

# Financial Services Guide

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**Pershing LLC**  
**One Pershing Plaza**  
**Jersey City, New Jersey 07399**  
**USA**

Pershing LLC, member FINRA, NYSE, SIPC

ARBN: 108 110 149  
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.

## Purpose of the Guide

This document should be read in conjunction with the fee schedule (*Fee Schedule*) contained in the information pack from your broker, which was provided to you at the same time as this document. Together these two documents form a Financial Services Guide (*FSG*).

They set out information designed to assist you in deciding whether to use any of the financial services offered under the FSG.

The FSG contains important information about:

- the services offered to 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.

We have arrangements with some securities *brokers* under which we set up a separate securities *account* for each of the broker's clients. The FSG will apply to you if your broker has such an arrangement with us.

## A guide to our relationship with you

*What financial services are we authorised to provide to you?*

Under our Australian Financial Services Licence, we are authorised to provide custodial or depository services (other than investor directed portfolio services) with respect to any financial products.

*Who do we act for when we provide financial services?*

We act as agent for your financial services organization that pays us fees, including fees for custodial services.

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

You can give us instructions through your broker.

Your account is kept by Pershing as a clearing broker pursuant to a clearing agreement with your broker. Pershing receives and may accept instructions from your broker 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?*

Disclosures about payments for order flow and other matters that could be considered a conflict are disclosed in the documents separately sent to you. More disclosure information is available at [www.pershing.com](http://www.pershing.com) / business continuity & Other Disclosures

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

We receive payment from your broker for the financial services provided by us. Certain fees may be charged directly to your account as agreed between you and your broker and Pershing. See the Fee Schedule for details about these fees.

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

We may charge fees to your broker or directly to your account 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., your account has a security position for a calendar year (January 1 – December 31) without generating a trade, or

does not have a non-interest bearing balance or free credit/margin interest of US\$100 or more) fee, up to US\$25 per inactive account, per year.

- For receipt of certificated stock, up to US\$85 per event.
- For Pershing's storage of U.S. certificated securities in your 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\$5 per account, per position per month (please note that fees for large positions or in certain countries may be higher – see the Fee Schedule for details).
- A precious metal storage fee, up to 75 basis points of market value per annum.
- For the transfer of your account to another broker, up to US\$60.

See the Fee Schedule for details about additional fees that may be charged to your account.

*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 Ombudsman Service

**(FOS)**. This is an independent complaints handling company recognized by the Australian Securities & Investments Commission.

You may contact FOS at:

Mail: GPO Box 3, Melbourne 3001

Telephone: 1300 78 08 08

Facsimile: (03) 9613 6399

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

Details regarding the FOS complaints process may also be found via the Internet at: <http://www.fos.org.au>.

*Who can you contact if you have questions about this guide or require further information?*

Questions and requests for further information may be directed to your broker. You may also contact us directly:

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

Telephone: (201) 413-3023

*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 broker.

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 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.

Our compensation arrangements comply with the legal requirements of section 912B of the Corporations Act 2001.

*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), the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). More information on SIPC protection can be found at [www.SIPC.org](http://www.SIPC.org)

The federal securities laws of the United States and the rules and regulations of the

NYSE and FINRA 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](http://www.SIPC.org). In addition, to the SIPC rights mentioned above, Pershing itself maintains excess insurance. More information about the excess insurance can be found at [www.Pershing.com/media/PER\\_SIPC\\_2.pdf](http://www.Pershing.com/media/PER_SIPC_2.pdf)

It is not possible to predict how long it

may take for you to receive your entitlement from the SIPC trustee or Pershing's excess SIPC insurance provider, however it would not be immediately upon the insolvency of Pershing. For more information, visit [www.pershing.com/about\\_us/4575.htm](http://www.pershing.com/about_us/4575.htm)

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 recovery of your cash (up to certain limits) 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 section 981B of the Corporations Act 2001.

If Pershing did not have an exemption from section 981 of the Corporations Act 2001 and breached that section, your right to recover your cash held by Pershing would be limited to the amount, if any, in any section 981B bank accounts and any other cash held by Pershing as part of its business.

Any monies held in a section 981B 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 the money held in the section 981B account would be applied first to any person who paid the money to Pershing in error, secondly to any person who is insured by Pershing and thirdly to you. If there is not enough money in the section 981B account to pay all of Pershing's customers, it would be paid out in proportion to each customer's entitlement.

Date: June 1 2010