

# INSTITUTIONAL CLIENT (DVP SETTLEMENT) DISCLOSURE STATEMENT

to Institutional Clients of  
**CANACCORD GENUITY (AUSTRALIA) LIMITED**  
ABN 19 075 071 466 AFSL No. 234666 (Broker)

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

### 1. Your designation as an Institutional Client

This document is given to you on the basis that you are a Professional Investor (as defined below) and, therefore, you qualify as an institutional client (**Institutional Client**). If you accept this designation, the special arrangements contained in this Disclosure Statement apply to you. You will be taken (i) to have accepted this designation, (ii) to have agreed to be bound by the terms and conditions set out below (**Terms and Conditions**) and (iii) to have warranted and represented to Pershing and the Broker that you qualify as an Professional Investor as so defined, when you next place an order or instruction with the Broker for the sale or purchase of Traded Products (**Order**).

If you do not wish to be designated as an Institutional Client and/or do not agree to be bound by these Terms and Conditions or if you do not qualify as a "Professional Investor" as so defined, you must notify the Broker and must not place an Order with the Broker until the Broker has given you the Disclosure Statement which applies to a client that is not an Institutional Client.

A reference in these Terms and Conditions to a Professional Investor is to an entity referred to in the definition of "Professional Investor" in section 9 of the Corporations Act or a foreign entity that, if established or incorporated in Australia, would be covered by one of those paragraphs of that definition.

### 2. Effect of your designation as an Institutional Client

The following special arrangements apply because you are an Institutional Client:

- (a) subject to certain limitations, the Broker is entitled to execute Transactions on your behalf even though at the time the Transaction is executed you have not given Pershing control over all of the cash or stock (as the case may be) required to settle that Transaction;
- (b) you agree that, if Pershing notifies you that it requires you to do so, you will notify Pershing of any Order placed by you or on your behalf with the Broker, such notice to be given by you to Pershing by 5:00pm (Sydney time) on the day on which the Order is placed;
- (c) the Broker may elect not to give any confirmations that are required under the Corporations Act or the Market Integrity Rules. Accordingly, these Terms and Conditions are taken to be the notification required to be given by the Broker to you under the Market Integrity Rules;
- (d) you authorise Pershing (on behalf of the Broker) to give Trade Reports to you electronically to the email address notified to Pershing by the Broker on your behalf from time to time for this purpose. Pershing will not provide you with paper copies of Trade Reports. A Trade Report 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 Trade Report will apply in relation to the reissued Trade Report;
- (e) you agree to notify Pershing by fax or electronic mail of any errors in or disputes concerning any Trade Report sent to you by or on behalf of the Broker which names you as the client in respect of a Transaction executed by the Broker, such notice to be given by you to Pershing before the commencement of trading on a Relevant Exchange in the Business Day following the date on which you received the Trade Report;
- (f) you agree that the Broker will be taken to have executed a Transaction on your behalf (and you must comply with and perform the settlement obligations in respect of that Transaction) if you are sent a Trade Report by or on behalf of the Broker which names you as the client in respect of that Transaction and you do not notify Pershing of any error in or dispute concerning that Trade Report in accordance with paragraph (e) above before the commencement of trading on a Relevant Exchange in the Business Day following the date on which you received the Trade Report.
- (g) you acknowledge that Pershing may at any time in its absolute discretion:
  - (i) direct the Broker to not to accept Orders from, or execute Orders for you or to refuse to accept a particular Order from you; or

- (iii) impose limits on the Orders which the Broker may execute for you or any other person.

A reference in these Terms and Conditions to a Trade Report sent or given to you means either a confirmation given to you in accordance with the Corporations Act and the Market Integrity Rules or some other communication or electronic message sent to you or available to you which confirms or reports to you the execution of a Transaction.

### 3. Your clearing arrangements with Pershing

Pershing is admitted as a Clearing Participant in accordance with the ASX Clear Rules. Whenever you effect a Transaction through the Broker, Pershing carries the clearing and any settlement obligations (together, **settlement obligations**) to complete the sale or purchase, together with all obligations that are ancillary to the completion of the transaction. Pershing must settle as principal with ASX Clear or the relevant counter-party, even though the Transaction may have been entered into on your behalf. Your clearing obligations and any settlement obligations are therefore owed directly to Pershing (and not the Broker).

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

### 4. Conduct of Business

You acknowledge and agree:

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

### 5. Settlement

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

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

You agree to comply with your settlement obligations in respect of any Transaction executed for you (or taken under paragraph 2(f) above to have been executed for you) by the Broker by making arrangements for a custodian or other participant of ASX Settlement to settle the trade on your behalf on a DvP (delivery versus payment) basis through ASX Settlement (or such other means agreed with Pershing) by the settlement date and time applicable to the relevant transaction. The Broker has no authority to extend that settlement date and time.

You must ensure that if your custodian fails to meet your settlement obligations to Pershing, you meet those obligations directly by full payment (in the case of purchases) or by the delivery of the relevant Traded Products (in the case of sales).

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 Trade Report (if any) constitutes notice to you that Pershing may deposit the Traded Products purchased for you in a particular transaction as security for a loan if Pershing has received and paid for such Traded Products on your behalf.

### 6. Misdirected Market Transactions

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

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

#### 7. Failure to Settle

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

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

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

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

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

The rights described in this clause 7 are in addition to any rights that are conferred to Pershing under the Exchange Rules and the ASX Clear Rules.

#### 8. Cancellations

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

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

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

#### 9. Interest on Pershing's trust account

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

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

If you have not paid any debt to Pershing, you acknowledge that Pershing may (by notice to you and the Broker) assign that debt to the Broker and the assigned debt will become an obligation of yours owed to the Broker. In the event of such an assignment, the Broker (and each of its directors and employees) will have the rights and powers (and may do all the things) set out in clause 7 as if a reference to Pershing were a reference to the Broker.

#### 11. Indemnity

You must, to the maximum extent permitted by law, at all times and from time to time, indemnify and keep each of Pershing and its related bodies corporate and any of their respective directors, officers, contractors, agents and employees (each an **Indemnified Person**) harmless from and against all liabilities, losses, damages, costs or expenses directly suffered by the Indemnified Person and from and against all actions, proceedings, claims or damages made against the Indemnified Person as a result of:

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

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

#### 12. Information

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

#### 13. Amendment

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

#### 14. Governing law

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

#### 15. Interpretation

**APX** means Asia Pacific Exchange Limited ACN 080 399 220.

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

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

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

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

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

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

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

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

**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 Relevant Exchange and the Market Integrity Rules.

**Market Integrity Rules** means any market integrity rules made by ASIC in accordance with Part 7.2A of the Corporations Act, as amended from time to time, that apply to a Relevant Exchange, including, without limitation, the ASX Market Integrity Rules, the Chi-X Market Integrity Rules and the Competition Market Integrity Rules.

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

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

**Traded Products** has the meaning given to Cash Market Products in the ASX Market Integrity Rules (and includes an AQUA Product) and Equity Market Product in the Chi-X Market Integrity Rules and for other Relevant Exchanges, means the cash equities products (excluding derivatives) admitted for quotation on the relevant market

as described in the relevant Exchange Rules or Market Integrity Rules (as the context requires) for that Relevant Exchange.

**Transaction** has the meaning given to Cash Market Transaction in the ASX Market Integrity Rules or Equity Market Transaction in the Chi-X Market Integrity Rules and for other Relevant Exchanges, has the meaning given to transaction in cash equities products (excluding derivatives) admitted for quotation on the relevant market as described in the relevant Exchange Rules or Market Integrity Rules (as the context requires) for that Relevant Exchange.

**you** means the person or persons in whose name the account is opened with the Broker or named on the account opening or application form as the client. "You" includes your successors and assigns.

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

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

You agree that in the event of any inconsistency between this document and any applicable laws, the 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 the Broker as notified to you from time to time.

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