

**CommSec**



The provider of the services described in this Financial Services Guide is the Australian Financial Services Licensee Commonwealth Securities Limited ABN 60 067 254 399 Australian Financial Services Licence Number: 238814 Registered Office: Level 7, 48 Martin Place Sydney NSW 2000

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# Financial Services Guide

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# SECTION ONE

## part one

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### IMPORTANT INFORMATION

#### **Financial Services Guide**

This Financial Services Guide (“**FSG**”) is an important document. It provides you with information about Commonwealth Securities Limited (“**CommSec**”, “**we**”, “**us**” or “**our**”) to help you to decide whether to use the financial services we offer.

This FSG is divided into two parts:

**Part 1** of the FSG explains the services and types of products we can offer to you. It also explains how we are remunerated, details of any potential conflicts of interest and details of our internal and external complaints handling procedures and how you can access them.

**Part 2** of the FSG details the current list of fees or charges that you will pay for using our services.

#### **Other documents you may receive from us**

##### *Statement of Advice*

Whenever we provide you with any personal advice, you are also entitled to receive a Statement of Advice. Personal advice is advice that takes into account one or more of your objectives, financial situation and needs. The Statement of Advice will contain the advice, the basis on which it is given and information about fees, commissions and any associations with product issuers or other parties that may have influenced the advice.

##### *Product Disclosure Statement*

If we make a recommendation to acquire a particular financial product (other than securities such as listed shares) or offer to issue, or arrange the issue of a financial product to you, we will also provide you with a Product Disclosure Statement (PDS). The PDS contains information about the particular product including the features, benefits, fees and risk associated with that product to assist you in making an informed decision.

## Who are we?

Any financial services offered will be provided by representatives of Commonwealth Securities Limited ABN 60 067 254 399.

CommSec is licensed under the Corporations Act to provide these services to you.

Our Australian Financial Services Licence Number is: 238814.

CommSec is a wholly owned but non-guaranteed subsidiary of the Commonwealth Bank of Australia ABN 48 123 123 124 which is one of the largest and oldest financial institutions in Australia. Other members of the Commonwealth Bank Group may also be able to provide you with financial services and products.

CommSec is also a Participant of the ASX Group and of the Sydney Futures Exchange Ltd.

## What financial services and products do we offer?

CommSec is authorised to offer the following financial services:

- › Deal in financial products
- › Provide financial products advice\*
- › Make a market in financial products
- › Provide a custodial/depository service

We provide financial product advice\* and deal in:

- › Deposits
- › Securities (such as shares)
- › Derivatives (such as options)
- › Managed investments
- › Superannuation
- › Foreign exchange contracts

We make a market in:

- › Securities
- › Derivatives

We provide a custodial service in providing safekeeping of securities for clients.

\* The provision of financial product advice is provided through CommSec Advisory and eligibility criteria must be met. Details regarding this criteria can be obtained by contacting 02 8223 7930

### How do you obtain our services?

If you have been provided with a nominated representative, please contact your representative directly.

If you do not have a nominated representative, please:

- Call us on **1300 88 99 22**; or
- Visit: **[www.comsec.com.au](http://www.comsec.com.au)**; or
- Write to us at:  
Locked Bag 22  
Australia Square NSW 1215

### How can you transact with us?

You can give us instructions by telephone or in person, and in some cases, through our website.

### If we provide you with further advice?

If we provide you with personal financial product advice, you will initially receive a Statement of Advice (SoA). Where you maintain the advice relationship with us, a SoA is generally not provided for further advice situations provided that your circumstances and the basis of the advice are not significantly different. However we are required to keep a record of further advice.

You may request a copy of the record of advice we keep. Any request must be made within 7 years of the provision of such advice, and should be directed to your nominated representative.

### How do you pay for our services?

Part 2 of the FSG details the current list of fees or charges that you will pay for using our services.

### How are we remunerated for the services we provide?

CommSec is remunerated directly through the fees we charge you. With certain products, we are also remunerated by product providers, including those within the Commonwealth Bank Group, through commissions.

### Initial Commissions paid to CommSec

Initial commissions are a one off payment and are calculated as a percentage of the funds you have invested. They are deducted from the amount invested. Commissions are calculated as follows:

- Investment products – between 0% and 6.5% (GST inclusive) of your investment amount.

## Ongoing Commissions paid to CommSec

Ongoing commissions (sometimes referred to as trailing commissions) are paid for the length of time you hold the product. They are usually paid directly to CommSec by the product provider out of the revenue the product provider earns. In some cases, they may be deducted from your investment.

They are calculated as follows:

- Investment products – between 0% and 1.4% (GST inclusive) of the investment amount.

### *Example*

Assume that you invested \$10,000 in an investment product and maintained that investment. If CommSec charged an initial commission of 2% and received an ongoing commission of 0.5% from the product provider, then:

- CommSec would receive \$200 as an initial commission; and
- CommSec would receive \$50 per annum as an ongoing commission.

In these cases, we will disclose any such remuneration arrangements when we provide you with any personal advice or make a recommendation to invest, or otherwise when we arrange any investment for you.

## Finance Brokers

CommSec pays a referral fee to finance brokers where those brokers refer persons to CommSec in respect of the Commonwealth Bank Protected Portfolio Loan product. The referral fees are:

Initial Facility	Referral Fee
\$50,000-\$499,000	\$150
\$500,000 plus	\$250

Note: The fee will be calculated on the initial facility limit (not drawings) and includes GST.

## Referrals to Commonwealth Financial Planning Limited.

Should you take up a product as part of a referral to Commonwealth Financial Planning Ltd, CommSec will receive commission of up to 40% of revenue generated by any fees or premiums you pay to Commonwealth Financial Planning Ltd.

Should you take up a product as part of a referral to CommSec from Commonwealth Financial Planning Ltd, CommSec will pay Commonwealth Financial Planning Limited commission of up to 40% of any revenue generated by fees you pay to CommSec.

## Specialist Service Providers

CommSec may receive referrals from other 3<sup>rd</sup> party referrals. CommSec will pay a commission of up to 50% of any revenue generated by such referrals.

## How are our representatives remunerated?

Our representatives are remunerated by salary from CommSec or the Commonwealth Bank and do not directly receive any commissions or fees. They may be eligible for a bonus payment. Some representatives' bonus payments may be up to 45% of fees and commissions that CommSec receives from the placement of a financial product. These bonus payments are discretionary, and based on achievement of pre-determined business objectives.

These may include:

- › Business Outcomes
- › Customer Service
- › People Engagement
- › Special Tasks
- › People Principles

Our representatives may also be eligible to:

- › Share in incentives (both monetary and non-monetary) rewarded for outstanding service;
- › Receive a free grant of Commonwealth Bank shares under the Commonwealth Bank's Employee Share Acquisition Plan (ESAP);
- › Participate in the Commonwealth Bank's long term incentive program. This incentive is in the form of Commonwealth Bank shares that only vest at a prescribed point in the future where the Commonwealth Bank attains certain share performance hurdles. It is entirely discretionary and is based on a representative's contribution to the business over time; and
- › Receive indirect benefits stemming

from advice provided to you. Indirect benefits include such things as business lunches, tickets to sporting and cultural events (including overseas study tours), corporate promotional merchandise and other minor benefits unquantifiable at this stage from product providers whose products they recommend.

## Associations with related Product Issuers

CommSec may provide you with financial services and products from both related and non-related product providers.

As a member of the Commonwealth Bank Group, we deal in and advise on products provided from related Group companies, which include Commonwealth Bank, Colonial First State Investments Limited, Commonwealth Insurance Limited, The Colonial Mutual Life Assurance Society Limited, Commonwealth Managed Investments Limited, Colonial Mutual Superannuation Pty Limited. CommSec may receive a commission payment from the above companies as a result of you investing in one of their products or services.

## Remuneration that may be received by Associated Parties

### CUSCAL

CommSec has an agreement with the Credit Union Services Corporation (Australia) Limited (CUSCAL) whereby CUSCAL facilitates the promotion and distribution of CommSec's broking services through participating Credit Unions. Under the agreement CommSec makes a payment to CUSCAL equal to 15% of the brokerage received by CommSec for clients introduced to CommSec from each participating Credit Union.

### Third Party Agreements

CommSec has agreements with a number of Australian Financial Services Licensees allowing them to provide a broking service to their clients through CommSec. Under these agreements CommSec receives a brokerage for the following services.

- Non Advice Service CommSec receives a brokerage fee for:
  - each share trade of \$26.95 or 0.11% which ever is the greater for internet trades and \$31.60 or 0.15% which ever is the greater for phone trades;
  - Web Iness share and Warrant trades of \$33.00 for trades up to \$250,000, then \$8.80 for every \$100,000 there after; and
  - Exchange Traded Options trades of \$34.95 over the internet up to \$10,000 in premiums, or 0.35% for above \$10,000.

Any additional commission is paid to the Financial Service Licensee. Refer to page 9, 10, 11 for brokerage details.

Where agreed between the Australian

Financial Services Licensee and their client, a trailing commission, based on a percentage of the client's CHES Participant Sponsored holdings, is collected by CommSec and paid to the Financial Service Licensee. CommSec retains 20% of the trailing commission as an administration fee.

- Direct Equities and Options Advice Service CommSec receives a brokerage fee for each trade between 0% and 2.20% and may also receive an ongoing fee between 0% and 0.40% pa. Any additional brokerage or fee is paid as commission to the Financial Service Licensee. Refer to page 19 for brokerage and fee details.

### SFE Broker Incentive Pool

CommSec deals in ASX CFDs for approved clients. ASX CFDs are traded on the exchange operated by the Sydney Futures Exchange Ltd ("SFE"). CommSec may receive monthly payments from the Broker Incentive Pool, or BIP. The BIP is calculated by applying the rate of 0.35% per annum to the notional value of the gross open position of each series of ASX CFDs in the ASX CFD market at the end of each trading day, after excluding price makers gross open positions. Payments may be made by SFE to CommSec based on the turnover attributable to CommSec as a percentage of total turnover (after excluding price maker turnover), for each series of ASX CFDs.

## How is my personal information dealt with?

At CommSec, the privacy of your personal information is important to us. We collect your personal information to ensure that we are able to provide you with the products and services most appropriate to your needs.

Telephone conversations with CommSec may be recorded to ensure our service standards are met or exceeded and to allow records to be kept of the advice given and orders taken.

CommSec has adopted the principles set out in the Privacy Act as part of our continuing commitment to client service and maintenance of client confidentiality. For further details, please refer to our Privacy Policy at [www.commsec.com.au](http://www.commsec.com.au) or ask your representative for a copy.

## What should I do if I have a complaint?

If you are not satisfied with the service or advice you receive from us, you are entitled to complain. We have established procedures to ensure that all enquiries and complaints are properly dealt with.

To save yourself valuable time, gather all the facts and documents about your complaint, think about the questions you want answered and decide what you want us to do.

Next, contact the department that handled the matter and explain the problem. A quick call is all that is required to resolve most issues. If you are unsure which department to contact, please call **13 15 19** and speak to a Client Service Officer.

If your complaint is not satisfactorily resolved within 3 business days after you first notified

us, please put your complaint in writing addressed to CommSec Client Relations:

By email: [csclientrel@cba.com.au](mailto:csclientrel@cba.com.au)

By fax: (02) 9312 4102

By mail: Client Relations  
Locked Bag 22  
Australia Square  
NSW 1215

If, after 45 days from the time you first notified CommSec Client Relations of your complaint in writing, your complaint is not resolved to your satisfaction, then you have the right to proceed with your complaint to the Financial Industry Complaints Service Limited ("FICS"):

By email: [fics@fics.asn.au](mailto:fics@fics.asn.au)

By internet: [www.fics.asn.au](http://www.fics.asn.au)

By phone: 1300 780 808

By fax: (03) 9621 229

By fax: (03) 9621 2291

By Mail PO Box 579, Collins Street  
West Melbourne 8007

If you want to complain about a banking product, please contact the Banking and Financial Services Ombudsman:

By email: [enquiries@bfso.org.au](mailto:enquiries@bfso.org.au)

By internet: [www.bfso.org.au](http://www.bfso.org.au)

By phone: 1300 780 808

By mail: Banking Ombudsman  
PO Box 5790, Collins Street  
West Melbourne VIC 8007

## SECTION ONE part two

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### IMPORTANT INFORMATION

#### **Financial Services Guide**

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This FSG is divided into two parts:

**Part 1** of the FSG explains the services and types of products we can offer to you. It also explains how we are remunerated, details of any potential conflicts of interest and details of our internal and external complaints handling procedures and how you can access them.

**Part 2** of the FSG details the current list of fees or charges that you will pay for using our services. Any fees and charges relating to specific products can be found in the relevant Product Disclosure Statement.

#### **Fees and Charges for Non Advice Services**

If you use the following services, we will not provide you with any personal advice. This means that we will not take into account your objectives, financial situation and needs. Accordingly, a Statement of Advice will not be provided.

## Trading in Australian Listed Shares and Derivatives

Trade Execution	Minimum	Above Minimum (flat)
Share Trade Internet Preferred <sup>1</sup>	\$19.95 up to \$10,000 transaction value	\$29.95 (up to \$25,000) 0.12% (above \$25,000)
Share Trade over the Internet	\$29.95 up to \$10,000 transaction value	0.31% (above \$10,000)
Share Trade over the phone <sup>2</sup> or through our Share Shop	\$54.60 up to \$10,000 transaction value	0.54% (up to \$15,000) 0.45% (up to \$80,000) 0.40% (up to \$1m) 0.11% (above \$1m)
“Up front” Conditional Orders <sup>3</sup>	\$9.95 up to \$40,000 trading value	0.099% (above \$40,000)
“On execution” Conditional Orders <sup>3</sup>	\$14.95 up to \$40,000 transaction value	0.12% (above \$40,000)
CommSec Share Packs over the Internet <sup>4</sup>	\$66.00 per pack of 6 stock (equates to \$11 per stock <sup>5</sup> )	Nil
CommSec Share Packs over the phone <sup>4</sup>	\$181.50 per pack of 6 stock (equates to \$30.25 per stock <sup>5</sup> )	Nil
VoiceBroker	\$39.90 up to \$10,000 transaction value	0.40% (above \$10,000)
Trades requiring settlement through a third party	\$81.90 up to \$15,000 transaction value	0.54% (above \$15,000)
Exchange Traded Options <sup>6</sup> Over the phone, (also charged upon exercise or assignment of the Option)	\$54.60 up to \$10,000 in premium	0.54% (above \$10,000)
Exchange Traded Options <sup>6</sup> Over the internet, (also charged upon exercise or assignment of the Option)	\$34.95 up to \$10,000 in premium	0.35% (above \$10,000)
One off Trades	\$66.00 up to \$10,000 transaction value	0.66% (above \$10,000)
Deceased Estates	\$81.90 up to \$15,000 transaction value	0.54% (above \$15,000)
Day Short <sup>7</sup>	\$9.95 up to \$25,000 transaction value	0.04% (above \$25,000)
Term Short <sup>7</sup>	\$14.95 up to \$25,000 transaction value	0.06% (above \$25,000)
Issuer Sponsored Sale Fee <sup>8</sup>	Up to \$10.00	Nil

### NOTES:

<sup>1</sup>To be eligible for Internet Preferred trading, you must be CHESS Participant Sponsored with CommSec and operate a Commonwealth Direct Investment Account (CDIA), or settle your trades through a CBA/Colonial Margin Loan.

<sup>2</sup>Includes CBA & Colonial Margin Lending Trades.

<sup>3</sup>An example of a Conditional Order is a 'stop loss' order. This fee is charged in addition to the standard brokerage. CTS fee is charged on T+1.

<sup>4</sup>Normal brokerage will apply when a stock acquired through CommSec Share Packs is subsequently sold.

<sup>5</sup>Amount per individual stock quoted as there will be no substitution should a stock have a trading halt placed on it

<sup>6</sup>There is also an Australian Clearing House fee of \$1.12 per share Option contract (open or close) and \$0.55 per share Option contract (exercise and assignment). There is a fee of \$0.39 per index Option (open, close, exercise and assignment).

<sup>7</sup>This fee is charged in addition to the standard brokerage on selling to open a short position. Standard brokerage applies when buying to close the position except if an auto buy back is triggered when this additional fee is also charged.

<sup>8</sup>Sale of shares not CHESS sponsored with CommSec may incur an additional brokerage charge to cover administration costs.

## ASX CFD Brokerage fees

When you open, and when you close, an ASX CFD position you will need to pay brokerage costs to CommSec. Brokerage including GST listed below is charged in the currency of the ASX CFD contract.

Product	Channel	Minimum	Percentage
ASX Australian Equity CFD	Internet trades	14.95	0.11
	Telephone trades	54.60	0.11
S&P/ASX 200 Index	Internet trades	14.95	0.055
	Telephone trades	54.60	0.11
Foreign indices	Internet trades	-	0.055
	Telephone trades	-	0.11
Commodities	Internet trades	-	0.055
	Telephone trades	-	0.11
Currency pair	Internet trades	-	0.055
	Telephone trades	-	0.11

## Other Fees and Charges

CommSec tries to keep all fees and charges to an absolute minimum. However sometimes we need to cover one-off costs to make sure that our everyday charges remain low. These fees apply in addition to brokerage.

<b>Fail fee – Buy or option</b>	\$54.00 per day
<b>Fail fee – Sell or Short Sell</b>	\$54.00 per day or 0.1%, whichever is greater
<b>SRN query, rebooking fee</b>	\$25.00
<b>Invalid or rejected SRN fee</b>	\$54.00
<b>Off market transfer fee</b>	\$54.00 per transfer
<b>Copy of off market transfer record</b>	
Request less than 6 months old	\$10.00 per request
Request more than 6 months old	\$80.00 per request
<b>Dishonoured cheque fee, rejected direct debit fee</b>	\$54.00
<b>Rejected direct credit fee</b>	\$25.00
<b>Payment trace fee</b>	\$25.00
<b>Early settlement fee – Sell<sup>1</sup></b>	\$54.00 minimum
<b>Late settlement fee – Buy or Short Sell</b>	\$54.00 per day
<b>Third party registration fee, third party trade fee</b>	\$54.00
<b>Deceased estate share transfer to beneficiary</b>	\$55.00 per stock per beneficiary
<b>Reprinting and postage of one-off trade Confirmation Contract Note</b>	\$10.00 per Confirmation Contract Note
<b>Reprinting and postage of account statements</b>	\$10.00 per statement
<b>Reprinting and postage of CHES statement</b>	\$16.50 per stock
<b>Printing and postage of Internet trade Confirmation Contract Note</b>	\$1.95
<b>Cheque payment fee</b>	\$2.00
<b>CommSec Professional Trader</b>	\$0 to \$82.50 subscription fee <sup>2</sup> (in advance)
<b>ETO M/L drawdown</b>	\$10 per drawdown
<b>ETO M/L stock lodgement</b>	\$10 per lodgement
<b>ETO ACH fees per contract</b>	Trades - \$12 Exercise/Assignment - \$0.55 Index Open/Close/Exercise/Assignment - \$0.39

NOTES:

<sup>1</sup>Or charged at the Commonwealth Bank of Australia Overdraft Reference Rate for the number of days settled early.

<sup>2</sup>The subscription fee may be waived if a qualification criteria is met. Details regarding this criteria can be obtained by contacting 1300 88 99 22.

## Trading in Australian Shares and Derivatives using Web Iress

<b>Software and Platform Fees</b>	
<b>Web Iress Software Fee<sup>1</sup></b>	This is a royalty and software fee charged for clients who use the electronic trading platform supplied by Iress Market Technology at a maximum of \$40.70 per month (inc. GST).
<b>Platform Data Fee<sup>1,2</sup></b>	This is an ASX royalty fee charged at 2.53 cents per minute between 9.30 am and 5.00 pm on weekdays, up to a maximum of \$41.25 per month (inc. GST) for live ASX equity and option prices used by non professional investors and \$49.50 if used by professional investors.
<b>Web Iress Platform Only Fee</b>	This is a royalty and software fee charged for clients who use software supplied by Iress Market Technology at \$220 per month for clients who log in and use data but do not trade.
<b>Net Iress Royalty and Software Fee</b>	This is a royalty and software fee charged for clients who use software supplied by Iress Market Technology at a maximum of \$800 per month for access to full Iress data.

### NOTES:

<sup>1</sup>No Software Fee or Data Fee is charged if 16 or more contract notes are generated for the month. No fees are payable if a client elects not to log on to the trading platform during the month.

<sup>2</sup>No data fee is charged if eight (8) or more contract notes are generated for the month.

### Active Traders

The above Software and Platform Fees apply in addition to standard trade execution fees.

**Select Traders\***

The following trade execution fees apply in addition to the above Software and Platform Fees.

<b>Web Iress Equities and Warrants Trading</b>	<p>\$33.00 for trades up to \$250,000, then \$8.80 for every \$100,000 there after.</p> <p>Confirmation Contract Notes are issued at the end of a trading day for a buy or sell in an individual stock (the order may not be complete). If the balance of the order is filled the next day then a new confirmation would be issued.</p> <p>Multiple trades up to 12 price levels can be placed on the one Confirmation Contract Note.</p>
<b>Options (ETOs) Trading Fees<sup>1</sup></b>	<p>\$34.95 including GST for orders under \$10,000 or 0.35% above \$10,000.</p> <p>Does not include Australian Clearing House Fee of \$1.12 per share Option contract (open or close) and \$0.55 per Option contract (exercise and assignment).</p>
<b>Exercise of Option (ETO)</b>	<p>\$33.00 including GST for orders under \$10,000 or 0.35% above \$10,000.</p> <p>If CommSec is required to purchase stock at prevailing market rates to fulfil the exercise for a Put option, there will be an additional brokerage charge of \$33.00.</p>

## NOTES.

<sup>1</sup>Orders placed via the phone service for clients who also trade via WebIress will be charged at ETO over the phone brokerage rate.

\* Eligibility criteria must be met. Details regarding these criteria can be obtained by contacting 1300 307 715.

## International Listed Shares, other Securities and Derivatives

If you use the International Listed Shares and Derivatives service, we will not provide you with any personal advice. This means that we will not take into account your objectives, financial situation and needs. Accordingly, a Statement of Advice will not be provided.

### 1. Brokerage Charges – US Markets

<b>Equities</b>	
Listed Equities	USD\$65.00 or 0.75% whichever is greater <sup>1</sup>
OTC Equities (Including NASDAQ)	USD\$65.00 or 0.75% whichever is greater <sup>1</sup>
<b>Options</b>	
US Exchange Traded Options	USD\$65.00 or 0.75% whichever is greater <sup>1</sup> plus \$1.09 per contract
<b>Bonds</b>	
Foreign Denominated Bonds	USD\$65.00 or 0.75% whichever is greater <sup>1</sup>
<b>Other</b>	
Money Market Instruments (BA's, CD's, CP)	USD\$65.00 or 0.75% whichever is greater <sup>1</sup>
Managed Funds	USD\$65.00 or 0.75% whichever is greater <sup>1</sup>

### Brokerage Charges – Non US Markets

<b>Canada, Hong Kong, UK &amp; Japan</b>	
<b>Equities, Bonds, Other</b>	
Brokerage rates	USD\$65.00 or 0.75% whichever is greater <sup>1</sup>
<b>All other markets which CommSec trades</b>	
<b>Equities, Bonds, Other</b>	
Brokerage rates (depending upon country)	USD\$130.00 or 1% whichever is greater <sup>1</sup>

#### NOTES:

<sup>1</sup>For all limit and market orders which are not fully executed in the same trading day, normal brokerage will be charged for the total portion executed per day. Brokerage charges may be converted and applied in the local currency. This may result in variances in the USD equivalent brokerage being applied.

## 2. Other Fees

<b>Miscellaneous Fees and Charges</b>	
Custody Fee for inactive accounts <sup>#</sup>	USD\$65.00 per year
Outgoing Account Transfers (either to another custodian or direct registration to client)	USD\$100.00 per transfer
Foreign Securities Custody Fee	USD\$2.00 per security per month per account
Incoming Account Transfers (either from another custodian or direct registration from client)	at cost
Foreign Receive Fees	at cost
Miscellaneous Exchange Fees, and any other regulatory fees that may be applicable	at cost

NOTES:

<sup>#</sup>Custody fees are assessed to accounts defined as inactive; that is, accounts holding a security position for a calendar year (1 January to 31 December) without generating a trade, or margin interest of USD\$100.00 or more. Systematic reinvestment activity in mutual funds and/or exchange activity in mutual funds will be considered as a trade. However, dividend reinvestment activity is not considered as a trade.

**The provision of services in all markets is subject to prior approval by CommSec.**

## 3. Debit Interest

### **Interest On Overdue Balances:**

Interest will be charged on overdue/unpaid accounts. This will be charged directly to your account with Pershing at the Pershing Base Lending Rate (PBLR) plus 150 basis points.

NOTES:

CommSec reserves the right to pass through to your account any additional charges, or changes to existing charges, that CommSec may incur as a result of changes in industry practices or through the course of normal business operations. You will be notified of any of the aforementioned changes prior to their implementation.

## **CommSec Direct Funds**

CommSec Direct Funds is an investment product distribution service for retail managed funds and personal superannuation funds via CommSec's website. Fund Managers generally charge an entry fee of which CommSec rebates up to 100% of this fee to you in the form of additional units in the fund or via cheque. Further information regarding fees and charges relating to specific managed funds can be found on our website. Please refer to page 4 for ongoing commissions paid to CommSec.

## **CommSec Advisory Fees and Charges for Advice Services**

If you use the following services, we will provide you with personal advice. This means that we will take into account one or more of your objectives, financial situation and needs. A Statement of Advice will generally be issued (except for "Further Advice", refer page 3 in Part 1 of this FSG).

## **Australian Securities Advice**

Your adviser provides client stockbroking services in Australian securities which includes Australian shares, ASX listed derivatives and managed investment products. Both internal and external research is sourced to help you construct an investment portfolio that meets your risk and return objectives.

In addition to investment portfolio construction, your adviser may also recommend a wrap or administration platform.

Fees, brokerage and commissions will be disclosed at the time when the personal advice is given.

The fees are explained in the section below entitled "Fees for Australian Securities Advice and Listed Products Execution Only Service" on page 17.

## **Listed Products Execution Only Service**

This service enables you to invest in a wide range of listed products. Although there is no advice provided with this service, and therefore no Statement of Advice, your Adviser is able to make the execution of your trades easier.

Fees and commissions payable for Australian Securities Advice will be disclosed in your statement of advice.

The fees are explained in the section titled "Fees for Australian Securities Advice and Listed Products Execution Only Service" on page 17.

## Fees for Australian Securities Advice and Listed Products Execution Only Service

Service	Advice Fee	Brokerage charged	Ongoing fees <sup>3</sup>
Australian Securities Advice	\$0 – \$1,100 (inc GST) <sup>1</sup>	up to 2.2% subject to a minimum of \$109 per trade <sup>2,4,5</sup> .	0% pa to 1.4% pa.
Listed Products Execution Only Service	Nil	up to 2.2% subject to a minimum of \$109 per trade <sup>2,4,5</sup> .	0% pa to 1.4% pa.
Third Party Agreements <sup>6</sup>	Nil	up to 2.2% subject to a minimum of \$69 per trade <sup>2,4,5</sup> .	0% pa to 1.4% pa.

### NOTES:

<sup>1</sup>**Advice fee for Australian Securities Advice:** This fee applies to the construction, review or re-balancing of a portfolio.

<sup>2</sup>**Brokerage charged (shares, warrants and listed managed investments):** Brokerage at these rates applies each time you buy or sell a stock, warrant or listed managed investment under the Australian Securities Advice and Listed Products Execution Only Service above.

<sup>3</sup>**Ongoing commissions for investments:** As discussed in Part One of this FSG, CommSec receives ongoing commissions for selling certain products. These ongoing commissions are paid by the product providers and can range from 0% pa to 1.4% pa of the investment amount.

<sup>4</sup>**Brokerage charged on Exchange Traded Options:** Brokerage at these rates applies to the option premium each time you open or close a position (subject to the minimum amount shown). Any assigned or exercised positions will be charged at 1.09% of the transaction value, subject to a minimum of \$109 per stock.

<sup>5</sup>**Australian Clearing House:** There is an Australian Clearing House fee of \$1.12 per share Option contract (open or close) and \$0.55 per share Option contract (exercise and assignment). There is also a fee of \$0.39 per index Option (open, close, exercise and assignment).

<sup>6</sup>**Third Party Agreements:** As discussed in Part One of this FSG, CommSec has Third Party Agreements with a number of Australian Financial Services Licensees.

## **Asset Allocation Service**

This service aims to provide diversification of your assets in investment classes other than direct Australian equities and may compliment the Australian Securities Advice service.

Under this Service, you can choose to receive defined asset allocation advice in line with your identified objectives, risk tolerance, and investment timeframe.

We can allocate your assets into products covered by our Approved Product List.

The Asset Allocation Service does not offer any ongoing services or reviews after implementation. Neither does it offer advice on superannuation, estate planning or taxation issues.

Fees and commissions payable under the Asset Allocation Service will be disclosed in your Statement of Advice. The fees are explained in the section below entitled "Fees for the above Services" on page 19.

## **Managed Funds Execution Only Service**

This Service enables you to invest in a wide range of products from fund managers.

Although there is no advice provided with this service, and therefore no Statement of Advice, your Adviser is able to make the administration of your investments easier. Fees and commissions payable under the

Managed Funds Execution Only Service will be discussed with you before you proceed with any transactions under the service. The fees are explained in the section below entitled "Fees for the above Services" on page 19.

## Fees for above Services

The following fees (GST inclusive) apply for the services described above:

Service	Preparation of Statement of Advice <sup>1</sup>	Investment of funds <sup>2</sup>	Ongoing fees <sup>3</sup>
Asset Allocation Service	\$0 to \$5,000	0% to 3%	0.1% pa to 1.4% pa.
Managed Funds Execution Only Service	Nil	0% to 2%	0.1% pa to 1.4% pa.

NOTES:

<sup>1</sup>**Fee for preparation of the Statement of Advice:** This fee will be agreed with you prior to commencing work on your Statement of Advice. The fee will be payable on presentation of the Statement of Advice. Please note that CommSec reserves the right to charge a higher fee if your requirements are exceptionally complex. In addition, if your circumstances change significantly after we have prepared a Statement of Advice for you, and you require further advice taking into account this change, we may charge another fee for the preparation of a new Statement of Advice.

<sup>2</sup>**Fee for investment of funds:** At the time you invest funds under any of the Services in the table above, you will be charged a fee within the ranges shown. The fee is a percentage of the transaction value. This fee applies when you invest funds initially under the Service and also when you inject new funds into an existing portfolio you hold under the Service.

<sup>3</sup>**Ongoing commissions for investments:** As discussed in Part One of this FSG, CommSec receives ongoing commissions for selling certain investment products. These ongoing commissions are paid by the product providers and can range from 0% pa to 1.4% pa of the investment amount. Where ongoing commissions are paid, we will usually reduce the maximum amount of any ongoing fees we would otherwise charge you.

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## Share Direct Nominees Pty Limited

The provider of the services described in this Financial Services Guide is Share Direct Nominees Pty Limited (Level 7, 48 Martin Place Sydney NSW 1155, ABN 56 006 437 065) as Authorised Representative (Rep. No 274819) of Commonwealth Securities Limited ABN 60 067 254 399 Australian Financial Services Licence Number: 238814

Registered Office: Level 7, 48 Martin Place Sydney NSW 2000

Issue Date: 19 November 2007

# Financial Services Guide

## SECTION TWO

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### IMPORTANT INFORMATION

#### **Financial Services Guide**

This Financial Services Guide (“**FSG**”) is an important document. It provides you with information about Share Direct Nominees Pty Limited (“Share Direct”, “**we**”, “**us**” or “**our**”) to help you to decide whether to use the financial services we offer.

This FSG explains the services we can offer to you. It also explains how we and certain of our associates are remunerated, details of any potential conflicts of interest and details of our internal and external complaints handling procedures and how you can access them.

Commonwealth Securities Limited (“CommSec”) has authorised the distribution of this FSG by Share Direct.

#### **Other documents you may receive from us or in relation to our services**

##### *Product Disclosure Statement*

Offers to issue, or arrange the issue of a financial product to you by CommSec, pursuant to which we provide our custodial or depository services, will be made through a Product Disclosure Statement (“PDS”) or other disclosure document. The PDS or other disclosure document will contain information about the particular product including the features, benefits, fees and risks associated with that product to assist you in making an informed decision.

##### *Statements of advice*

We will not provide personal advice pursuant to the services described in this FSG. Accordingly, Statements of Advice will not be provided in relation to those services.

##### **Who are we?**

Any financial services offered will be provided by Share Direct as an authorised representative of Commonwealth Securities Limited ABN 60 067 254 399. CommSec is licensed under the Corporations Act to provide these services to you. CommSec’s Australian Financial Services Licence Number is 238814.

Share Direct is a wholly owned but non-guaranteed subsidiary of CommSec. CommSec is a wholly owned but non-guaranteed subsidiary of the Commonwealth Bank of Australia ABN 48 123 123 124 which is one of the largest and oldest financial institutions in Australia. CommSec is also a Participant of the ASX Group and of the Sydney Futures Exchange Ltd.

Other members of the Commonwealth Bank Group may also be able to provide you with financial services and products.

## What financial services and products do we offer?

Share Direct as an authorised representative provides custodial or depository services for financial products arranged by CommSec or in which CommSec is otherwise involved.

CommSec is authorised to offer the following financial services:

- › Deal in financial products
- › Provide financial products advice\*
- › Make a market in financial products
- › Provide a custodial/depository service

CommSec provides financial product advice and deal in:

- › Deposits
- › Securities (such as shares)
- › Derivatives (such as options)
- › Managed investments
- › Superannuation
- › Foreign exchange contracts

CommSec makes a market in:

- › Securities
- › Derivatives

We may provide a custodial or depository service in relation to securities or other financial products for clients who take up offers of financial products which CommSec arranges or is otherwise involved in. These products will include warrants issued by Commonwealth Bank of Australia for which CommSec is the arranger.

\* The provision of financial product advice is provided through a premium relationship managed service and an eligibility criteria must be met. Details regarding this criteria can be obtained by contacting 1300 88 99 22.

## How do you obtain our services?

All financial products will be issued under a PDS or other disclosure document. The PDS or other disclosure document will contain information about obtaining our services and the application form for that product.

Alternatively you can:

- › Call us on **1300 88 99 22**; or
- › Visit: **[www.commsec.com.au](http://www.commsec.com.au)**; or
- › Write to us at:  
Locked Bag 22  
Australia Square NSW 1215

## How can you transact with us?

All financial products will be issued under a PDS or other disclosure document. The PDS or other disclosure document will contain information about how you can transact with us.

## How do you pay for our services?

Share Direct is not separately remunerated for custodial services of the kind described in this FSG. Please also note the comments below in relation to how we are remunerated for our services.

## How are we remunerated for the services we provide?

Share Direct is not separately remunerated for custodial services of the kind described in this FSG. Share Direct will have a right to be reimbursed for costs it incurs in selling any securities or financial products held in custody if such sale is permitted under the terms of the relevant product (such costs would primarily be comprised of brokerage charged by third parties, which could include CommSec). It is also entitled to an indemnity from Commonwealth Bank for various costs and liabilities reasonably and properly incurred in providing these services.

Other fees that are paid to CommSec or Commonwealth Bank will be included in the PDS or other disclosure document.

CommSec is remunerated directly through the fees that CommSec charges you. With certain products, CommSec is also remunerated by product providers, including those within the Commonwealth Bank Group, through commissions. Details of commissions payable to CommSec under products it arranges are also described in this FSG.

## Initial Commissions paid to CommSec

Initial commissions are a one off payment and are calculated as a percentage of the funds you have invested. They are deducted from the amount invested. Commissions are calculated as follows:

- › Investment products – between 0% and 6.5% (GST inclusive) of your investment amount.

## Ongoing Commissions paid to CommSec

Ongoing commissions (sometimes referred to as trailing commissions) are paid for the length of time you hold the product. They are usually paid directly to CommSec by the product provider out of the revenue the product provider earns. In some cases, they may be deducted from your investments.

They are calculated as follows:

- › Investment products – between 0% and 1.4% (GST inclusive) of the investment amount.

### *Example*

Assume that you invested \$10,000 in an investment product and maintained that investment. If CommSec charged an initial commission of 2% and received an ongoing commission of 0.5% from the product provider, then:

- › CommSec would receive \$200 as an initial commission; and
- › CommSec would receive \$50 per annum as ongoing commission.

In these cases, CommSec will disclose any such remuneration arrangements when CommSec provides you with any

personal advice or make a recommendation to invest, or otherwise when CommSec arranges any investment for you.

### **How are our representatives remunerated**

Our representatives and those of CommSec and Commonwealth Bank are remunerated by salary and do not directly receive any commissions or fees. They may be eligible for a bonus payment which is discretionary, and based on achievement of pre-determined business objectives.

These may include:

- › Business Outcomes
- › Customer Service
- › People Engagement
- › Special Tasks
- › People Principles

Our representatives may also be eligible to:

- › Shares in incentives (both monetary and non-monetary) rewarded for outstanding service;
- › Receive a free grant of Commonwealth Bank shares under the Commonwealth Bank's Employee Share Acquisition Plan (ESAP); and
- › Participate in the Commonwealth Bank's long term incentive program. This incentive is in the form of Commonwealth Bank shares that only vest at a prescribed point in the future where the Commonwealth Bank attains certain share performance hurdles. It is entirely discretionary and is based on a representative's contribution to the business over time; and

- › Receive indirect benefits stemming from advice provided to you. Indirect benefits include such things as business lunches, tickets to sporting and cultural events (including overseas study tours), corporate promotional merchandise and other minor benefits unquantifiable at this stage from product providers whose products they recommend.

## **Associations with related Product Issuers**

CommSec may provide you with financial services and products from both related and non-related product providers.

As a member of the Commonwealth Bank Group, CommSec deals in and advises on products provided from related Group companies, which include Commonwealth Bank, Colonial First State Investments Limited, Commonwealth Insurance Limited, The Colonial Mutual Life Assurance Society Limited, Commonwealth Managed Investments Limited, Colonial Mutual Superannuation Pty Limited.

CommSec may receive a commission payment from the above companies as a result of you investing in one of their products or services.

The custodial or depository services we provide under this FSG will involve offers arranged by CommSec or in which CommSec is otherwise involved. Those offers may include offers of financial products by Commonwealth Bank of Australia.

## **How is my personal information dealt with?**

At Share Direct, the privacy of your personal information is important to us. We collect your personal information to ensure that we are able to provide you with the products and services most appropriate to your needs.

Telephone conversations with CommSec or Share Direct may be recorded to ensure our service standards are met or exceeded and to allow records to be kept of the advice given and orders taken.

CommSec and Share Direct has adopted the principles set out in the Privacy Act as part of our continuing commitment to client service and maintenance of client confidentiality. For further details, please refer to our Privacy Policy at [www.commsec.com.au](http://www.commsec.com.au) or ask your representative for a copy.

## What should I do if I have a complaint?

If you are not satisfied with the service or advice you receive from us, you are entitled to complain. We have established procedures to ensure that all enquiries and complaints are properly considered and dealt with.

To save yourself valuable time, gather all the facts and documents about the complaint, think about the questions you want answered and decide what you want us to do.

Next, contact the department that handled the matter and explain the problem. A quick call is all that is required to resolve most issues.

If at this stage your complaint has not been resolved to your satisfaction, please contact our Client Relations team:

Mail	Client Relations Locked Bag 22 Australia Square NSW 1215
Email	CSLClientRel@cba.com.au
Facsimile	(02) 9312 4102

If you are not satisfied with our response and wish to proceed further, you may refer the matter to an independent complaint handling body. CommSec is a member of the Financial Industry Complaints Service Limited ("FICS"), a body recognised by the Australian Securities and Investment Commission.

For further information please contact FICS at:

Mail	PO Box 579, Collins Street West Melbourne 8007
Telephone	1300 780 808
Facsimile	(03) 9621 2291
Email	fics@fics.asn.au
Internet	www.fics.asn.au

If your complaint concerns a banking product, you may also contact the Banking and Financial Services Ombudsman at:

Mail	GPO Box 3A Melbourne VIC 3001
Telephone	1300 780 808
Facsimile	(03) 9613 7345
Email	enquiries@bfso.org.au
Internet	www.abio.org.au

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