with the Intermediary, then the Intermediary, as the Client's agent (and not as the agent of Morrison Securities), will communicate the Client's Order to Morrison Securities and other instructions or information to Morrison Securities as appropriate. Morrison Securities will not act on any Orders or other instructions or information communicated directly to it by the Client (and not through the Intermediary). The Client may only terminate the Intermediary's authority to act on the Client's behalf by terminating this agreement. A reference in this agreement to an Order or instruction from the Client is a reference to an Order or instruction from the Intermediary as the Client's agent. Morrison Securities may at any time, in its absolute discretion, refuse to accept any Order from, or execute Orders for, the Client.

#### 1.4 Execution of Orders, and Crossings

Subject to any instructions from the Client, Morrison Securities will generally execute Orders in the sequence in which they are received. However, the Client acknowledges and agrees that:

- (a) the Client's Order may be automatically crossed against other orders before reaching the market;
- (b) the Client will be charged the normal rate of commission by the Intermediary for Orders which are crossed with Morrison Securities principal orders; and
- (c) Morrison Securities may not be aware of principal orders that are being (or may be) executed, and that direct market access arrangements and program trading may make it impossible to prevent principal orders from being executed at the same time as (or before) the Client's Order. Accordingly, the Client agrees that Morrison Securities may execute principal orders where the Client's Order on the same terms is outstanding and that this agreement constitutes disclosure as required by ASIC Market Integrity Rule 5.1.8.

#### 1.5 Right to refuse to deal

The Client acknowledges that:

- (a) [**ASX Minimum Term 4, ASIC Minimum Term 3.1.7(1)(d)(vi) and ASX Clear Minimum Term 4**] Morrison Securities may at any time refuse to deal in, or may limit dealings in, ASX Derivative Products for the Client. Morrison Securities will notify the Client of any refusal or limitation as soon as practicable. Morrison Securities is not required to act in accordance with the Client's instructions, where to do so would constitute a breach of the ASIC Market Integrity Rules, the ASX Clear Rules, the ASX Operating Rules or the Corporations Act; and
- (b) unless the Client has authorised Morrison Securities to accept and act without any inquiry upon instructions provided (including Orders placed) or email which appear to Morrison Securities to have been given by or for the Client, and has indemnified Morrison Securities in respect of any losses or expenses that Morrison Securities may suffer or incur as a result of so acting, Morrison Securities will refuse to accept instructions it receives by email in respect of the Client.

#### 1.6 Morrison Securities open positions limits and right to close out open positions

- (a) The Client acknowledges and agrees that Morrison Securities may from time to time impose limits (**Morrison Securities Derivative Limits**) in respect of the open ASX Derivative Products which have been or may be bought and/or sold on behalf of particular clients (such as the Client) or clients generally. Such limits may relate to ASX

Derivative Products of one or more specified series of ASX Derivatives Products, or to ASX Derivative Products generally.

- (b) The Client further acknowledges and agrees that Morrison Securities may in its discretion close out (or request the Client to instruct the Intermediary or Morrison Securities to close out) one or more open ASX Derivative Products held in the Client Account at any time in order to ensure that the open ASX Derivative Products on behalf of the Client or clients generally do not exceed any Morrison Securities Derivative Limit. Morrison Securities is not liable to compensate the Client for any loss which may result from (or any reduction in the potential profit which the Client might have otherwise made but for) the closing out of an ASX Derivative Product by Morrison Securities pursuant to this clause 1.6.
- (c) Morrison Securities may exercise this right whether or not the Client has complied with its obligations to provide Morrison Securities Cover in respect of the Client's open ASX Derivative Products.
- (d) The Client must pay the costs of closing out open ASX Derivative Products pursuant to this clause.

#### 1.7 Intermediary's use of a DMA Service

Morrison Securities may provide a direct market access service (**DMA Service**) to the Intermediary under which the Intermediary may place the Client's Orders directly into the Trading Platform through an electronic automated client order process. The Client acknowledges that if Morrison Securities provides a DMA Service to the Intermediary:

- (a) there may be delays in the processing, execution, amendment or cancellation of an Order entered through the DMA Service and:
  - (i) an Order may be wholly or partly filled before an instruction for its amendment or cancellation is processed; and
  - (ii) the Client remains liable to settle the original Order, until any relevant amendment or cancellation is effected;
- (b) the execution of an Order placed through the DMA Service may be delayed by filters or other electronic features of the electronic system;
- (c) Morrison Securities is not responsible for the processing, execution or cancellation of any Orders submitted through the DMA Service, regardless of who enters such Orders and regardless of whether or not there is an error in the Order entry or for any delays in relation to the same;
- (d) except as required by law, Morrison Securities makes no representations or warranties express or implied with respect to the DMA Service;
- (e) there are significant risks in trading through a DMA Service because it is serviced by means of computer and telecommunications systems, even where generally accepted industry standards and practices are followed, including that the Client's data may not be protected, and there are risks that other users of the DMA Service, institutions or brokers may be able to see the Client's Orders and other communications relating to trading and execution without the Client's (or Morrison Securities) consent and that third parties (including persons on private networks) will have the ability to attach to the Client's network; and
- (f) Morrison Securities may terminate the Intermediary's participation in the DMA Service at any time without notice to the Client.
- (g) Morrison Securities may provide a DMA Service to the Client under which the Client may place your Orders directly into the Trading Platform through an electronic automated client order process. The Client acknowledge that if Morrison Securities provides the DMA Service to you, the Client will be bound by the separate terms relating to the Client's use of the DMA Service. If Morrison Securities terminates the Intermediary's participation in the DMA Service, the Client's participation in the DMA Service will automatically terminate as well.

### 2. CLEARING ARRANGEMENTS AND RELATIONSHIP WITH ASX AND ASX CLEAR

#### 2.1 The Client's relationship with Morrison Securities

The Client's primary relationship will be with the Intermediary. The Client's relationship with Morrison Securities will be limited to the execution of Orders placed with Morrison Securities by the Intermediary on behalf of the Client and to the clearing and settlement of Derivatives Transactions.

#### 2.2 Application of ASX Operating Rules and ASX Clear Rules [ASX Minimum Term 1, ASIC Minimum Term 3.1.7(1)(d)(vii) and ASX Clear Minimum Term 1]

The Client and Morrison Securities agree that the terms of their relationship in respect of Derivatives Contracts, and any dealings between them concerning Derivatives Contracts are subject to, and that they are bound by the Corporations Act, the ASIC Market Integrity Rules, the ASX Operating Rules, the ASX Clear Rules and the procedures, customs, usages and practices of ASX, ASX Clear and their related entities, as amended from time to time, in so far as they apply to Derivatives Contracts.

The Client acknowledges that each Derivatives Contract registered with ASX Clear is subject to the ASX Clear Rules and the practices, directions, decisions and requirements of ASX Clear.

### **2.3 Nature of Morrison Securities obligations [ASIC Minimum Term 3.1.7(1)(d)(i) and ASX Clear Minimum Term 4]**

The Client acknowledges that:

- (a) despite that Morrison Securities or the Intermediary may act in accordance with the instructions of, or for the benefit of, the Client, any Derivatives Contract arising from any order submitted to ASX is entered into by Morrison Securities as principal; and
- (b) upon registration of a Derivatives Contract with ASX Clear in the name of Morrison Securities, Morrison Securities incurs obligations to ASX Clear as principal, even though the Derivatives Contract may have been entered into on the Client's instructions.

### **2.4 Obligations of Client owed to Morrison Securities**

On execution of a Derivatives Transaction by Morrison Securities (or another Trading Participant where the Derivatives Transaction is allocated or transferred to Morrison Securities as contemplated by clause 8.3) on behalf of the Client:

- (a) Morrison Securities (and not that other Trading Participant or its clearing participant) is obliged as principal and has the Clearing Obligations (as defined in the ASX Operating Rules) for that transaction (including upon registration, obligations to ASX Clear as principal) even though the transaction has been entered into on the Client's behalf; and
- (b) the Client owes obligations to Morrison Securities in relation to that Derivative Transaction including the obligations set out in this agreement.

Where the Client owes an obligation to deliver funds, security or information to Morrison Securities that obligation will not be satisfied by delivery to the Intermediary.

### **2.5 Rights of Client [ASX Clear Minimum Term 4]**

The Client acknowledges that any benefit or right obtained by Morrison Securities upon registration of a Derivatives Contract with ASX Clear by novation of a contract under the ASX Clear Rules or any other legal result of registration is personal to Morrison Securities and the benefit of that benefit, right or legal result does not pass to the Client. The Client has no rights, whether by way of subrogation or otherwise, against ASX or ASX Clear in relation to any transactions by Morrison Securities (or any other Market Participant or Clearing Participant) in any Derivatives Contract.

### **2.6 Appointment as agent [ASX Clear Minimum Term 10]**

The Client irrevocably appoints severally ASX Clear, and every director, manager and assistant manager for the time being of ASX Clear, at the option of ASX Clear (as applicable) to do all acts and execute all documents on the Client's behalf for the purpose of exercising the powers conferred on ASX Clear under ASX Clear Operating Rule 15 including, the power to transfer or close out Derivatives Contracts if Morrison Securities commits an event of default.

## **3. MARGIN CALLS AND COVER**

### **3.1 Morrison Securities may call for funds or security [ASX Clear Minimum Term 6]**

Morrison Securities may call for payment of money or the provision of other security (**Morrison Securities Cover**) which Morrison Securities considers, in its absolute discretion, appropriate in connection with the obligations incurred by Morrison Securities in respect of Derivative Contracts entered into for the account of the Client. The Client acknowledges that Morrison Securities is entitled to call for Morrison Securities Cover under this clause 3.1 of an amount or value which exceeds the amount of the Cover which Morrison Securities is required to provide to ASX Clear in respect of the Derivative Contracts registered with ASX Clear in a Client Account in respect of the Client. The time by which the Client must pay any amount called or provide security is of the essence. The Client must pay the amounts, or provide the relevant security, within 24 hours of the call for payment.

### **3.2 Application of funds or financial products to satisfy calls**

The Client authorises Morrison Securities to withdraw or otherwise apply funds or financial products held on the Client's behalf to partially or fully satisfy such calls.

### **3.3 Authority to provide Cover**

If the Client makes money or financial products available to Morrison Securities as Morrison Securities Cover (whether by delivery to Morrison Securities or application by Morrison Securities under this agreement), the Client:

- (a) warrants that the Client is legally entitled and authorised to do so, and that the Morrison Securities Cover is free from all Encumbrances; and
- (b) authorises Morrison Securities to pay the money and/or make the financial products available to ASX Clear as Cover.

### **3.4 Interest on Cover**

No interest is payable on moneys or other security provided by the Client to Morrison Securities under this clause.

### **3.5 Morrison Securities may use moneys as Cover**

Morrison Securities may itself provide money or other financial products to ASX Clear as Cover for its Clearing Obligations and Morrison Securities will retain any interest it receives on such moneys.

## **4. COMMISSIONS AND FEES [ASX Minimum Term 2, ASIC Minimum Term 3.1.7(1)(d)(iii) and ASX Clear Minimum Term 8]**

The Client must pay to Morrison Securities:

- (a) (as agent for the Intermediary) commissions, fees, charges and taxes, charged by the Intermediary in connection with dealings for the Client in ASX Derivative Products at the rates determined by the Intermediary from time to time and notified to the Client in writing; and
- (b) commissions, fees, charges and taxes in connection with dealings for the Client in ASX Derivative Products (including for the transfer of Underlying Financial Products following the exercise of an Options CCP Contract) at the rates determined by Morrison Securities from time to time and notified to the Client in writing.

Commission charged by the Intermediary to the Client is also collected by Morrison Securities on behalf of the Intermediary. Morrison Securities will account to the Intermediary for such commission after deducting fees which Morrison Securities charges to the Intermediary.

Commission is payable to the Intermediary on a contract executed by Morrison Securities for the transfer of Underlying Financial Products following the exercise of a Derivatives Contract. Morrison Securities will collect that commission and pass it to the Intermediary in accordance with arrangements between Morrison Securities and the Intermediary.

## **5. MONEYS AND DEFAULT**

### **5.1 Client funds and property [ASX Clear Minimum Term 15]**

Morrison Securities must deal with any money and property paid or given to Morrison Securities in connection with the Morrison Securities / Client relationship in accordance with the Corporations Act and the ASX Clear Rules.

### **5.2 Combination, deposit and use of funds [ASX Clear Minimum Term 15]**

- (a) The Client acknowledges that the Client's monies and the monies of other clients of Morrison Securities may under the ASX Clear Rules be combined and deposited by Morrison Securities in a trust account or clients' segregated account. The Client acknowledges that all monies credited to the clients' segregated account maintained by Morrison Securities may be used by Morrison Securities to meet the default of any client of Morrison Securities.
- (b) Despite clause (a), Morrison Securities agrees that it will only pay the Client's monies into a trust account and those monies may only be used by Morrison Securities in payment of Morrison Securities Cover to be provided by the Client in connection with the obligations incurred by Morrison Securities in respect of Derivative Contracts entered into for the account of the Client or as otherwise agreed between the Client and Morrison Securities.

### **5.3 Set Off**

Morrison Securities is entitled to set off any monies received from the sale of financial products on the Client's behalf against any monies due to Morrison Securities by the Client on any account.

### **5.4 Default [ASX Clear Minimum Term 7]**

If:

- (a) the Client fails to pay, or provide security for, amounts payable to Morrison Securities or fails to perform any obligation arising pursuant to the exercise or settlement of a Derivatives Contract;
- (b) the Client "fails to settle" for the purpose of the terms of the Client's agreement with Morrison Securities in relation to the execution, clearing and settlement of transactions in financial products quoted on ASX or other Market Transactions;
- (c) the Client fails to complete a contract for the transfer of Underlying Financial Products following the exercise of an Option CCP Contract;
- (d) a guarantee or other security provided by the Client to Morrison Securities is withdrawn or becomes ineffective and other replacement security acceptable to Morrison Securities is not provided;
- (e) in the absence of the Client making alternative arrangements, the Client is at any time not contactable by the Intermediary immediately in order for Morrison Securities to obtain instructions or call for payment of money or the provision of other security;
- (f) the Client becomes bankrupt or enters into a composition or arrangement for the benefit of creditors or, being a company, a liquidator is appointed to the Client or an administrator, receiver, receiver and manager or official manager is appointed over all or a part of the Client's property or an encumbrancer or its agent takes possession of all or part of the Client's property or the Client enters into any scheme of arrangement with creditors under Part 5.1 of the Corporations Act;

- (g) the Client makes any representation that is incorrect or misleading in any material way with the result that loss or damage is, or is likely to be, suffered by Morrison Securities;
- (h) the conduct of the Client is such that a reasonably prudent Intermediary would be of the view that the Client would be unable to comply with all the Client's obligations under this agreement, including strict compliance with any time limits;
- (i) any other event occurs which Morrison Securities and the Client have agreed in this agreement constitutes a default,

(each a **default**), Morrison Securities may, in addition to any other rights which it may have against the Client, without giving prior notice to the Client, take any action, or refrain from taking action, which it considers reasonable in the circumstances in connection with Derivatives Contracts registered in the Client Account or otherwise entered into for the account of the Client (including, Derivatives Contracts arising from those contracts) and, Morrison Securities may:

- (j) exercise one or more Derivatives Contracts in accordance with the ASX Clear Rules;
- (k) enter into one or more transactions (whether on-market or by private contract, together or in lots for cash or credit and for a price or prices upon such terms and conditions in all respects as Morrison Securities sees fit) to effect the close out of one or more Derivatives Contracts in accordance with the ASX Clear Rules;
- (l) enter into or execute any Cash Market Transaction or Derivatives Transaction (including a Futures Market Transaction) as Morrison Securities sees fit, whether or not the Client is permitted under clause 1.1 to place an Order in respect of that kind of transaction);
- (m) sell or cause to be sold any or all of the Client's property, including any security lodged with Morrison Securities (whether the property or security had been lodged with Morrison Securities in connection with this agreement or for any other reason) or held by Morrison Securities or its Related Bodies Corporate on behalf of the Client or in a Holding in respect of which Morrison Securities, its nominee company or a Related Body Corporate of Morrison Securities is the Controlling Participant; and
- (n) sell or cause to be sold any financial products held by Morrison Securities in an account for the Client or otherwise held (including any financial products in a Holding in respect of which Morrison Securities, its nominee company or a Related Body Corporate of Morrison Securities is the Controlling Participant);
- (o) cancel any of the Client's unexecuted orders;
- (p) exercise any other power, right or remedy which Morrison Securities may have under this agreement or in law or equity;
- (q) exercise or cause to be exercised any other rights conferred by the ASIC Market Integrity Rules, ASX Operating Rules, the ASX Clear Rules or this agreement or perform any other obligations arising under the ASIC Market Integrity Rules, ASX Operating Rules, the ASX Clear Rules or this agreement in respect of any Derivatives Contracts or Derivatives Transactions;
- (r) charge an administration fee calculated by reference to the additional cost which may be incurred by Morrison Securities as a result of the default;
- (s) levy a default charge on the amount of up to 15% per annum; or
- (t) apply any cash held by Morrison Securities or the Intermediary on the Client's account or to which they have access (including any amount held), or payments received from the Client in reduction of the Client's liability to Morrison Securities,

and the Client must account to Morrison Securities as if those actions were taken on the instructions of the Client and, is liable for any deficiency and is entitled to any surplus which may result.

#### 5.5 Appointment as the Client's attorney

In relation to any of the rights exercisable for the benefit of Morrison Securities in the event of a default, the Client authorises Morrison Securities and each of its directors and employees as the Client's attorney to give instructions on behalf of the Client in respect of the Client's holdings of financial products in a in respect of which Morrison Securities, its nominee company or a Related Body Corporate of Morrison Securities is the Controlling Participant, or held by Morrison Securities, its nominee company or by their Related Bodies Corporate in nominee holdings, and in respect of call deposit facilities or cash management trust accounts on which they are authorised to give instructions, to enable Morrison Securities to realise those financial products or funds and apply the proceeds in reduction of the Client's liability to Morrison Securities and to recover Morrison Securities costs in so acting.

#### 5.6 Administration and default charges

The Client must pay or reimburse Morrison Securities any such administration fees and default charges (together with any GST payable on those amounts) immediately upon demand or at Morrison Securities option it may deduct such administration fees and default charges (and any GST) from any proceeds of sale, or proceeds from the close out or exercise of

rights in relation to a Derivatives Contract, or other amounts otherwise payable to the Client.

#### 5.7 Morrison Securities not liable for failure to exercise rights

Morrison Securities will not be liable to the Client for any failure by Morrison Securities to exercise (or any delay in the exercise by Morrison Securities of) any power under this clause, or any loss incurred by the Client as a result of Morrison Securities not exercising any of its powers under this clause 5 immediately, or at all, following an event of default by the Client.

#### 5.8 Morrison Securities entitled to protect its own interests

The Client acknowledges that Morrison Securities, in exercising any of its rights under this clause 5, is entitled to act to protect its own interests and is under no obligation to subordinate the protection of its own interests to those of the Client.

#### 5.9 Effect of liquidation of contract following default

Upon close out of any Derivatives Contract in accordance with clause 5, the Client is liable to pay to Morrison Securities any amount owing to Morrison Securities in respect of that contract. If the Client fails to make that payment within the time specified by Morrison Securities (which time is of the essence), Morrison Securities may deal with any of the Client's money or other property held by Morrison Securities and apply the proceeds against that amount.

#### 5.10 Assignment to the Intermediary of amounts owing

If the Client has not paid any amount due to Morrison Securities under this agreement, in addition to its rights under clause 5, Morrison Securities may assign that debt to the Intermediary and the assigned debt will become an obligation of the Client's to the Intermediary and the Intermediary (and each of its directors and employees) will have the rights and powers (and may do all the things) set out in clause 5 as if a reference to Morrison Securities were a reference to the Intermediary.

#### 5.11 Method of Payment

Where money is payable to Morrison Securities by the Client (for example where Morrison Securities has called for payment of money under clause 3.1 or has notified the Client of commissions and fees in accordance with clause 4), the Client:

- (a) is not permitted to make payment in cash; and
- (b) will be entitled to make payment from a cheque or savings account by BPAY, where the relevant document provided by Morrison Securities or the Intermediary (such as a confirmation or notice as the case may be) bears a Biller Code. Payment by this means will only be acceptable to Morrison Securities if the Client quotes the relevant Biller Code and its BPAY reference number.

#### 5.12 Release

In consideration of Morrison Securities entering into this agreement with the Client, the Client releases Morrison Securities (and its Related Bodies Corporate and their respective directors, officers, employees and agents) (the **Released Parties**) in respect of all present or future claims the Client may have against the Released Parties or any of them arising out of or in connection with the exercise by Morrison Securities of any of its rights under this clause 5.

### 6. ACKNOWLEDGMENTS AND WARRANTIES

#### 6.1 Change of Participant [ASX Clear Minimum Term 16]

If the Client receives a Participant Change Notice from Morrison Securities and the Participant Change Notice was received at least 20 Business Days prior to the date proposed in the Participant Change Notice for the change of Participant, the Client is under no obligation to agree to the change of Participant, and may choose to do any of the things set out below.

The Client may choose to terminate this agreement in accordance with clause 10.1 or by giving instruction to Morrison Securities, indicating that the Client wishes to transfer its Derivatives Contracts to another Participant.

If the Client does not take any action to terminate this agreement and does not give any other instructions to Morrison Securities which would indicate that the Client does not agree to the change of Participant then, on the Effective Date, this agreement will have been taken to be novated to the new Participant and will be binding on all parties as if on the Effective Date:

- (a) the new Participant is a party to these this agreement in substitution for Morrison Securities;
  - (b) any rights of Morrison Securities are transferred to the new Participant; and
  - (c) Morrison Securities is released by the Client from any obligations arising on or after the Effective Date,
- and the Client will also be taken to have consented to and authorised:
- (d) the transfer to the new Participant of all the Client's open Derivatives Contracts as at the Effective Date so that they will be registered with ASX Clear in the new Participant's name;
  - (e) the payment or transfer to the new Participant (or a Controlling Participant or nominee nominated by the new Participant) on the Effective Date of all money and other security (including all Morrison Securities Cover) provided to Morrison Securities under this agreement before the Effective Date to be held by the new



Participant (or by the nominee or in a Holding in respect of which the new Participant (or another Controlling Participant nominated by the new Participant) is the Controlling Participant as the case may be) under clause 3 of this agreement as novated,

and, if the Client has executed before the Effective Date a Morrisons Collateral Cover Authorisation Form under which the Client authorised a Controlling Participant to reserve (or withdraw) financial products registered in the Client's name in the ASX Clear Subposition as Collateral Cover for obligations in respect of Derivatives Contracts registered with ASX Clear in Morrison Securities name in a Client Account in respect of the Client, the Client is also taken to have appointed the new Participant and each director, secretary and officer of the new Participant for the time being as the Client's attorney to complete and execute a Morrisons Collateral Cover Authorisation Form under which the Client authorises that Controlling Participant to reserve (or withdraw) financial products registered in the Client's name in the ASX Clear Subposition as Collateral Cover for obligations in respect of Derivatives Contracts registered with ASX Clear in the new Participant's name in a Client Account in respect of the Client.

#### **Need for consent from the new Participant**

The novation can not take effect until the Client has received a notice from the new Participant confirming that the new Participant consents to acting as the Participant for the Client. The Effective Date may as a result be later than the date set out in the Participant Change Notice.

#### **Client act which is consistent with the novation will be deemed consent**

The Client will be taken to have consented to the events referred to above by the doing of any act which is consistent with the novation of this agreement to the new Participant (for example by giving an instruction to the new Participant), on or after the Effective Date, and such consent will be taken to be given as of the Effective Date.

#### **Continuation of this agreement for Morrison Securities**

This agreement continues for the benefit of Morrison Securities in respect of any rights and obligations accruing before the Effective Date and, to the extent that any law or provision of any agreement makes the novation not binding or effective on the Effective Date, then this agreement will continue for the benefit of Morrison Securities until such time as the novation is effective, and the existing Participant will hold the benefit of this agreement on trust for the new Participant.

#### **This agreement continues to apply to completion of transactions entered into before novation**

Nothing in this clause 6.1 will prevent the completion of Derivatives Transactions or Derivatives Contracts by Morrison Securities where the obligation to complete those transactions or contracts arises before the Effective Date and this agreement will continue to apply to the completion of those contracts, despite the novation of this agreement to the new Participant under this clause 6.1.

#### **6.2 Explanatory Booklet and other documents [ASIC Minimum Term 3.1.7(1)(b) and ASX Clear Minimum Term 3]**

The Client acknowledges that the Client has received and read a copy of the current explanatory booklet published by ASX in respect of each ASX Derivative Product. This does not apply in relation to a Client that is a Wholesale Client.

The Client acknowledges that it has read and understood the documents (if any) given to it under ASX Clear Operating Rule 7.1.1(b).

#### **6.3 Risk and investment in ASX Derivative Products [ASX Clear Minimum Term 3]**

The Client acknowledges that trading in ASX Derivative Products incurs a risk of loss as well as a potential for profit.

The Client acknowledges that it has given consideration to its objectives, financial situation and needs and has formed the opinion that dealing in ASX Derivative Products is suitable for its purposes.

#### **6.4 Dealing as Principal and Morrison Securities taking opposite position [ASIC Minimum Term 3.1.7(1)(d)(ii) and ASX Clear Minimum Term 5]**

The Client acknowledges that Morrison Securities may, in certain circumstances permitted under the Corporations Act and the ASX Operating Rules, or the ASX Clear Rules, take the opposite position in a Derivatives Contract, either acting for another client or on its own account.

#### **6.5 Confirmations**

The Client acknowledges that each Derivatives Transaction executed by Morrison Securities and each confirmation (contract note / daily statement) dispatched to the Client by Morrison Securities on its own behalf or on behalf of the Intermediary is subject to:

- the terms and conditions of this agreement;
- the directions, decisions and requirements of ASX, the ASIC Market Integrity Rules, the ASX Operating Rules, the ASX Clear Rules and where relevant, the ASX Settlement Rules;
- the customs and usages of the Market (as defined in the ASIC Market Integrity Rules); and
- the correction of errors and omissions.

The Client authorises Morrison Securities to provide any confirmation electronically. If the Client is a Wholesale Client for the purposes of the ASIC Market Integrity Rules, Morrison Securities may elect not to give any confirmation to the Client in relation to Derivatives Transactions executed for the Client.

#### **6.6 Cancellation of trades**

The Client authorises Morrison Securities, and agrees that Morrison Securities may, without the Client's consent, cancel or amend (or request or agree to the cancellation or amendment of) any Derivatives Contract to which a confirmation relates:

- if requested to do so by the Intermediary in circumstances contemplated by the ASX Operating Rules (as if the Intermediary were a Trading Participant that executed the Order to which the Derivatives Transaction relates);
- if ASX exercises its power under the ASX Operating Rules to cancel or amend (or require the cancellation or amendment of) the Derivatives Transaction or Derivatives Contract; or
- in the event of an Error (as defined in the ASX Operating Rules) or otherwise in the circumstances contemplated in the ASX Operating Rules.

The obligations of Morrison Securities and the Client relating to the settlement of a transaction cease to apply in respect of a cancelled transaction from the time it is cancelled.

### **7. INFORMATION**

#### **7.1 Provision of Information [ASX Minimum Term 3 and ASX Clear Minimum Term 2]**

The Client will take all reasonable steps to deliver information or documentation to Morrison Securities, or cause information or documentation to be delivered to Morrison Securities concerning Derivatives Transactions which are requested by a person having a right to request such information or document. Morrison Securities is authorised to produce the information or documentation to the person making the request.

#### **7.2 Tape recording of conversations [ASIC Minimum Term 3.1.7(1)(d)(iv) and ASX Clear Minimum Term 9]**

The Client agrees that Morrison Securities may record telephone conversations between the Client and Morrison Securities. The Client also agrees that Morrison Securities may use such recordings for the purposes of resolving disputes, and monitoring compliance by the Client or the Intermediary with their regulatory and contractual obligations. If there is a dispute between the Client and Morrison Securities, the Client has the right to listen to any recording of those conversations. Nothing in this agreement obliges Morrison Securities to keep a recording longer than 30 days.

### **8. ALLOCATION (GIVE UP)**

#### **8.1 Morrison Securities must consent to any give up**

The Client acknowledges and agrees that Morrison Securities is obliged as principal and has the Clearing Obligations in respect of all transactions in relation to ASX Derivative Products which are executed by Morrison Securities (or by another Trading Participant and then allocated or transferred to Morrison Securities as contemplated by clause 8.3 below) on behalf of the Client, unless, in relation to a specified Derivatives Contract (Allocated Trade):

- the Client has consented to the allocation of the Derivatives Contract to another Participant;
- Morrison Securities has consented to the allocation of the Derivatives Contract to that other Participant;
- Morrison Securities has provided that consent prior to the Derivatives Contract being registered with ASX Clear;
- that other Participant has accepted the allocation of that Derivatives Contract in accordance with the ASX Clear Rules; and
- that other Participant has entered into a Client Agreement with the Client which complies with the ASX Clear Rules.

#### **8.2 Morrison Securities ceases to have Clearing Obligations following give up**

Clauses 3.1 and 5 do not apply in relation to an Allocated Trade, where the Client directs that trades be allocated to a Participant (who is not Morrison Securities) for registration in the relevant Client Account of that other Participant and the other Participant accepts the allocation of those trades for registration, and the trade is allocated by Morrison Securities to the other Participant in accordance with the ASX Clear Rules.

#### **8.3 Give up to Morrison Securities and similar arrangements**

The Client acknowledges that Morrison Securities and the Intermediary may make arrangements under which Derivatives Contracts executed by a Trading Participant other than Morrison Securities on behalf of the Client, are:

- allocated to Morrison Securities as Clearing Participant for that Trading Participant;
- allocated to Morrison Securities as contemplated by ASX Clear Operating Rule 11.1; or

- (c) transferred to Morrison Securities as contemplated by ASX Clear Operating Rule 13.1.

The Client agrees that the provisions of this agreement will apply to any Derivatives Contracts which are allocated or transferred to Morrison Securities under any such arrangements, unless the Client and Morrison Securities have entered into a separate agreement in respect of any such Derivatives Contracts.

## 9. INDEMNITY

The Client agrees to indemnify and keep indemnified Morrison Securities from all claims, losses, liabilities, damages and costs (including legal costs on a solicitor and client basis) whatever and however arising suffered or incurred by Morrison Securities directly or indirectly arising out of or in connection with:

- (a) Morrison Securities acting as Trading Participant or Clearing Participant for the purposes of the ASIC Market Integrity Rules, ASX Operating Rules or the ASX Clear Rules as contemplated by this agreement;
- (b) the performance by Morrison Securities of its obligations under this agreement;
- (c) any failure by the Client to strictly comply with, or to perform any of its obligations under, this agreement;
- (d) any representation or warranty given by the Client under this agreement proving to be untrue or incorrect; or
- (e) any Allocated Trade, other than to the extent that the loss has resulted from Morrison Securities negligence, wilful default or fraud.

## 10. TERMINATION OF AGREEMENT

### 10.1 Termination by notice [ASIC Minimum Term 3.1.7(2) and ASX Clear Minimum Term 11]

Either the Client or Morrison Securities may terminate this agreement at any time by giving notice in writing to the other. Termination will be effective upon receipt of the notice by the other party.

### 10.2 Effect of termination [ASX Minimum Term 5 and ASX Clear Minimum Term 12]

Termination does not affect the existing rights and obligations of the Client or Morrison Securities at or before termination.

Upon termination of this agreement, Morrison Securities will close out all Derivatives Contracts held by Morrison Securities for the account of the Client, unless, in accordance with a direction from the Client, the registration of those contracts are transferred to another Participant in accordance with the ASX Operating Rules or ASX Clear Rules.

## 11. AMENDMENT

### 11.1 Revised Terms prescribed by ASX or ASX Clear [ASX Minimum Term 6 and ASX Clear Minimum Term 13]

If ASX or ASX Clear prescribes amended minimum terms for a Client Agreement for the purposes of the ASX Operating Rules or ASX Clear Rules (**New Terms**), to the extent of any inconsistency between this agreement and the New Terms, the New Terms will override this agreement and apply as if the Client and Morrison Securities had entered into an agreement containing the New Terms.

### 11.2 Morrison Securities to provide Client with copy of changes [ASX Minimum Term 7 and ASX Clear Minimum Term 14]

Morrison Securities will provide a copy of the New Terms to the Client as soon as practicable after ASX Clear or ASX prescribes the New Terms.

## 12. SET OFF

Without limiting clause 5.3, Morrison Securities may, without notice to the Client, combine any account that the Client holds at any branch or office (in Australia or elsewhere) of Morrison Securities with, or set off any amount in any currency that is or may become owing in any currency by Morrison Securities (or any Related Body Corporate or Morrison Securities) to the Client against, any amount owing by the Client to Morrison Securities (or any Related Body Corporate of Morrison Securities).

For this purpose, Morrison Securities may:

- (a) change the terms (including the repayment date) of any account or other payment obligation between the parties;
- (b) convert amounts into different currencies in accordance with Morrison Securities' usual practice; and
- (c) do anything (including execute any document) in the name of the Client that Morrison Securities considers necessary or desirable.

This clause 12 overrides any other document or agreement to the contrary.

## 13. NOTICES

### 13.1 Giving of notice

Any confirmation, statement or other written notice (including legal process) served by Morrison Securities on the Client, or served by the Client on Morrison Securities pursuant to this agreement will be deemed to have been duly served and received:

- (a) if given by hand, at the time left at the relevant party's last known place of residence or business;
- (b) if given by mail, 2 Business Days after it is posted where the recipient party's last known address is in Australia, and ten Business Days after

it is posted by airmail where the recipient party's last known address is outside Australia; or

- (c) if given electronically, upon receipt of a confirmation of delivery by the party giving the notice of the electronic mail message to the last known electronic mail address of the recipient party.

### 13.2 Notices by Morrison Securities need not be in writing

Unless otherwise specified in this agreement, notices served by Morrison Securities on the Client need not be in writing. In particular, a call under clause 3.1 or a request under clause 1.6(b) may be made by telephone to the Client by Morrison Securities or by the Intermediary on Morrison Securities behalf. Where notice is given by telephone, it takes effect immediately.

### 13.3 Notices may be given by Intermediary on behalf of Morrison Securities

Morrison Securities may arrange for any notice to be given by Morrison Securities to the Client under this agreement or the ASX Clear Rules to be given to the Client by the Intermediary acting as Morrison Securities agent. Morrison Securities may also provide the Intermediary with a copy of any such communication or notice given to the Client by (or on behalf of) Morrison Securities.

### 13.4 Indemnity by Client

The Client hereby indemnifies Morrison Securities against any liability, damage, cost or expense incurred by Morrison Securities arising out of Morrison Securities acting (or declining to act) upon a facsimile request or instruction received by Morrison Securities whether directly or through a request made of an officer or employee of any Related Body Corporate of Morrison Securities from the Client or any person purporting to be the Client or the Client's Authorised Representative or agent.

## 14. AUTHORITY [ASIC Minimum Term 3.1.7(1)(c)]

The Client acknowledges that the Client is either:

- (a) acting as principal; or
- (b) acting as an intermediary on another's behalf and is specifically authorised to transact the ASX Derivative Products, by the terms of:
  - (i) an Australian financial services licence under the Corporations Act held by the Client;
  - (ii) a trust deed (if the Client is a trustee); or
  - (iii) an agency contract.

## 15. REPRESENTATIONS AND WARRANTIES AS TO CAPACITY

The Client represents and warrants to Morrison Securities that:

- (a) where the Client is a body corporate, the Client is (and will remain) duly incorporated under the laws of the place of its incorporation and has full power and authority to enter into this agreement and deal in ASX Derivative Products, and any person executing this agreement has full power and authority to execute this agreement on behalf of the Client;
- (b) where the Client is a partnership, the Client has full power and authority to enter this agreement and to deal in ASX Derivative Products, and the person executing this agreement has full power and authority to execute this agreement on behalf of the Client;
- (c) where the Client is a natural person, the Client has legal capacity to execute this agreement; and
- (d) in any of the above cases, where the Client enters this agreement as trustee, the Client has full power and authority as such trustee to enter this agreement and to deal in ASX Derivative Products and:
  - (i) it has the right to be indemnified out of the assets of the trust for all liabilities incurred under this agreement;
  - (ii) it will remain the owner of the Morrison Securities Cover unless it disposes of them in accordance with this agreement;
  - (iii) Morrison Securities can be subrogated to its right of indemnity;
  - (iv) the transactions contemplated by this agreement are for the benefit and in the best interests of the beneficiaries of the trust; and
  - (v) it has properly exercised its trust powers and has full authority under the trust to enter into the document containing this agreement.

## 16. INSTRUCTIONS AND AUTHORISED REPRESENTATIVES

### 16.1 Powers of Authorised Representatives

The Client agrees that each of the persons stated in the application form (or otherwise notified by the Client to Morrison Securities) to be an Authorised Representative of the Client has power for and on behalf of the Client and in the Client's name to:

- (a) give instructions to Morrison Securities in relation to Morrison Securities Cover of the Client or in relation to the Derivatives Transactions or Derivatives Contracts including to directing or consenting to dealing by Morrison Securities in any Morrison Securities Cover, Derivatives Transactions of Derivatives Contracts of the Client and any application of the proceeds of any such dealing;
- (b) do all other acts and things (including completing, executing and delivering documents) as the Authorised Representative thinks

necessary or desirable to give effect to the above powers or otherwise in connection with this agreement; and

- (c) appoint other persons (each a **Delegate**) with power to exercise all or any of the powers of the Authorised Representative conferred by this clause 16.

#### **16.2 Ratification of Decisions**

The Client agrees to ratify and confirm anything done by the Authorised Representative or a Delegate in the exercise of the above powers.

#### **16.3 Revocation of Power**

The Client may revoke an Authorised Representative's powers by notice in writing to Morrison Securities. A declaration by an Authorised Representative to the effect that his or her powers have not been revoked is conclusive evidence of that fact and binding on the Client.

#### **16.4 Indemnity**

The Client hereby indemnifies each of Morrison Securities against any liability, damage, cost or expense incurred by Morrison Securities arising out of it acting upon an oral request received by it whether directly or through a request made of an officer or employee of any Related Body Corporate of Morrison Securities from the Client or any person purporting to be the Client or the Client's Authorised Representative or agent.

### **17. NO ADVICE**

#### **17.1 Morrison Securities does not provide financial product advice**

The Client acknowledges that Morrison Securities does not provide financial product advice, or legal, tax, financial or accounting advice or make any financial product recommendations to the Client as part of the service to be provided to the Client by them. Morrison Securities does not accept responsibility for any financial product advice given to the Client by the Intermediary, and the Client must not represent to any person that Morrison Securities has given any financial product advice to the Client. If the Client is to trade in ASX Derivative Products on the basis of advice given to the Client by the Intermediary, the Client must provide the Intermediary with:

- (a) all information (and documentation) regarding the Client's financial situation, investment objectives and particular needs sufficient and necessary for the Intermediary to give informed financial product advice;
- (b) any relevant new information (and documentation) as soon as it becomes available; and
- (c) details of or any change in the Client's financial situation, investment objectives and particular needs as soon as such change occurs.

#### **17.2 Manner in which Morrison Securities exercises its rights is not to be taken to be advice**

Morrison Securities has various rights under this agreement, including:

- (a) the right under clause 3 to require the Client to provide Morrison Securities Cover; and
- (b) various rights under clause 5 if a default occurs in relation to the Client.

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

### **18. GENERAL**

#### **18.1 Governing law**

This agreement is governed by the law in force in New South Wales and the Client, Morrison Securities submit to the non-exclusive jurisdiction of the courts of New South Wales and courts which may hear appeals from those courts.

#### **18.2 Amendments**

Except as provided in this agreement (including in clause 11):

- (a) this agreement may only be amended in writing;
- (b) Morrison Securities may amend this agreement at any time by giving written notice to the Client; and
- (c) an amendment will take effect on and from the date specified by Morrison Securities in the notice being a date not less than 10 Business Days after the date of the notice.

#### **18.3 Assignment**

The rights and obligations of the Client under this agreement are not capable of assignment. Morrison Securities may assign or transfer its rights under this agreement or in relation to any Morrison Securities Cover without the consent of the Client and free from any rights of set-off or counterclaim. Subject to the ASX Operating Rules, the ASX Clear Rules and the ASX Settlement Rules, Morrison Securities may assign or transfer its rights under this agreement without the consent of the Client and free from any rights of set-off or counterclaim.

#### **18.4 Giving effect to agreement**

Each party must do anything (including sign or give effect to any document) that Morrison Securities may reasonably require, to give full effect to this

agreement or the transactions contemplated by this agreement (including the provisions of clause 5).

The Client appoints Morrison Securities and each officer of Morrison Securities for the time being (each an **Attorney**) jointly and each of them severally to be the attorney of the Client with power in the Client's name and on behalf of the Client to execute any document or sign any agreement on the Client's behalf necessary or to give full effect to this agreement or the transactions contemplated by this agreement.

#### **18.5 Costs and Taxes**

The Client will pay Morrison Securities on demand all stamp duty or any other duty imposed by state or federal legislation and registration fees (if any) payable on or in connection with this agreement and any documents executed under or in connection with this agreement and all legal costs (on a solicitor and own client basis) and expenses of or in connection with the enforcement or attempted enforcement of this agreement and all costs and expenses including financial institutions duty and debits tax (whether payable directly by Morrison Securities or payable by Morrison Securities by way of reimbursement to the party liable to pay the same) in relation to all transactions (including payments, receipts and banking thereof) and all matters connected with or arising out of or contemplated by this agreement.

#### **18.6 Entire agreement**

This agreement contains the entire agreement between the parties about its subject matter. Any previous understanding, agreement, representation or warranty relating to that subject matter is replaced by this agreement and has no further effect.

#### **18.7 Exercise of rights**

No failure or delay on the part of Morrison Securities in exercising any right, power or remedy under this agreement and no course of dealing between Morrison Securities and the Client shall operate as a waiver of any breach or default by the Client nor shall any single or partial exercise of any such right, power or remedy preclude any further or other exercise of that or any other right, power or remedy.

#### **18.8 Joint and several liability**

If the Client constitutes more than one person then each of those persons is jointly and severally bound by this agreement and Morrison Securities are entitled to act on the instructions of any one of those persons.

#### **18.9 Supervening legislation**

Any present or future legislation which operates to vary the obligations of the Client in connection with this agreement, Morrison Securities Cover with the result that Morrison Securities rights, powers or remedies are adversely affected (including, by way of delay or postponement) is excluded except to the extent that its exclusion is prohibited or rendered ineffective by law.

#### **18.10 Statements by Morrison Securities**

A statement by Morrison Securities on any matter relating to this agreement (including any amount owing by the Client) is conclusive unless clearly wrong on its face.

#### **18.11 No withholding**

All payments to be made to Morrison Securities must be made without deduction or withholding. If the Client is obliged by law to deduct or withhold any amount from any payment to be made under this agreement the Client will concurrently pay to Morrison Securities such additional amount as will result in Morrison Securities receiving the full amount which would have been received if the deduction or withholding had not been made.

#### **18.12 Currency**

All payments under this agreement are to be made in Australian dollars, except as Morrison Securities otherwise agrees. If for any reason (including any judgment or order) any amount payable by the Client under this agreement is received or recovered by Morrison Securities in another currency which, upon conversion of the other currency into Australian dollars, is less than the amount which would have been received by Morrison Securities if paid in Australian dollars, then the Client must as an independent obligation indemnify Morrison Securities on demand against the deficiency.

### **19. RECOVERY OF GST**

If GST has application to any Supply made under or in connection with this agreement, Morrison Securities may in addition to any amount or consideration payable to it under this agreement, recover from the Client an additional amount on account of GST, such amount to be calculated by multiplying the amount or consideration payable by the Client to it at the prevailing GST rate.

Any additional amount on account of GST recoverable from the Client under this clause shall be calculated without any deduction or set-off of any other amount and is payable by the Client upon demand of Morrison Securities, whether such demand is by invoice or otherwise. To the extent that any party to the Terms (**Supplier**), is or becomes liable to pay GST in connection with any Supply made under this agreement:

- (a) the Supplier may add an amount in respect of that GST to the agreed price of the supply;
- (b) any party paying consideration for the Supply will pay the agreed price plus the amount in respect of GST; and
  - where required by the GST Law, the Supplier will issue a tax invoice which enables the person receiving the invoice, if permitted by the GST Law, to claim an input tax credit or refund of GST.

## 20. DEFINITIONS AND INTERPRETATION

### 20.1 Definitions

In this agreement unless the contrary intention appears:

**Allocated Trade** has the meaning given to it in clause 8.1.

**ASIC Market Integrity Rules** means ASIC Market Integrity Rules (Securities Markets) 2017 made by ASIC under section 798G(1) of the Corporations Act.

**ASX** means ASX Limited ABN 98 008 624 691 or, where the context requires, the market operated by it.

**ASX Clear** means ASX Clear Pty Ltd (formerly known as Australian Clearing House Pty Ltd or ACH) ABN 48 001 314 503.

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

**ASX Operating Rules** means the operating rules of ASX.

**ASX Settlement** means ASX Settlement Pty Ltd (formerly known as ASX Settlement and Transfer Corporation Pty Ltd or ASTC) ABN 49 008 504 532 and its agents appointed under the ASX Settlement Rules.

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

**Authorised Representative** means each of the persons stated in the application form (or subsequently notified by the Client to Morrison Securities in a form acceptable to Morrison Securities) to be an Authorised Representative of the Client.

**Banking Day** means a day (other than a Saturday or Sunday) on which banks are open for business in Melbourne.

**Business Day** means a day that is both a Trading Day under the ASX Operating Rules and a Business Day under the ASX Clear Rules.

**Cash Market Transaction** has the meaning given to it in the ASIC Market Integrity Rules and the ASX Operating Rules.

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

**Controlling Participant** has the meaning ascribed to it by ASX Settlement Rules and includes a person who upon a change of Controlling Participant would be a Controlling Participant.

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

**Derivative Product** has the meaning given to it in clause 1.

**Derivatives Contract** means a Derivatives Market Contract or Derivatives CCP Contract (each as defined in the ASX Clear Rules) or the corresponding contract between the Intermediary and the Client, as the context requires.

**Derivatives Transaction** has the meaning given to Derivatives Market Transaction in the ASIC Market Integrity Rules and the ASX Operating Rules and where the context requires includes the sale or purchase of financial products following the exercise of a Derivatives Contract.

**Encumbrance** means any Security Interest, notice under sections 218 or 255 of the Income Tax Assessment Act 1936 (Cth) or under any similar provision of a State, Territory or Commonwealth law, profit a prendre, equity, interest, garnishee order, writ of execution, right of set-off, assignment of income or monetary claim, and any agreement to create any of them or allow them to exist.

**Futures Market Transaction** has the meaning given to it in the ASIC Market Integrity Rules.

**GST** means a goods and services tax or any similar tax imposed in Australia.

**GST Law** has the meaning given to it in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).

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

**Order** means an order or instruction in respect of a client or the Intermediary as principal (as the case may be) in relation to a Derivatives Transaction, and includes, without limitation, an order or instruction to:

- (a) open or close a position in relation to a Derivatives Contract;
- (b) submit an Exercise Notice to ASX Clear in relation to a Derivatives Contract; and
- (c) buy or sell an Underlying Financial Product.

**Morrison Securities Cover** has the meaning given to it in clause 3.1

**Related Body Corporate** has the meaning given to it in section 50 of the Corporations Act.

**Security Interest** means any bill of sale (as defined in any statute), mortgage, charge, lien, pledge, hypothecation, title retention arrangement, trust or power, as or in effect as security for the payment of a monetary obligation or the observance of any other obligation.

**Supply** has the meaning given to it in the GST Law.

Other words and phrases defined in the ASIC Market Integrity Rules, the ASX Operating Rules, the ASX Clear Rules or the ASX Settlement Rules have

the meaning given in the corresponding rules. The Client may inspect a copy of these rules at Morrison Securities offices on request.

### 20.2 Interpretation

In this agreement unless the contrary intention appears:

- (a) the singular includes the plural and vice versa.
- (b) each gender includes the other genders;
- (c) the word person includes a firm, a body corporate, an unincorporated association or an authority;
- (d) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (e) a reference to this agreement or another agreement includes any variation or replacement of them;
- (f) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (g) a reference to any thing (including any amount and Morrison Securities Cover) is a reference to the whole and each part of it and a reference to a group of persons (including the Client) is a reference to all of them collectively, to any two or more of them collectively and to each of them individually; and
- (h) if an example is given of anything (including a right, obligation or concept), the example does not limit the scope of that thing. For example, a reference to "including" means "including without limitation";

### 20.3 Headings

Headings are for convenience only and do not affect the interpretation of this agreement.

### 20.4 Banking Days

If any payment falls due on a non-Banking Day, it will be made on the succeeding Banking Day.

### 20.5 Clients

Where the Client comprises more than one person, the obligations of those persons under this agreement shall be joint and several, a notice or demand given to one such person shall be deemed to have been given to all such persons, and, unless expressly agreed with Morrison Securities to the contrary, each such person shall be deemed to be the agent of the others.

## PART J: MORRISON SECURITIES PRIVACY POLICY AND CLIENT STATEMENT

This Privacy Statement has been created in order to disclose the information gathering and dissemination practices of Morrison Securities Pty Ltd ABN 50 001 430 342 AFSL No 241737 and its related bodies corporate including MorSec Nominees Pty Ltd ABN 90 103 625 430.

We may collect your personal information from you or your financial adviser when we provide services to you under your agreement with us. Personally identifiable information is any information that personally identifies you. The personal information we hold about you will depend on the services you request from us and the use you make of those services. However your personal information may include:

- (a) your name, address and contact details such as your email, mobile phone number, landline;
- (b) tax file number, account name and account number held by financial institutions from which payments for services provided by us are made; and
- (c) records of communication between you and Sequoia Financial Group Ltd and its related entities (including Morrison Securities Pty Ltd) relating to services provided by us to you.

We may use any information we collect from you, or such other relevant documents, to

- (a) assess your request for us to provide our services to you;
- (b) provide our services to you; and
- (c) comply with legislative and regulatory requirements including the Privacy Act 1988 (Cth), Taxation Administration Act 1953, and the Anti-Money Laundering and Counter-Terrorism Financing Act 2006.

You must notify us when any of the information provided by you changes.

We may disclose personal information to:

- (a) our related bodies corporate, whether in Australia or overseas;
- (b) our service providers (including marketing companies, data consultants and IT contractors);
- (c) our distributors, suppliers, agents, contractors, and external advisers;
- (d) government, stock exchanges, clearing and settlement facilities which we are a participant, and other regulatory bodies and authorities whether in Australia or overseas;
- (e) payment system operators; and
- (f) other financial institutions and credit providers.

You have a right to access any personal information that we hold about you. Sometimes there may be a reason why access will not be possible. If that is the case, you will be told why. To find out what kinds of personal information we may hold about you, or to request access to any personal information, please contact us.

You agree that your personal information can be used or disclosed by us as contemplated in this Privacy Statement. You understand that if you do not provide any information requested by us or do not agree to us using your information as set out in Privacy Statement, we may not be able to provide our services to you.

If you are a resident of another country, you may have rights in relation to privacy data and protection according to legislation of that country. If you are a resident of the European Economic Area, the General Data Protection Regulation (GDPR) is applicable.

If a data breach occurs and personal information that we hold about you is subject to unauthorised loss, use or disclosure, we will respond in accordance with the Privacy Act under the Notifiable Data Breach disclosure scheme. The Privacy Act requires us to notify you, the Office of the Australian Information Commissioner and any other relevant agencies of any unauthorised access or disclosure of your personal information which would likely to result in serious harm to you.

### Privacy complaints

You can complain about breaches of your privacy in writing, either by e-mail, letter, or by phone to:

The Privacy Officer  
Morrison Securities Pty Ltd  
Level 7, 7-15 Macquarie Place Sydney NSW 2000  
Phone: 1300 363 766  
E-mail: [compliance@morrisonsecurities.com](mailto:compliance@morrisonsecurities.com)

### Additional privacy information

If you want to obtain additional information on the Privacy regulations, you can visit the Office of the Australian Information Commissioner.  
<https://www.oaic.gov.au>.

## PART K: MORRISON SECURITIES FINANCIAL SERVICES GUIDE (FSG)

Issued by Morrison Securities Pty Limited

ABN 50 001 430 342, AFS Licence No. 241737

A Trading, Clearing, Settlement Participant of ASX Group

A Participant of Chi-X Australia Pty Ltd, National Stock Exchange of Australia Pty Limited, Sydney Stock Exchange

Date Prepared: 23 December 2020

### 1. Glossary of terms

**AFS Licence** means an Australian financial services licence issued under the Corporations Act.

**AML/CTF Law** means the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) and the rules made under that Act.

**ASIC** means Australian Securities and Investment Commission.

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

**ASX Clear** means ASX Clear Pty Ltd, ABN 48 001 314 503.

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

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

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

**DMA Service** means Direct Market Access Service.

**ETO** means exchange trade options, a kind of derivative which may be traded on ASX.

**FSG** means Financial Services Guide.

**LEPO** means low exercise price option, a kind of derivative which may be traded on ASX.

**Licensee** means the intermediary that holds an AFS Licence with whom we have entered into an arrangement under which the Licensee may place orders with us on behalf of clients in relation to ASX transactions (or allow the client to place such orders directly with us).

**Morrison Securities** means Morrison Securities Pty Limited ABN 50 001 430 342, AFS Licence No. 241737.

**NSX** means National Stock Exchange of Australia Pty Ltd ABN 11 000 902 063.

**PDS** means a product disclosure statement.

**Relevant Licensee** means the Licensee with whom you have entered into an arrangement under which the Licensee will place orders with us on your behalf in relation to ASX transactions (or allow you to place such orders directly with us).

**SSX** means Sydney Stock Exchange Limited ABN 19 080 399 220

**We, us or our** means Morrison Securities.

### 2. Purpose and content of this Financial Services Guide

This Financial Services Guide (**FSG**) is an important document. You should read it carefully and make sure you understand it.

As the holder of an Australian financial services licence, Morrison Securities Pty Limited (**Morrison Securities, we or us**) is required to provide you with this FSG.

This FSG is provided by Morrison Securities and its representatives where Representative Profiles are attached.

The FSG is made up of a number of equally important parts. Each of these parts is intended to inform you of certain basic matters before we provide you with a financial service. This FSG was prepared to provide Morrison Securities clients who are retail clients information about the financial services provided by us.

The information set out in this FSG includes information about:

- (a) Who we are;
- (b) What services we provide;
- (c) The remuneration that may be paid to us and other relevant persons in relation to the services we offer;
- (d) What relationships and associations we have;
- (e) How complaints against us are dealt with.

This FSG is designed to assist you in deciding whether to use the services we provide which are described below.

### 3. Statements of Advice and Product Disclosure Statements

Morrison Securities is not authorised to provide personal financial product advice to clients. We are authorised to provide general financial product advice to you only and will not take into account your "objectives, financial situation and needs" (**Objectives**) (as defined by the Corporations Act and ASIC) and therefore this FSG has been prepared without taking into account those Objectives. Subsequently, you will not receive a Statement of Advice from us. You should contact your financial adviser if you require any financial product advice. Morrison Securities has no responsibility for any financial product advice provided by any other person to you (such as your Relevant Licensee).

If we provide you with services that involve issuing or arranging to issue a financial product, such as exchange trade options (**ETOs**) or securities, you will be provided with a Product Disclosure Statement (**PDS**). The PDS will contain information that might reasonably be expected to have a material influence on your decision whether or not to acquire the financial product.

This will include information regarding the benefits and risks associated with the product and other significant features of the terms and conditions attaching to the product.

#### 4. Who is Morrison Securities and what financial services do we provide?

Morrison Securities Pty Ltd, ABN 50 001 430 342, is a Trading Participant of ASX, a General Participant of ASX Clear and a General Settlement Participant of ASX Settlement. Morrison Securities may become a participant of other financial markets from time to time. Morrison Securities holds an Australian Financial Services Licence (AFS Licence) (No. 241737) under which it is authorised to:

- 1) provide general financial product advice for the following classes of financial products:
  - (a) Basic deposit Products
  - (b) Derivatives;
  - (c) Foreign exchange contracts;
  - (d) Government debentures, stocks and bonds; and
  - (e) Interests in managed investment schemes (including investor directed portfolio services)
  - (f) Securities; and
  - (g) Standard margin lending facilities; and
- 2) to deal in a financial product by:
  - (a) issuing, applying for, acquiring, varying or disposing of:
    - (a) Derivatives;
    - (b) Foreign exchange contracts; and
    - (c) Securities; and;
  - (b) applying for, acquiring, varying or disposing of the following classes of financial products on behalf of another person:
    - (a) Basic deposit products;
    - (b) Derivatives;
    - (c) Foreign exchange contracts;
    - (d) Government debentures, stocks and bonds;
    - (e) Interests in managed investment schemes including investor directed portfolio services;
    - (f) Securities; and
    - (g) Standard margin lending facilities.
- 3) to provide custodial or depository services (other than an investor directed portfolio service).

Morrison Securities is authorised to provide those services to retail clients and to wholesale clients.

Morrison Securities is a wholly owned subsidiary of Sequoia Financial Group Ltd ABN 90 091 744 884 (SEQ), a company listed on ASX (ASX:SEQ).

#### 5. How we can be contacted

**Address:** Morrison Securities  
Level 7, 7-15 Macquarie Place Sydney NSW 2000  
1300 363 766

**Telephone:**

**Email:** [morrison.admin@morrisonsecurities.com](mailto:morrison.admin@morrisonsecurities.com)

#### 6. The services we offer

##### General advice and execution only services

Morrison Securities provides to retail clients a general advice and execution only service under which Morrison Securities:

- (a) executes orders on ASX and / or Chi-X to buy and sell traded products (such as shares, debentures, options, interests in managed investment schemes and warrants quoted on ASX); and
- (b) executes orders on ASX to buy, sell, close out and exercise Derivatives (such as ETOs and LEPOs);
- (c) undertakes other dealings in financial products.

Before Morrison Securities can execute a transaction in ETOs or LEPOs on your behalf, you will need to enter into a derivatives client agreement with Morrison Securities. If you are a retail client, Morrison Securities will also be obliged to give you a PDS relating to ETOs and LEPOs. The PDS will contain information concerning ETOs to assist you in deciding whether those products are appropriate for your needs.

If a Relevant Licensee arranges for Morrison Securities to execute a transaction on ASX, Chi-X, NSX or SSX on your behalf, the Relevant Licensee does so as your agent, and not as the agent of Morrison Securities. If a Relevant Licensee arranges for Morrison Securities to execute a transaction on ASX, Chi-X, NSX or SSX on your behalf, you will be a client of both Morrison Securities and the Relevant Licensee. If you are a retail client, the Relevant Licensee will be required to give you its Financial Services Guide. It may also be obliged to give you a PDS in respect of the financial products in which you wish to trade, such as ETOs or LEPOs

##### Clearing and settlement of ASX transactions

Settlement and clearing of transactions executed by Morrison Securities through ASX is also undertaken by Morrison Securities. Accordingly, if Morrison Securities executes a transaction on ASX on your behalf, you will owe your settlement obligations in respect of that transaction directly to Morrison Securities. If a Relevant Licensee arranged for your Morrison Securities to execute the transaction on your behalf, you will owe your settlement obligations in respect of that transaction directly to Morrison Securities, and not to that Relevant Licensee.

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

Before Morrison Securities 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 Morrison Securities. Again, you may be provided with a PDS relating to ETOs.

##### Arranging transactions in securities on international markets

Morrison Securities may also arrange (or may be engaged by your Relevant Licensee to arrange) for the execution, clearing and settlement services in securities on international markets for you. This means that Morrison Securities 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**).

If you are client of a Relevant Licensee, you may effect an international securities transaction on an international market by providing instructions to the Relevant Licensee. The Relevant Licensee, acting as your agent, will then communicate your instructions to Morrison Securities who, in acting for you, will communicate them to the International Securities Trader for fulfilment through Morrison Securities Account with that International Securities Trader. Securities traded on your behalf using Morrison Securities Account will be traded beneficially for you by Morrison Securities. For this purpose, you will become Morrison Securities client, but not the client of the International Securities Trader.

Morrison Securities 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, Morrison Securities will carry the settlement obligations in respect of those transactions. For this purpose, you will become a client of Morrison Securities and you will owe your settlement obligations in respect of those transactions directly to Morrison Securities and not to the Relevant Licensee or the International Securities Trader.

##### CHESS Sponsorship services

Morrison Securities may act as a CHESS Sponsoring Participant for you. If you are to be CHESS sponsored by Morrison Securities, you must enter into a Sponsorship Agreement with Morrison Securities.

Morrison Securities may also arrange foreign exchange transactions for you in connection with transactions in securities on international markets.

##### Introduction to margin lending services

Morrison Securities does not issue margin lending facilities, but can introduce you to margin lending facility providers approved for settlement purposes by Morrison Securities. Morrison Securities can also provide you with general advice relating to margin lending services, and arrange for the provision of those services to you by a margin lending facility provider.

##### Services provided by Morrison Securities representatives

While Morrison Securities is authorised in its own right to provide the above-named services, Morrison Securities representatives may be authorised by Morrison Securities to provide all, or only some of those financial services. The products and services they are authorised to provide will depend on their experience and qualifications with respect to each product or service, and is outlined in any attached Morrison Securities Representative Profile for authorised representatives.

##### Collection of personal information

You should also note that Morrison Securities is obligated by the AML/CTF Law to collect personal information from clients in order to fully verify a client's identity before providing any designated services under the AML/CTF Law.

More information on the products and services offered by Morrison Securities is available on our website at [www.morrisonsecurities.com](http://www.morrisonsecurities.com)

##### 7. Do we provide personal financial advice?

If you use our online services for trading in listed securities or derivatives, we may from time to time provide general advice in relation to financial products. We will not, however, provide you with any personal advice. This means that, if we do give advice, we will not take into account your objectives, financial situation and needs. Accordingly, you will not be provided with a Statement of Advice.

##### 8. How you may provide instructions to us

You may only provide instructions to us in accordance with your client agreement with us. That agreement might require that, if you wish to provide us with instructions, you must do so only through the Relevant Licensee. That agreement might permit you to provide instructions to us directly (such as through a DMA Service) or through the Relevant Licensee.

##### 9. How do we charge for our services?

We do not charge you fees for the services that we may provide to you. Instead, the Relevant Licensee may charge you fees in respect of those



transactions executed by Morrison Securities on your behalf. However, the Relevant Licensee (not Morrison Securities) determines the amount and structure of any such fees. The information concerning the fees which the Relevant Licensee may charge can be obtained directly from the Relevant Licensee.

Morrison Securities will charge the Relevant Licensee a fee for those transactions executed through ASX by Morrison Securities on your behalf (**Execution Fee**).

In addition to the Execution Fee, Morrison Securities may also charge a range of fees to the Relevant Licensee including a fixed monthly fee, a fee per trade, a fee per service and other fees.

#### **10. Commissions and other benefits from third parties**

Morrison Securities may earn and retain interest on monies held for clients in trust accounts from time to time.

Morrison Securities may provide you with financial products and services from either related or non-related product providers, and may receive a commission payment from product providers where you invest in one of their products or services. In these cases, the amount and / or the method by which the commission is calculated will be supplied to you at that time that the financial product or service is provided. Information about the commission payments we may receive is also available upon request.

Morrison Securities may receive trail commissions from third parties as a result of your investment. In particular, trailing commissions may be received from fund management groups for monies held in your Cash Management Account. Details of these commissions are contained in the Product Disclosure Statement of the relevant fund or applicable Disclosure Statement of the relevant account.

Trailing commissions may also be received from margin lending groups for funds held. Details of these commissions are contained in the disclosure document of the relevant margin lender.

#### **11. How are our representatives remunerated?**

Directors and employees of SEQ and Morrison Securities and their subsidiaries and related bodies corporate receive salaries, bonuses, a share of profits and other benefits.

At your request, we will provide particulars of our representative remuneration (including commissions) or other benefits. However, we will only provide this information to you if you have requested it within a reasonable time after this FSG has been given to you and before any financial services identified in this FSG are provided to you.

#### **12. Will anyone be paid for referring you to us?**

If you were referred to us under a referral arrangement, the referrer may receive a one-off fee or a proportion of your brokerage paid. The referrer also may receive other non-monetary or indirect benefits such as concessionary brokerage rates.

Other Financial Services Licensees may receive commission from us for promoting Morrison Securities Online products, including subscription services. Those Licensees' remuneration is included in the fees you pay when investing in our products.

#### **13. Do we have any relationships or associations with financial product providers?**

We have entered into arrangements with one or more Licensees as described in this FSG.

As noted above, we have entered into arrangements from time to time with various product providers under which we may receive a commission if you invest in one of their products or services.

Morrison Securities may provide you with financial products and services from either related or non-related product providers. Morrison Securities may receive a commission payment from product or service providers where you invest in one of their products or use their services.

#### **14. Complaints resolution**

##### **14.1 Our commitment**

We are committed to providing quality service and accurate information. As part of that commitment, we are focussed upon improving client satisfaction levels by providing an efficient and accessible system for resolving client complaints.

You have the right to have any complaint about the service received from us investigated and dealt with quickly and effectively in accordance with our complaints resolution procedures.

##### **14.2 Client input**

To assist us in responding appropriately to complaints, you are requested to prepare any complaint in writing, addressed to:

###### **Complaints Officer**

Level 7, 7-15 Macquarie Place  
Sydney NSW 2000

or by email to [compliance@morrisonsecurities.com](mailto:compliance@morrisonsecurities.com)

You should include as much detail about the circumstances of the complaint as possible, including the name(s) of any of our staff involved. If available, copies of any background documentation should be provided to us along with the complaint.

#### **14.3 Our response**

Following receipt of your complaint, the Complaints Officer will acknowledge receipt of it in writing and provide an estimate of the time it will take to investigate the circumstances. The Complaints Officer will fully investigate the complaint and follow up if further information is required from you. The Complaints Officer 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.

#### **15. External complaints resolution – AFCA, ASX, Chi-X, NSX, SSX and ASIC**

As we are a member of the Australian Financial Complaints Authority (AFCA), we will advise you if you continue to have a complaint with us that you have the option to pursue your complaint with AFCA. Contact details for AFCA are:

##### **Australian Financial Complaints Authority**

GPO Box 3  
Melbourne VIC 3001  
Ph: 1800 931 678  
Fax: (03) 9613 6399

If you remain unsatisfied with our response to a complaint, you are at all times free to pursue the matter with ASX, Chi-X, NSX and SSX. ASIC also has an Infoline on 1300 300 630 which you may use to make a complaint and obtain information about investor rights. ASX contact 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).

NSX contact details are available on [www.nsx.com.au](http://www.nsx.com.au).

SSX contact details are available on [www.ssx.sydney](http://www.ssx.sydney).

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

#### **16. Compensation arrangements**

Morrison Securities has professional indemnity insurance which it considers is adequate having regard to:

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

Morrison Securities considers that these compensation arrangements satisfy the requirements of section 912B of the Corporations Act and associated regulations.

As Morrison Securities is a Participant of one or more Exchange Exchanges and a Clearing Participant of ASX Clear, you may be entitled to make a claim on a compensation fund (such as the National Guarantee Fund (NGF), the Chi-X Fidelity Fund for transactions before 26 October 2020, the NSX Fidelity Fund or the Sydney Stock Exchange Fidelity Fund).

#### **17. Privacy**

At Morrison Securities the privacy of your personal information is important to us. Our privacy policy is contained on our website, in the terms of your agreement with us or the Client Application Form that you are asked to complete when you seek to become a client.