

# FINANCIAL SERVICES GUIDE.

RE: INVESTMENT IN THE EXCHANGE TRADED SECURITIES MARKETS.

**Bell Potter  
Securities Limited**

Stockbrokers, Providers of  
Exchange Traded Securities  
Advisory, Execution, Clearing,  
Settlement & Custody Services.

Australian Financial Services  
Licence No. 243480  
ABN 25 006 390 772

Market, Clearing and Settlement  
Participant of the ASX and a  
Trading Participant of CHI-X,  
NSXA & IR PLUS.

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**BELL POTTER**

## PURPOSE OF THE FINANCIAL SERVICES GUIDE AND OTHER DISCLOSURE DOCUMENTS

**This Financial Services Guide, dated 21 August 2019 is issued by Bell Potter Securities Limited (“Bell Potter”) (ABN 25 006 390 772), whose contact details appear on the back of the Guide.**

The purpose of the Financial Services Guide is to:

- provide brief details of the financial products and services Bell Potter provides in order to assist prospective and new retail clients decide whether to obtain financial services from Bell Potter;
- provide information on remuneration paid to Bell Potter; and
- provide details on how we deal with complaints.

This Financial Services Guide will provide details of the following:

- Bell Potter’s financial services authorisation;
- The financial products and services to which Bell Potter’s authorisation extends;
- The licensed market or clearing and settlement facility of which Bell Potter is a participant;
- Responsibility for the advice given by Bell Potter;
- How Bell Potter and its associates are paid for the services that it provides;
- Any potential conflicts of interest that Bell Potter may have;
- The Statement of Advice;
- Further Advice; and
- The Dispute Resolution procedures that Bell Potter has in place.

Retail Clients should be aware that the Financial Services Guide is one of three disclosure documents that Retail Clients may be entitled to receive, the other two being a Statement of Advice and a Product Disclosure Statement, although

Bell Potter is only obliged to provide these two latter documents in certain specific circumstances.

### STATEMENT OF ADVICE

Retail Clients who commence to use Bell Potter’s services for the first time and who seek personal financial product advice will be asked to provide details of their financial situation, particular needs and investment objectives collectively known as the Client Investment Profile, which you will receive confirmation of when you receive your Statement of Advice. Clients will be provided with a written Statement of Advice (SoA) that will summarise the advice, the basis of the advice, any fees or charges and any potential conflict of interest on the first occasion that advice is provided.

If Bell Potter provides a Retail Client with Further Advice (see section on page 6) then Bell Potter may rely on the information that it already holds and the Retail Client will not automatically receive a Statement of Advice. However, the Retail Client has the right to call for a copy of Bell Potter’s Record of Advice within 90 days of the date of the advice. A Retail Client can do this by making a written request directed to their Adviser.

### PRODUCT DISCLOSURE STATEMENT

If Bell Potter recommends a financial product to a Retail Client, other than a financial product that is a listed security, then Bell Potter will provide the Retail Client with a Product Disclosure Statement (PDS). The PDS contains information about the particular product including the features, benefits, fees and risks associated with that product so that the Retail Client can make an informed decision.

### BELL POTTER’S AUTHORISATION

Bell Potter holds Australian Financial Services (AFS) Licence No. 243480, which has been issued to it by the Australian Securities & Investments Commission pursuant to section 913B of the Corporations Act 2001.

Bell Potter’s AFS Licence authorises it to carry on a financial services business

to provide advice and deal in a range of financial products to retail and wholesale clients. In addition to this, Bell Potter is authorised to provide certain custodial services.

The financial products Bell Potter is authorised to advise on includes the following:

- Securities;
- Derivatives;
- Foreign Exchange;
- Bonds and Debentures;
- Deposit Products;
- Managed Investments;
- Retirement Savings Accounts;
- General & Life Insurance Products;
- Standard Margin Lending Facilities;
- Managed Discretionary Account Service; and
- Superannuation.

Bell Potter is also authorised to deal in the above financial products with the exception of Insurance products where its authorisation is limited to providing advice. In addition, Bell Potter is authorised to provide custodial services for listed financial products and to advise on and make a market in foreign exchange.

### BELL POTTER’S FINANCIAL PRODUCTS AND SERVICES

Bell Potter offers a comprehensive range of financial products and services to both wholesale and retail investors, however not all services or products may be available to all clients. Products and Services include:

- Direct Trading in domestic Futures and Options traded on ASX 24 and ASX;
- Access to trading in international Futures and Options traded on recognised overseas exchanges;
- Direct trading in Equities, Options, Warrants and Debt securities on ASX;

- Direct trading in Equities on Chi-X;
- Direct trading in Equities on the National Stock Exchange of Australia;
- Access to trading in international securities traded on recognised overseas exchanges;
- Fixed Interest investments;
- Access to new floats (IPOs), new issues and placements;
- Research on a range of listed companies/trusts and some international securities;
- Research on selected managed funds;
- Technical Research on Futures and Foreign Exchange;
- Investment strategies and ongoing wealth management;
- Access to model portfolios;
- Administration for Self Managed Superannuation Funds;
- Financial Planning;
- Retirement and Superannuation Planning;
- Cash Management accounts;
- Margin Lending;
- Nominee facilities;
- Corporate Advice and Underwriting Services;
- Managed Discretionary Account Services; and
- Portfolio Administration.
- Advice is provided on:
  - Securities, including domestic and some international equities, Fixed Interest and Income yielding securities;
  - Derivatives, including Exchange Traded Options, Warrants and Futures;
  - Australian and some international Managed Investments;
  - Bonds and Debentures;
  - Foreign Exchange;
  - Superannuation
  - Deposit and Payment products;
  - General and Life Insurance products; and
  - Retirement Savings Accounts.

## BELL POTTER'S LICENSED MARKETS

Bell Potter is a Participant of ASX Group and Chi-X, which provides it with direct access to the Trading, Clearing and Settlement facilities for both Securities and Derivatives on the Australian Securities Exchange and for Securities on Chi-X. As such, Bell Potter is a Sponsoring Broker in the Clearing House Electronic Sub-register System (CHES) operated by ASX Settlement Corporation.

Bell Potter is also a Participant of the National Stock Exchange of Australia, IRPlus and a Full Participant of ASX 24 and a Clearing Participant of ASX Clear (Futures).

Bell Potter has access to the principal overseas exchange traded securities markets (equities, futures and options).

## BELL POTTER'S SERVICES

Being a Participant of the ASX Group and Chi-X and having access to the principal overseas exchange traded securities markets Bell Potter is engaged in providing advisory, clearing, settlement and custody services in relation to the principal international exchange traded securities markets, including unlisted managed funds investing in these markets.

## RESPONSIBILITY FOR BELL POTTER'S ADVICE

To ensure that each Client has an effective relationship with Bell Potter, usually one Adviser will be primarily responsible for providing each Client with advice. Once a Client has been allocated an Adviser, the Client will be provided with the Adviser's contact details.

Bell Potter's Advisers are representatives of Bell Potter and as such, Bell Potter is responsible for all financial product advice provided by them to Clients as a

representative of Bell Potter.

## BELL POTTER'S REMUNERATION FOR THE SERVICES PROVIDED

Generally speaking, the Corporations Act bans the payment of conflicted remuneration (including commissions and volume based payments). The payment of Brokerage in share transactions is explicitly exempt via regulation 7.7A12D and some other payments may be exempt as arrangements in place before changes to legislation, therefore Bell Potter may charge a percentage or volume based brokerage, commission or a fee depending upon the services that are provided. Any charges will be discussed and agreed with the Client and fully disclosed in relation to specific services and transactions.

A summary of Bell Potter's current standard brokerage charges is available on request. Some charges are negotiable and therefore it is important that Clients agree brokerage/fees with their Adviser prior to transacting any business.

Fees from third parties will be separately disclosed to Clients. Bell Potter may rebate brokerage and/or fees to third parties who introduce business to it.

Advisers may receive a salary, salary and a discretionary bonus or a proportion of the brokerage/fees charged by Bell Potter. Advisers receive 0 – 50% of all fees and charges generated from their Clients depending on the level of salary and the aggregate revenue that they earn for Bell Potter. In certain circumstances, additional incentive payments of up to 30% may be paid to advisers.

Bell Potter may receive interest on any Trust or Segregated Account balance maintained in conjunction with its Financial Services business. In most circumstances, Bell Potter will retain all such interest received on the Trust or Segregated Accounts for the benefit of Bell Potter.

Funds associated with Futures transactions are held in Segregated Accounts rather than in Trust.

# FINANCIAL SERVICES GUIDE (CONTINUED)

## 1. Brokerage

A detailed description of Bell Potter's charges for brokerage and fees is set out below:

Equities and Equity Derivatives:

Brokerage is payable on all local and international Equities, Options and Warrant transactions, both purchases and sales, and, as a payment for services, such brokerage attracts GST.

Equity Brokerage and GST are added to the purchase price of a Buy transaction and are deducted from the proceeds of a Sale that has been executed for a Client's Account. As a result, Brokerage and GST are settled on the usual settlement terms of the market.

Subject to minimum Brokerage amounts per transaction detailed below, Brokerage on Equity transactions is usually calculated as a percentage of total consideration of each transaction.

Brokerage rates are subject to negotiation by the Client with the Adviser and may be a rate applicable to all transactions or a rate applicable to a single transaction.

The brokerage rate will depend on the type and level of service required and provided, the size and the frequency of the transaction.

Subject to our minimum brokerage rates identified below, the maximum Brokerage that a Client will be charged in relation to an Equity transaction is 3% plus GST, depending on the level of service agreed between the Client and the Adviser. It is essential that Clients discuss brokerage rates with their Adviser.

The following is a sample indication of our brokerage charges:

- \$0 - \$50,000: scaled up to 2.5% with a minimum of \$115
- Next \$50,000: scaled up to 1.5%
- Over \$100,000: up to 1.0%.

The minimum brokerage charge is \$115 per contract for all local Equity and Warrant transactions, \$80 for local ETOs (Exchange Traded Option transactions),

\$55 for Bank Bills or Fixed Interest instruments and minimum AUD\$150 or 1% for US security transactions and equivalent amounts for transactions in other overseas markets. All above charges are quoted excluding GST.

Note: it is important that you confirm the brokerage to be charged with your Adviser.

With respect to international securities transactions, the foreign currency will be converted into Australian dollars or vice versa (or any other currency) to enable settlement. Such foreign exchange transaction may result in Bell Potter receiving a currency spread of 20 – 50 basis points.

ASX Clear charges a transaction fee of \$0.13 +GST per share option contract.

If you exercise a share option, ASX Clear charges an exercise fee of \$0.55 per contract, including GST. In the case of index options, ASX Clear charges \$0.39 per contract including GST, for both the transaction fee and exercise fee. The exact cost of your transaction will be disclosed on your Trade Confirmation.

Futures and Foreign Exchange:

Futures Brokerage is payable on all local and international derivatives markets, both purchases and sales, mandatory settlements, deliveries and expiries and as a payment for services such brokerage attracts GST. Brokerage quoted is based on a round-turn amount, which is the total for both the opening and closing of a position.

Brokerage and GST are disclosed on each Tax Invoice issued in the traded currency of the transaction for each trade executed.

For Futures Transactions on international exchanges brokerage is charged in the currency of the country of the exchange on which you are trading.

Where brokerage and GST is charged in foreign currency, Clients may elect to have such amounts automatically converted to Australian dollars on the date of the trade being booked to the Client's account, at an exchange rate to

be determined daily by Bell Commodities.

Brokerage rates are subject to negotiation by the Client with the Adviser and are charged on a per lot basis. Futures transactions are usually charged 50% on the opening and 50% on the closing. Option trades may either be charged 100% on the opening or in the same manner as futures. The brokerage rate will depend on the type and level of service required and provided, the size and the frequency of the transaction.

Brokerage, to a maximum of A\$100 per contract (round turn) will be levied. The brokerage rates will depend on the type and level of service required and provided, the size and the frequency of the transactions.

Clients should be aware that in addition to brokerage charges, additional electronic exchange fees may be applicable for transactions executed on some US exchanges. These fees can be found on the particular Futures Exchange website.

Margin Foreign Exchange transactions will be charged an amount between 1-5 basis points of the secondary currency, depending on the transaction size. This is also subject to GST.

Note that it is important that you confirm the brokerage to be charged with your Adviser.

All of the fees and charges below may be shared with the relevant Adviser.

## 2. Financial Planning

A fee may be payable for the preparation and/or review of a Financial Plan. The fee is subject to negotiation with the Client's Adviser, however it is likely to be a fee based on the complexity of the Plan.

## 3. Managed Discretionary Account

This Service incorporates individually managed discretionary portfolios. Such accounts are only ever offered if they are subject to a separate written agreement.

As this service is a personalised service tailored to meet the Client's specific needs, so is the fee structure pertaining to it. Fees can be either based on a transactional charge or on the value of

the portfolio or a mixture of both and are negotiable with the Client's Adviser. Please refer to the FSG Addendum to Managed Discretionary Services, which along with this document forms the FSG for Bell Potter Securities Limited, for more information regarding its operation.

#### **4. Managed Investments**

Fees relating to the purchase of Managed Investments are already incorporated in the fee structure disclosed in the relevant prospectus or disclosure document. Any fee payable to Bell Potter comes from this disclosed entry/exit fee and is paid by the Fund Manager.

Bell Potter may also receive a trailing commission, usually around 0.25% p.a. of the value of the managed investment. This is not an additional cost to investors.

#### **5. Portfolio Administration Service**

Fees for Portfolio Management and Administration Services vary depending upon the size of the portfolio, the level of and the nature of the administration services required. Unless specifically agreed, separate brokerage, commission or fees may be charged on each type of transaction involved. Further information is available on these services from the Client's Adviser.

#### **6. Cash Management**

Bell Potter may receive a commission, usually up to 0.25% p.a. on the funds invested in the Bell Cash Trust or its Cash Management Service and Cash Management Trust Accounts, where permitted. These fees are detailed in the Product Disclosure Statement and other disclosure documents that are provided to Clients in conjunction with the application form to open a Cash Management facility.

#### **7. Margin Lending**

Bell Potter may receive of commission, usually up to 0.5% p.a. on the outstanding balance of a margin lending facility, where permitted.

#### **8. New Issues/Placements**

The Corporate Finance department specialises in small to mid-cap companies and trusts, providing expertise

on capital raisings, underwritings, acquisitions and divestments. Bell Potter has significant experience as a lead manager, underwriter, co-ordinator and participant in IPOs, placements and other capital market activities across all market sectors. Clients are not charged any brokerage in connection with subscriptions for shares in floats, new issues and placements. However, Bell Potter may receive a handling fee/underwriting fee from the Issuer. This fee will be disclosed in the documents relating to the issue. If an issuer offers any incentive then it will be disclosed to the Client.

#### **9. Warrants**

From time to time, Warrant Issuers promote new warrants and may rebate a fee to Bell Potter on warrants purchased by Clients of Bell Potter. This fee is generally 2.2% inclusive of GST and may be in addition to brokerage charged by Bell Potter to the Client.

#### **10. Other Product Benefits**

Where a pre-existing arrangement has been "grandfathered" under the Corporations Act a particular product issuer may pay volume bonuses to brokers, however this does not relate to any particular client and varies from one product issuer to another. Similarly, a product issuer may on rare occasions offer other incentives. If there is any possibility that any such incentive could influence the advice being provided to Clients, then the incentive will be disclosed. The most common incentive provided by product issuers relates to educational seminars which are aimed at keeping Advisers up to date with the specific nature of the product.

#### **11. Fail Fees/Interest**

Clients are obliged to settle transactions by the specified times either by the delivery of payment or securities and failure to effect settlement on time could result in fail fees imposed by ASX or Chi-X being incurred. There is a wide range of fail fees, details of which can be obtained by making an enquiry to the Melbourne office of Bell Potter.

Cheque or Direct Debit failures (dishonours) also attract fees. In addition, failure to pay for purchased securities by the specified settlement date may result in interest being charged by Bell Potter on the outstanding balance, and such interest will be charged at a rate which is six percentage points above Bell Potter's Bank Base Rate calculated and payable daily from the date due for payment until the amount is paid.

#### **ADVISERS AND OTHERS PARTICIPATING IN BELL POTTER'S REMUNERATION**

Bell Potter receives all Brokerage, Commission and Fees in the first instance and, depending on the service provided, Client Advisers may receive a proportion of the Brokerage, Commission and Fees. Advisers may receive a salary, salary and a discretionary bonus or a proportion of the brokerage/fees charged by Bell Potter. Advisers receive 0 – 50% of all fees and charges generated from their Clients depending on the level of salary and the aggregate revenue that they earn for Bell Potter. This does not impact on, or increase, the Brokerage, Commission or Fees payable by Clients for services received.

A referral fee may be paid to a third party such as a Financial Planner. Any such payment depends on the particular circumstances of the arrangement with the third party. However, all such referral fee arrangements will be fully disclosed to the Client.

#### **BELL POTTER'S ASSOCIATIONS WITH FINANCIAL PRODUCT ISSUERS**

In addition to the Bell Cash Trust and Margin Lending accounts, Bell Potter provides as badged products its Cash Management Service and its Cash Management Trust Accounts by arrangement with St George Bank Limited and Macquarie Group Limited.

Citi Group provides research, which is provided as general securities advice to Bell Potter to assist it in the provision of its investment advisory services. Citi Group also provides custodial and settlement services for international securities traded on overseas exchanges.

## FINANCIAL SERVICES GUIDE (CONTINUED)

Morningstar provide research in relation to unlisted Managed Investments, local and international research as well as company profile information. This may change from time to time.

Bell Potter Personal Superannuation Solution, Bell Potter SMSF Command has been established in conjunction with industry professionals - SuperGuardian Pty Limited ABN 57 113 986 968.

Bell Potter Securities Limited is associated with Bell Potter Capital Limited and Bell Potter Nominees Limited.

### OPENING AN EQUITIES TRADING ACCOUNT

In accordance with general market practice within the financial services sector, Clients will be asked to complete an Account Opening Form, which is designed to administer and regulate the arrangements for Bell Potter to provide financial services to its Clients. Also in accordance with the Anti-Money Laundering and Counter Terrorism Financing legislation Clients will be asked to verify their identity.

The Account Opening Form makes provision for the supply of all the necessary details to open a securities trading account, the personal financial details required to assist Bell Potter to act in the Best Interests of the Client and in the provision of Appropriate Advice, as well as Bell Potter's trading terms and conditions and CHESSE sponsorship terms and conditions. Separate account opening forms must be completed to trade in Exchange Traded Options, Warrants, Futures or Foreign Exchange.

### INSTRUCTING AN ADVISER IN RELATION TO TRADING EQUITIES

Telephone is the usual method of instructing Bell Potter in relation to an Equities or an Equity Derivatives trading account, although instructions can also be given in person or in writing by mail, facsimile or email.

Similarly, instructions for the acquisition or disposal of other financial products may be made in the same way. All dealing

lines to Futures Advisers are recorded, some Client Adviser lines may also be recorded and when they are Clients must telephone instructions through to such a recorded dealing line.

All instructions to buy or sell exchange traded equities and warrants are automatically accepted on a "good till cancelled" (GTC) basis unless alternate instructions are provided. All instructions to buy or sell exchange-traded Equity Options, International Equities and Futures are automatically accepted on a "good for the day only" (GFD) basis unless alternate instructions are provided.

All accounts are handled on a non-discretionary basis unless the Client and Bell Potter have entered into a written Managed Discretionary Agreement. Notwithstanding that an Account is conducted on a non-discretionary basis, Clients can give their Adviser discretion as to price and the time of execution of a transaction that the Client has instructed in all other respects.

It is important to note that ASX, Chi-X and ASX 24 and the principal overseas exchange traded securities markets have the power to cancel a Market Transaction that has been executed on its market. Any such instruction to Bell Potter to cancel a trade will automatically result in cancellation of the transaction by Bell Potter with the Client irrespective of whether or not the trade has previously been confirmed to the Client. All transactions will be confirmed to Clients via the issue of a Trade Confirmation.

### STATEMENT OF ADVICE

A Statement of Advice is a document setting out the Advice provided to the Client, the basis on which it was given, the remuneration that the provider of the Advice and its associates will receive as a result of providing the Advice and any relevant interests, associations or relationships that may influence Bell Potter and its Advisers in providing the Advice.

Accordingly, if a Retail Client is dealing with Bell Potter for the first time and wishes to obtain advice, then it will be

necessary for Bell Potter to ascertain and record certain information regarding the Client's financial position, particular needs and investment objectives. This information will then be confirmed to the Client along with details of the initial advice and the basis of the advice and other mandatory disclosures and the approximate cost of providing the advice.

### FURTHER ADVICE

If a Retail Client receives Further Advice as an existing Client and there has been no material change in the Client's circumstances and the Basis of Advice is essentially the same, then Bell Potter may rely on the information that it already holds in relation to the Client's investment objectives, financial position and particular needs, and Bell Potter will not be obliged to issue the Client a further Statement of Advice (SoA) in relation to that advice. However, the Adviser is obliged to keep a Record of such Advice and should a Client wish to receive such Record of the Advice that was given, the Client may request that such Record is provided. Any such request should be in writing and should be directed to the Client's Adviser. There may be a charge associated with this.

### FUTURES & OPTIONS AND FOREIGN EXCHANGE MARKETS

The Futures and Options and Foreign Exchange markets may not be suitable for every investor. Each investor contemplating trading these markets must consider whether the risks associated with trading those markets and their individual financial position is compatible. The leveraged nature of futures and options markets and the funding requirements associated with such investments necessitate a degree of experience and/or knowledge in relation to the investment markets in general, if not the futures and options markets themselves, a comprehension of the risks involved and the capability to fully collateralise any open position within the time deadlines required by the market.

Futures and Options markets, in common with all other asset classes (eg. equities, property and bonds) can decline in value

as well as appreciate.

All Futures and Options and Foreign Exchange markets have underlying physical markets which all have their own overall market risk as a result of economic, political and social factors, international crisis and natural disasters that are either directly or indirectly associated with the underlying physical market.

There are overall market risks of loss by reason of movements in the underlying market generally. With the ever-increasing globalisation of markets, local futures and options markets are vulnerable to international events or international market factors, such as movements in international interest rates, exchange rates, changes in trade tariff policies and changes in international stockmarkets.

Bell Potter has a minimum account size requirement of A\$10,000 (or foreign currency equivalent) for futures, options and foreign exchange trading, which must be deposited as cleared funds prior to the commencement of trading. Actively traded accounts must maintain a ledger balance of this amount. Buyers of options must have sufficient available funds deposited in their account to cover the approximate cost associated with the transaction prior to the placement of an order. Bell FX, a trading division of Bell Potter, offers corporate foreign exchange services for organisations with foreign currency requirements (importers and exporters) and is able to offer foreign exchange conversions at competitive bank rates. Each potential account is assessed on an individual basis, and further information is available from one of our foreign exchange Advisers.

#### **CLIENTS' RIGHTS AND RESPONSIBILITIES**

Retail Clients of Bell Potter have the right to receive Advice that is in their Best Interests, and which is appropriate having regard to the Client's financial situation and particular needs on the one hand, and the circumstances of the security that is the subject matter of the Advice, on the other.

While Clients have the right not to divulge personal financial information if they do not wish to do so, if Clients do not provide sufficient information to their Adviser, Bell Potter is obliged to warn Clients about the possible consequences of not having a Client's full personal financial information. In the event that Retail Clients do not provide full information, they must understand that they may receive advice that is inappropriate for the Client, as it does not take into account the Client's financial situation, particular needs and investment objectives. In such circumstances, it is the Client's responsibility to assess whether the advice is appropriate for them.

These warnings relate to any personal financial product Advice provided by an Adviser with limited knowledge of a Client's personal financial circumstances whether such Advice is provided verbally or in writing. If no information is provided then only general advice may be provided and the Client is responsible for assessing whether the Advice is suitable for them.

Bell Potter's published Research is general financial product advice only and does not constitute advice to any particular person and therefore cannot be considered as personal advice.

General advice is prepared without consideration of any specific Client's financial situation, particular needs and investment objectives. Accordingly, in the event of receiving general advice, Clients should consult their Adviser before any investment decisions are made based on such general advice.

In order to preserve the integrity of the personal financial information that Bell Potter holds, Retail Clients should maintain regular contact with their Adviser at Bell Potter and keep them abreast of any material changes in their financial circumstances. Clients have the right to give instructions as to the way their account with Bell Potter is conducted, so long as those instructions comply with regulatory requirements and Bell Potter is prepared to accept the instructions.

Clients have the right to be advised about any interest that Bell Potter, or the Client's Adviser, may have in a security that may reasonably be expected to influence their recommendation to the Client. The mere existence of an account with Bell Potter or the acquisition of a financial product through Bell Potter does not mean that Bell Potter or one of its Advisers is responsible for monitoring a Client's portfolio. Similarly, the fact that an Adviser may contact Clients with recommendations is not an indication that the account is being managed by the Adviser unless a separate arrangement like a Managed Discretionary Account Agreement is entered into in writing, Clients remain responsible for monitoring their own portfolios and contacting their Adviser if they have any queries relating to their investments.

#### **PRIVACY**

Client privacy is important to Bell Potter. The Privacy Policy is available from the Bell Potter website. A copy of the Privacy Policy is also provided to all new clients as a part of the Account Opening process for all products.

#### **COMPENSATION ARRANGEMENTS**

Bell Potter Securities Limited holds a Professional Indemnity Insurance Policy, which satisfies the requirements for compensation arrangements under section 912B of the Corporations Act and section D of ASIC Regulatory Guide 126.

Subject to the terms and conditions, the Policy provides cover for the provisions of products and services under AFSL 243480 by Bell Potter Securities Limited and civil liability resulting from third party claims concerning the professional services provided by Bell Potter Securities and its employees and representatives. This policy continues to provide coverage for past employees and representatives in respect of professional services performed whilst engaged by Bell Potter Securities, subject to ASIC Regulatory Guidelines regarding time limits. Bell Potter Securities Limited is also a member of the Financial Ombudsman Service.

# FINANCIAL SERVICES GUIDE (CONTINUED)

## COMPLAINT RESOLUTION PROCEDURES

As part of its commitment to customer service, Bell Potter has in place a Complaints handling procedure consistent with the Australian Standard.

In the first instance, Clients should raise any Complaint that they have with their Adviser. Alternatively, Clients can raise the matter direct with the relevant State Manager.

However if Clients have not received a satisfactory resolution to their Complaint, they can also contact Bell Potter's Compliance Department. If the Complaint is not resolved internally to the Client's satisfaction then the Client is entitled to refer the Complaint to the external complaints scheme of which Bell Potter is a Member, the contact details of which are as follows:

### Australian Financial Complaints Authority

GPO Box 3

Melbourne VIC 3001

Toll free: 1800 931 678

Fax: (03) 9613 6399

Interpreter: 131 450

Email: [info@afca.org.au](mailto:info@afca.org.au)

# BELL POTTER BEST EXECUTION POLICY

## INTRODUCTION

In accordance with Market Integrity Rules (Securities Markets): Part 3.8 – Best Execution Obligation, (2017)<sup>1</sup>. Bell Potter Securities Limited (BPSL), must take reasonable steps when handling and executing client orders in Equity Market Products to obtain the best outcome (or “Best Execution”) for the client. To achieve this, BPSL have established and implemented policies and procedures designed, where possible, to provide both Retail<sup>2</sup> and Wholesale<sup>3</sup> Clients with “Best Execution” when executing their orders or receiving and transmitting orders for execution.

The purpose of this document, known as our “Best Execution Policy”, is to provide clients with a reasonable amount of information in order to allow clients to make an informed decision about whether to instruct BPSL to handle and execute orders<sup>4</sup>.

## EQUITY MARKET PRODUCTS

BPSL Best Execution arrangements apply where we execute orders to buy or sell Equity Market Products (“orders”) on behalf of a client. BPSL are acting on a client’s behalf where BPSL executes an order on behalf of a client on one or both sides of a transaction.

For the purpose of this policy, equity market products include Shares, Managed Investment Schemes, including Exchange-Traded Funds, rights to acquire shares or interests in Managed Investment Schemes under a rights issue and CHESS Depository Interests (CDIs) admitted to quotation on ASX. If a company is dual listed in Australia and an overseas exchange then the ASIC Market Integrity Rules (Securities Markets) 2017<sup>5</sup> will only apply to trading on the Australian exchange(s).

## EXECUTION VENUES

Execution venues considered by BPSL when executing orders are ASX TradeMatch, ASX CentrePoint and Chi-X Australia. At present due to limited liquidity, BPSL will not send orders to the ASX PureMatch order book. BPSL does not operate a crossing system.

## BEST OUTCOME

BPSL will take reasonable steps to obtain the best outcome for clients. ‘Best Outcome’ means different things for different clients.

For retail clients, who have not given an instruction under subrule (3), best outcome will mean the best total consideration<sup>6</sup>.

Total consideration is defined as:

- the purchase price paid by the Client plus brokerage and GST; or
- the sale price received minus brokerage and GST.

BPSL will always try to obtain the best total consideration for retail client orders unless instructed otherwise by the client.

For a wholesale client, who has not given instruction under subrule (4), BPSL may take into consideration numerous relevant execution factors in order to achieve the best outcome<sup>7</sup>. BPSL will generally give price a higher relative importance when obtaining the best outcome for wholesale clients but may also take into consideration other factors, including:

- **Price of the Equity Market Product;** the price a financial instrument is or may be executed at;
- **Costs;** this may include implicit costs such as the possible market impact, explicit external costs e.g. exchange or clearing fees and explicit internal costs which represents BPSL’s remuneration through commission or spread;
- **Size of the order;** this may be taken into consideration, as the order size may affect the price of the execution. Market liquidity and depth may also influence the price and subsequent execution;
- **Total Consideration;** may be interpreted as the best purchase or sale price of a relevant product while there are not material differences in transaction costs between licensed markets<sup>8</sup>;
- **Speed of execution;** the potential time it might take to execute a

transaction given the liquidity of the market.

- **Likelihood of execution:** For example if likelihood of execution is considered the most important outcome, the trade-off may be price;
- **The requirement for timely execution;** what is expected as reasonable time;
- **The liquidity of the market;** the availability of liquid assets to the market;
- **Potential price impact from execution;** refers to the change in price of a security in response to an incoming market order;
- **Client instructions;** and
- **Any other factors** that may be relevant to achieving best outcome.

Due to the degree of discretion in the application of the different execution factors, there may be a range of different permissible approaches to executing orders. This may mean that whilst the best price may not be achieved for every transaction, the best result, which can be reasonably expected given the information and execution methods available at the time, will be attained.

The weight attributed to each factor in respect of an order, or type of order, will vary depending upon the relevant equity market product and the characteristics of each order, our knowledge of the client, their execution preferences and may involve discussion with the client. Different methods of execution may be adopted for different types of orders.

Subjective judgement regarding order execution will not be applied to BPSL client orders placed by way of Direct Market Access (DMA) facilities, due to the nature of these orders, although best execution principles apply to DMA trading.

## ORDER HANDLING PRACTICES

BPSL will be employing the Smart Order Router (SOR) supplied by external vendor, IRESS and called the Best Market Router (BMR), as a means of managing BPSL’s Best Execution obligations across the above mentioned markets for Equity

## BELL POTTER BEST EXECUTION POLICY (CONTINUED)

Market Products. However in certain circumstances, BPSL may direct orders manually into a specific order book.

All orders that will fully or partially trade immediately will be entered into the market either by a BPSL Designated Trading Representative (DTR or "Operator") or by a BPSL Adviser or Dealer's Assistant (DA) through an automated order router either via the BMR or by being directed to the appropriate order book. Once an order has exhausted the volume available within the price parameters of the order the order will reside in the default market, being ASX TradeMatch, subject to specific instructions from the Client.

All orders that are not market orders will be entered into the default market, subject to specific instructions from the client. If the price on an alternative market changes after the order has been routed to the default market the order will not be transmitted to the alternative order book unless there is a specific instruction from the client, as to do so would mean a loss of priority.

All orders, where there is discretion as to price or time, may not be input immediately into the BMR however such orders remain subject to the best execution obligations subject to any specific instructions from the client which might interfere with such an outcome.

In instances where one or the other market is unavailable for trading, or where one market is either unresponsive or disorderly, orders will be routed to the available market or the default market at the determination of the Operator with regard to BPSL's Best Execution Policy guidelines, unless the Client gives express instructions to the contrary.

If a wholesale client gives an Iceberg order then it is important to note that when new portions of the hidden order become pre-trade transparent they do not have priority and go to the back of the queue<sup>9</sup>.

The abovementioned order books do not all operate in a similar fashion and in particular the opening and closing market

times vary. It is important to note that Chi-X will commence trading at 10am and close at 4.12pm (Eastern Standard Time) and there will be no auction on the open, close or intra-day trading halts as there is for ASX. Such inconsistencies mean that it may be very difficult to determine where the best outcome might be achieved. BPSL has elected to use ASX TradeMatch as the default market and therefore all orders will be transmitted to ASX TradeMatch for the auction unless a specific order to the contrary is received.

Another significant difference is that 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 TradeMatch auction.

The default market to be used by BPSL will be ASX TradeMatch.

### **SPECIFIC CLIENT INSTRUCTIONS**

Specific client instructions may be provided from both retail and wholesale clients for a particular order. These instructions may prevent BPSL from taking steps to obtain the Best Outcome for clients in accordance with this Best Execution Policy. Instructions must be provided in a manner that is clear and unambiguous and can be given either verbally or in writing. Any verbal instructions will be recorded by BPSL and retained for a period of up to seven years. BPSL will take all reasonable steps to handle and execute orders in a way that satisfies client instructions.

Only wholesale clients can give standing instructions on execution requirements. Standing instructions from wholesale clients can include instructions to opt-out of our Best Execution Policy. These instructions will need to be provided in writing and will only be applicable for a period of up to 12 months. Wholesale clients that wish to continue to opt-out after the 12 month period has lapsed will need to renew their standing instructions.

### **CROSSINGS**

In addition to crossings on one of the external licenced markets, it is possible for participants to operate their own crossing system. Such a system is an automated service provided by a BPSL to clients that matches or executes client orders with orders of BPSL or other clients of BPSL, other than on an order book of a licensed market. BPSL 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.

### **TRADING SUSPENSIONS AND TECHNICAL FAILURES**

Where an equity market product is the subject of a suspension then we are precluded from transacting or matching on all licensed markets. When an execution venue is unavailable (for example, due to a market outage or differing trading hours), BPSL may execute existing and new orders on any remaining open execution venues provided we believe that our Best Execution obligation can be achieved by taking this action.

### **POLICY MONITORING AND REVIEW**

BPSL will monitor the effectiveness of its Best Execution Policy on a regular basis and review it at least annually as well as whenever there is a material change that affects the transmission of client orders to ensure this policy remains adequate<sup>10</sup>.

On receipt of a reasonable request by a client, BPSL will provide the client with information to demonstrate that orders have been executed in accordance with this policy. The information will be provided within a reasonable timeframe after receiving the request<sup>11</sup>.

Any material changes to this policy will be available to clients on our website: <http://www.bellpotter.com.au>.

## Footnotes

<sup>1</sup> ASIC MIR: Part 3.8 – Best Execution Obligation (2017) Part 3.10.1 (1) (a) + (b)

<sup>2</sup> Retail Client: Clients other than Wholesale Clients as defined in Section 761G (7) of the Corporations Act (2001)

<sup>3</sup> Wholesale Client: as defined in Section 761G (7) of the Corporations Act (2001)

<sup>4</sup> Ibid

<sup>5</sup> ASIC Market Integrity Rules (Securities Markets) 2017

<sup>6</sup> RG 265.144: Guidance on ASIC market integrity rules for Participants of securities markets.

- For retail clients, it means best total consideration, which market participants may interpret as best price while there are not material differences in transaction costs between licensed markets (see RG 265.144–RG 265.153); and
- For wholesale clients, a range of factors may be relevant (see RG 265.158–RG 265.161).

<sup>7</sup> Ibid

<sup>8</sup> Ibid

<sup>9</sup> Definition of Iceberg: ASIC RG: 265.415 Rule 6.1.5(2) clarifies that certain types of orders are partly disclosed orders for the purposes of the market integrity rules. An iceberg order is where the order is of a size specified by the market operator. The order is divided into separate parts and only a single part is pre-trade transparent with the remainder fully hidden until such time as the pre-trade transparent part has been executed and another part is made pre-trade transparent. This continues until the entire order is executed. RG 265.416 under Rule 6.1.7, the hidden portion of the transaction does not have time priority. Therefore, as new portions of the hidden order become pre-trade transparent, they must go to the back of the queue on the order book.

<sup>10</sup> ASIC RG: 265.221 – RG 265.228: Evidencing how client orders are executed

<sup>11</sup> Ibid

