

Financial Services Guide

Pershing[®]

A BNY Securities Group Co.
Solutions from The Bank of New York

One Pershing Plaza
Jersey City, New Jersey 07399

Pershing LLC, member NASD, NYSE, SIPC. Trademark(s) of Pershing Investments LLC.

Australian Financial Services Licence
Number: 271837

In this guide, when the terms *We*, *Our* or *Us* are used, it means Pershing LLC as the context requires.

Pershing LLC provides execution, clearing, settlement and custody services to you through the introducing financial organization where you maintain a securities brokerage account.

Purpose of the Guide

This document is a Financial Services Guide (*FSG*). It sets out information designed to assist you in deciding whether to acquire any of the financial services we offer under this FSG.

This FSG contains important information about:

- the services we offer you;
- how we are paid;
- any potential conflict of interest we may have; and
- our internal and external dispute resolution procedures and how you can access them.

Key information is set out in the answers to the questions below.

A guide to our relationship with you

What financial services are we authorised to provide to you?

Under our Australian Financial Services Licence (*AFSL*) we are authorised to provide custodial and depository services with respect to any financial products. We are also permitted to provide execution, clearing and settlement services to you, although these services are not covered by our AFSL.

*How can you give us **instructions** about your Financial Product/s?*

Through your Australian financial services licensed financial institution.

Pershing carries your account as a clearing broker pursuant to a clearing agreement with your financial institution. Therefore, Pershing receives and may accept instructions from your financial institution without inquiry or investigation regarding (i) your Financial Product/s and (ii) any other instructions concerning your account.

*Are we aware of any potential **conflicts of interest** that we may have in connection with the financial services we provide to you?*

No. We are not aware of any potential conflicts of interest that we may have in connection with the financial services that we provide to you.

*How will you **pay for the financial services** provided by us?*

We will not receive payments directly from you. We receive payment from your Australian financial services licensed institution for the financial services provided by us.

*How are any **fees, commissions** or other **benefits** calculated for providing the financial services?*

We may charge fees to Australian financial services licensed financial institutions as follows:

- For processing a corporate action event (e.g., a tender offer, stock split, etc.), up to US\$20 per event.
- An inactive account (i.e., accounts holding a security position for a calendar year (January 1 – December 31) without generating a trade, or free credit/margin interest of US\$100 or more) fee, up to US\$25 per inactive account, per year.
- For receipt or delivery of certificated stock, up to US\$50 per event.

- For Pershing's storage of U.S. certificated securities in an investor's name in Pershing's vault, up to US\$2 per account, per position, per month.
- For custody of non-U.S. securities, up to US\$2 per account, per position per month (please note that fees for large positions may be higher – contact your financial institution for details).
- A precious metal storage fee, up to 75 basis points of market value per annum.
- For transfer of an account to another broker, up to US\$50.

Who can you contact if you have a complaint?

Complaints concerning services provided by us may be directed to:

Complaints
Pershing LLC
Office of the General Counsel
One Pershing Plaza
Jersey City, NJ 07399

Telephone: (201) 413-3023

You should describe the circumstances that gave rise to your complaint. We hope to resolve your issues through this contact.

If you are not satisfied with our response, however, you may refer your complaint to the Financial Industry Complaints Service Limited ("FICS"). This is an independent complaints handling company recognized by the Australian Securities & Investments Commission.

You may contact FICS at:

Mail: PO Box 579, Collins Street West
Melbourne 8007

Telephone: 1300 78 08 08

Facsimile: (03) 9621 2291

Email: fics@fics.asn.au

Details regarding the FICS complaints process may also be found via the Internet at: www.fics.asn.au

*Do we have a **privacy policy** regarding your personal information?*

Yes. At Pershing, we recognize the importance of protecting your privacy and we have policies in place to maintain the confidentiality and security of your personal information. The following policy is designed to help you understand what information we collect from you and how we use that information to serve your account, working on behalf of your financial institution.

We restrict access to nonpublic personal information that we may obtain about you to those employees and agents who need to know that information to provide our services to you. We maintain physical, electronic and procedural safeguards to guard your nonpublic personal information.

We will not disclose any nonpublic personal information about you to anyone, except as permitted by law.

We may collect nonpublic personal information about you from the following sources:

- Information from you on applications or other forms.
- Information about your transactions with us, our affiliates or others.
- Information we receive from a consumer reporting agency.

*What kind of **compensation** arrangements do we have in place?*

In the event that you suffer a loss and we are responsible, in addition to our cash reserves and the arrangements discussed in answer to the next question, we have professional indemnity insurance in place to help compensate you. This insurance does not currently satisfy ASIC's requirements under s912B of the Corporations Act 2001 (Cth), but we will have arrangements in place which do satisfy those requirements no later than 31 December 2008. This insurance is intended to cover claims in relation to the conduct of Pershing's representatives and employees, even if they no longer work for Pershing at the time the claim is made.

*In the event of Pershing's insolvency, how are the financial products and money held in your account **protected against loss**?*

Pershing is registered as a broker-dealer with the United States Securities and Exchange Commission (SEC) and it is a member of the New York Stock Exchange (NYSE) and the Securities Investor Protection Corporation (SIPC).

The federal securities laws of the United States and the rules and regulations of the NYSE which apply to us provide an extensive investor protection scheme that should ensure the availability of your securities and cash while in Pershing's custody and your recovery of those securities and that cash in the event of Pershing's insolvency.

SEC rules, for example, require Pershing to maintain minimum net capital. SEC rules also restrict Pershing's use of your cash while in our possession to assisting you or other customers in financing customer investments. Those rules require Pershing to maintain sufficient cash reserves to satisfy any amounts it owes to customers

and to make those funds available to you promptly.

In the event of Pershing's insolvency, you would have a priority claim to your money and securities custodied at Pershing.

In the event of a shortfall after those assets are distributed, SIPC, a non-profit corporation established by the U.S. Securities Investor Protection Act of 1970, would reimburse your account up to a US\$500,000 shortfall, of which up to US\$100,000 may be for money that is not recovered. SIPC protects Pershing's customers equally regardless of whether or not they reside in the United States.

In the event of Pershing's insolvency, a U.S. bankruptcy court would appoint a SIPC trustee, who will notify you by mail of your rights to recover your assets under U.S. law and how to make a claim for those assets. More information on SIPC protection can be found at www.SIPC.org.

SIPC represents that it has provided a full recovery of all assets to over 99% of all customers of insolvent SIPC member broker-dealers. In the unlikely event that SIPC does not fully reimburse you for a shortfall, Pershing has obtained unlimited excess-SIPC insurance from the Customer Asset Protection Company (**CAPCO**), a AAA-rated insurer licensed and regulated under the laws of each state of the United States in which it operates. CAPCO would insure your losses equally regardless of whether you reside in the United States. More information on CAPCO can be found at www.capcoexcess.com.

It is not possible to predict how long it may take for you to receive your entitlement from the SIPC trustee or CAPCO, however it would not be immediately upon the insolvency of Pershing.

Pershing has obtained an exemption from the Australian Investments and Securities Commission from section 981B of the Corporations Act 2001, permitting Pershing to keep custody of the cash in your account.

Without this exemption, whenever any cash was deposited or received into your account, Pershing would have been required to transfer the cash to an Australian deposit taking institution, where it would be held in trust by Pershing on your behalf.

Instead of holding your cash on trust as described above, Pershing will retain custody of it, and can use it to help finance any of your securities investments and the investments of our other customers. Pershing is prohibited under U.S. law, from using the cash to finance its own investments or business operations.

If Pershing does keep custody of your cash, you will incur the risk that access to your cash would be interrupted in the event of Pershing's insolvency. As this money would be held in U.S. dollars, you would also face exchange rate risk at the time of any Australian dollar payment to you. As discussed above, U.S. law and private insurance that Pershing has obtained should ensure a full recovery of your cash in the unlikely event of Pershing's insolvency.

The U.S. laws and regulations which govern how Pershing maintains custody of your cash differ from the laws and regulations to which other Australian financial services licensed dealers are subject. Your rights to recover your cash in the event of Pershing's insolvency may differ from the rights you would have in the event of our insolvency without Pershing's exemption from s981B of the Corporations Act 2001.

If Pershing did not have an exemption from s981 of the Corporations Act and breached that section, your right to recover your cash held by Pershing would be limited to the amount, if any, in any s981B bank accounts and any other cash held by Pershing as part of its business.

Any monies held in a s981B account would be held on trust for all customers (see the next paragraph). Any other cash held by Pershing would be available to you as an unsecured creditor such that you would rank behind any secured creditors of Pershing or any other creditors ranking in priority to unsecured creditors.

If Pershing became insolvent or ceased to be licensed under the Australian financial services laws (for example, because it breached s981B of the Act and ASIC cancelled or suspended its licence), the money held in the s981B account would be applied first to any person who paid the money to Pershing in error, secondly to any persons who are insured by Pershing and thirdly to you. If there is not enough money in the account to pay all of Pershing's customers, it would be paid out in proportion to each customer's entitlement.

Date: 8 October 2008