



ABN·AMRO

# Financial Services Guide

▶ **Broking services  
Australia**

▶ **June 2006**

**This guide has been prepared for ABN AMRO Equities Australia Ltd (“ABN AMRO Equities”, “we”, “us” or “our”) clients who are classified as retail clients. It contains important information about:**

- ▶ **ABN AMRO Equities services; and**
- ▶ **Your rights as an ABN AMRO Equities client.**

**The purpose of this Guide is to provide clients an outline of the operations and the financial products administered by ABN AMRO Equities to assist you to make an informed decision about the services we offer.**

**This Guide is to be read in conjunction with any ABN AMRO Equities Product Disclosure Statement distributed to you and any Statement of Advice.**

**You will find full contact details at the back of this Guide.**



# Services offered by ABN AMRO Equities

## About ABN AMRO

ABN AMRO Equities Australia Limited (ABN 84 002 768 701) is the stockbroking division of the ABN AMRO Group in Australia, which is part of the global investment bank, ABN AMRO Bank NV. ABN AMRO Bank NV is the eleventh largest bank in Europe and one of the top twenty five largest banks in the world (based on Tier 1 Capital).

ABN AMRO Equities is a holder of an 'Australian Financial Service License' (AFSL) No. 240530. ABN AMRO Equities is a participating organisation of the Australian Stock Exchange (ASX), a Broker Participant in the CHESSE system operated by ATSC (an ASX group company) and a Clearing Participant of Options Clearing House Pty Limited.

ABN AMRO Equities primary aim is to provide our clients with the most effective means of creating wealth. We aspire to be the most effective wealth creators for our clients in the Australasian sharemarket.

ABN AMRO Equities is responsible for the financial services provided, including the distribution of this Financial Services Guide (FSG). We are permitted under our AFS Licence to deal and advise on the following financial products:

- Securities
- Derivatives
- Managed Investments
- Government Bonds, Stocks and Debentures
- Foreign Exchange

ABN AMRO Equities is also authorised to make a market in derivatives and provide a custodial or depository service.

## Retail Client Services

*ABN AMRO Equities will provide execution only brokerage services to its Retail Clients.* As ABN AMRO Equities does not provide Personal Advisory Services to Retail Clients, we will not provide any Statement of Advice (required to be given when advice is given that takes into account personal details of a retail client). We recommend that our Retail Clients call a Financial Advisor to assess the suitability of "execution only" security dealings to their particular needs. If you require services above execution only, you are required to open an account and deal through ABN AMRO Morgans Limited our specialist retail broker. ABN AMRO Morgans Limited can be contacted on (07) 3334 4888.

No ABN AMRO Equities staff are authorised to provide you with any services other than execution only.



# Product Disclosure Statement

A Product Disclosure Statement (PDS) will be provided to you if we offer to issue, or arrange the issue of a financial product (other than securities such as listed shares) to you. This may occur if we offer you shares in an initial public offering. The PDS contains information concerning the offered financial product including the features, benefits, fees and risks associated with the product.

## Representatives

All ABN AMRO Equities employees listed in the contact details at the back of this Guide have been authorised by ABN AMRO Equities as the Licensee to provide financial services in the financial products listed in this Guide.

### Authorised Representatives

The following Nominee companies have been made Authorised Representatives of ABN AMRO Equities' Licence to facilitate the settlement of client trades as required by the ASX Business Rules. The Nominee companies are wholly owned subsidiaries of ABN AMRO Equities:

- Quinambo Pty Limited (Authorised Representative No. 262278)
- Fleet Nominees Pty Limited (Authorised Representative No. 262277)

The following company has been made an Authorised Representative of ABN AMRO Equities' Licence for the purpose of acting as trustee and custodian of shares in ABN AMRO Australia Holdings (No 1) Pty Limited on behalf of employees of the ABN AMRO group:

- AAA Employee Plans Pty Limited (Authorised Representative No. 302349)

### Remuneration of Representatives

Our representatives are remunerated by means of an annual salary plus discretionary performance bonus from ABN AMRO Services Australia Limited. Our representatives do not receive any commissions or fees.

The discretionary performance bonuses are awarded annually and are determined upon set criteria, including:

- Financial performance of the business;
- Strategic performance of the business;
- Relative competitive practices;
- Whether the business operates in a high/low payout market sector;
- The stage of business development (that is, whether investing, protecting a franchise, etc.);
- The quality of staff;
- The performance of ABN AMRO as a whole.



Representatives may also receive shares in ABN AMRO Australia Holdings (No 1) Pty Limited based on their years service with or may be offered such shares for purchase. Representatives holding such may share in profits generated by the business.

Our Representatives may also be eligible to receive Options, through the ABN AMRO Global Stock Option Plan. Options are granted to key employees and enable the purchase of a specified number of ABN AMRO Holding NV shares in a future period.

## **ABN AMRO Associates**

The main companies in the ABN AMRO Group, in Australia, are: ABN AMRO Equities Australia Limited, ABN AMRO Corporate Finance Limited, ABN AMRO Equity Capital Markets Limited, ABN AMRO Australia Pty Limited, ABN AMRO Bank N.V (Australian Branch), ABN AMRO Asset Management Limited and ABN AMRO Morgans Limited (retail stockbroker).

## **Account Opening Process**

If you are interested in opening an account with ABN AMRO Equities, please refer to the contact details at the back of this Guide. Our client advisors will arrange to have the appropriate Account Opening Application forms forwarded to you.

## **Remuneration and other benefits**

### **Australian Equities**

ABN AMRO Equities will charge you brokerage for the execution services that it provides. The rate of brokerage will be advised to you in writing. The rate is usually based on the following standard rates (exclusive of GST) for buy/sell transactions:

First \$3000	\$75 (fixed)
Between \$3,001 to \$5,000	2.5%
Between \$5,001 to \$40,000	2.0%
Above \$40,000	1.0%

Rates may be negotiated between you and your advisor and are subject to change. Brokerage is payable to ABN AMRO Equities when T+3 has elapsed from the execution of the trade i.e. Brokerage is to paid within three days of the executed trade.

If you fail to settle on time, an administration fee of \$50 per day plus funding costs from T+4 until the trade is settled, will be charged to your account. In addition, there will be ASX fail fees as invoiced in the event of late settlement.



### *International Equities*

This service is not generally offered to retail clients of ABN AMRO Equities. If ABN AMRO Equities agrees to deal in foreign equities, ABN AMRO will provide details of brokerage and other charges in writing before any dealings occur.

### *Other commissions, fees or charges*

ABN AMRO Equities is generally remunerated directly through the brokerage we charge you. However, with certain products we may receive remuneration or other benefits from other Financial Product issuers (including those within the ABN AMRO Group).

This most commonly occurs when we receive a fee by placing our broker's stamp on a share application attached to a Prospectus you have lodged with us. This fee is payable by the company raising the money, not you the client. The fee we receive will be set out in the Prospectus, which we are required to give you by law. The fee varies, but generally it does not exceed 1% of the face value stated on the application amount. For example, if your application amount is for \$1,000, our fee will be a percentage of that amount. If we assume a fee of 0.5% (half a percent), that will mean the company (not you) will pay us \$5 ( $1,000 \times 0.005 = \$5$ ).

The ABN AMRO group may also have a corporate mandate in some initial public offerings or capital raisings (e.g. placements). Such mandates are normally undertaken by ABN AMRO Equity Capital Markets Limited. ABN AMRO Equity Capital Markets' role, and the fees payable, will vary from transaction to transaction. Only initial public offerings are available to retail clients, as placements are limited to non-retail clients. Management and underwriting fees payable to ABN AMRO Equity Capital Markets will be set out in the Prospectus.

## **Information about Equity Securities**

The value of equity investments, like that of all other asset classes (for example property and government bonds), can both rise and fall. The measure of this change in value is often called volatility, that is, the more the value varies over time, the more volatile the asset is and therefore the more risk involved in investing in it. On the other hand, overall, the less volatile an asset is, the less likelihood there is for any significant capital gain or loss from investing in that asset.

Equity securities are generally more volatile than other asset classes but, over the longer term, a balanced portfolio of equities frequently out-performs most other asset classes. The markets for other asset classes are not as efficient or transparent as the stock market as to the information available to investors and the process for continuously determining and making public the real market value of the particular asset. Therefore, the real volatility of those assets is often not fully appreciated.



## What are the risks?

Usually, the risks of investing in equities can be categorised in the following manner. Please note that the lists below do not purport to be complete, as it would not be feasible to list all the risks in each category.

*Overall market risk:* The risk of loss due to movements in the share market generally. Many factors can cause these movements including political, economic, taxation or legislative factors. Specific examples are changes in interest rates, changes of Government, changes in taxation or superannuation laws, international crises or natural disasters.

*Domestic versus international factors:* The vulnerability of a company to international events or market factors. These would include movements in exchange rates, changes in trade or tariff policies and changes in other stock or bond markets.

*Sector specific factors:* These would include demand for the product a company produces, commodity prices, the economic cycle of industry, changes in consumer demands, lifestyle changes and changes in technology.

*Stock specific factors:* These would include a company's directors, the strength of a company's management and the significance of any key personnel, a company's profit history, a company's tangible asset base, debt level and fixed cost structure, litigation, profits or losses on particular contracts, drill results, competition from within the sector, and whether a company already has a profitable business or whether it is exploring for recoverable resources or is developing a new product.

*Research limitations:* The research undertaken by ABN AMRO Equities is the opinion of specialist analysts. It is only valid for a limited time, is often subject to market movements, is often written for corporate and institutional clients and ABN AMRO Equities can never guarantee it.

For example, for short-term investors, a "buy" recommendation could turn into a "sell" recommendation if the market price of a stock appreciates by a small amount.

For a prospective longer term investor, this market movement may not be significant, although a larger movement might be.

The mere fact that an analyst recommends a stock as a "buy" does not necessarily mean that the stock is a suitable investment for your particular investment needs, objectives and financial circumstances. It is unreasonable to rely on any ABN AMRO recommendation when using an execution only service. If you want advice open a full service account with ABN AMRO Morgans Limited.

## Derivatives trading

ABN AMRO Equities is also able to trade equity derivatives for clients on the ASX in products such as company options, exchange traded options, Low Exercise Priced Options ("LEPOs") and warrants. We do not accept orders for share ratios. Additional requirements apply to such trading, including funds deposited upfront and the signing of additional Client Agreement and Product Disclosure Statements. Your client advisor can provide further details upon request.



# Dealing on foreign stock exchanges

Clients who deal on foreign stock exchanges should be aware of the following matters.

## Dealing subject to foreign rules and laws

Participation in transactions on foreign stock exchanges involves the execution and clearing of trades, subject to the rules of that foreign stock exchange and the laws of the country in which the securities exchange is domiciled.

## Australian regulators may not have any jurisdiction

Neither the Australian Securities & Investments Commission (“ASIC”) nor the Australian Stock Exchange (“ASX”) regulates activities of foreign stock exchanges, nor do they have the power to compel enforcement of the rules of a foreign stock exchange or any applicable foreign laws. Generally, applicable foreign law will govern the foreign transaction. Moreover, such rules and regulations will vary depending on the foreign country in which the transaction occurs.

## Clients’ trust money

Clients who trade on foreign stock exchanges may not have the benefit of protective measures provided by the *Corporations Act* and the ASX Market Rules. In particular, clients’ funds may not have the same protection as funds deposited in Australia in a broker’s trust account.

## Exchange rate risk

If a client trades in stocks denominated in currencies other than Australian dollars, a client may lose money due to exchange rate fluctuations. These losses may be in addition to any losses on a stock itself.

# Other matters

## Regulatory bodies

A client may incur losses caused by matters outside the broker’s control. For example, a regulatory authority exercising its powers during a market emergency may precipitate losses. A regulatory authority can, in extreme situations, suspend trading or alter the price at which a stock is traded. This may result in a loss for you.

The ASX may amend or cancel transactions at its discretion.

## Market disruptions

A market disruption may mean a client is unable to deal in stock when desired. A client may suffer a loss as a result. Common examples of disruption include the “crash” of a computer-based trading system, terrorist attacks, fire or other emergency on a trading floor or in a computer system.



## **Risk capital**

A good general rule is never to speculate with money that, if lost, would alter your standard of living.

## **Emails**

If you email an order to an adviser you should be aware that it is the least reliable means of giving an order. Your adviser may not receive or read the email immediately or may be out of the office temporarily, therefore the market may move contrary to your instructions and limits. It is therefore advisable to speak directly with your adviser about an order or about any information that you are requesting. All orders received by email will be executed on a best efforts basis once read by your advisor.

## **Telephone recording**

ABN AMRO Equities may record telephone conversations between ourselves and you. If there is a dispute between you and ABN AMRO Equities, you may listen to those recordings at ABN AMRO's offices. It is to be noted that ABN AMRO Equities is only required to keep telephone recordings for a period of 20 days and after that time the recordings would not be available. Not all conversations may be taped, so first check with your advisor.

# **Complaints and resolution procedures**

If you have any questions, queries or complaints concerning the services provided by ABN AMRO Equities, you should first raise them with your client advisor. Most concerns can be addressed at this stage.

If you remain unsatisfied, you can either contact the Head of Equities on (02) 8259 5694 or the Head of Compliance on (02) 8259 6055. It is best if you raise the matter in writing to help the Head of Equities or the Head of Compliance to make enquiries. ABN AMRO Equities has in place established complaints handling procedures designed to adequately consider and resolve complaints.

ABN AMRO Equities is a Member of the Financial Industry Complaints Scheme ("the Scheme"). As a member of the Scheme, any dispute brought to the attention of ABN AMRO Equities that cannot be satisfied by discussion can be referred to the Scheme for resolution.

While ABN AMRO Equities encourages clients to make initial enquiries with ABN AMRO Equities, clients may pursue external resolution through the Scheme by contacting them direct via:

Mail	PO Box 579, Collins Street West Melbourne VIC 8007
Telephone	1300 780 808
Facsimile	(03) 9621 2291
Email	<a href="mailto:fics@fics.asn.au">fics@fics.asn.au</a>
Internet	<a href="http://www.fics.asn.au">www.fics.asn.au</a>





Clients may also contact the Australian Securities and Investments Commission who, together with the ASX, regulate the conduct of stockbrokers.

## Privacy Policy

At ABN AMRO we are committed to ensuring the privacy of your information. ABN AMRO recognises that you, as a customer, are concerned about your privacy and about the confidentiality and security of information that ABN AMRO may hold about you.

ABN AMRO is bound by the National Privacy Principles contained in the Privacy Act 1988 (Cth). The Privacy Act and general law place strict requirements on us to treat any information that we hold about you as confidential.

### Information we collect

We collect your personal information only if it is necessary for one or more of our functions or activities. We may collect the following information from you:

- Your name and contact details;
- Your tax file number;
- Your bank account details;
- Details of your assets and any debts you have.

### Purpose of collecting information

ABN AMRO may use your information to:

- Open an account for you; maintain your account;
- Process transactions on your behalf;
- Send information to you;
- Respond to any specific requests you may contact us about;
- Notify you of any products that may be of interest to you;
- Update your personal files; and
- Enable us to meet our obligations under certain laws.

### Access to Information

You are entitled at any time to request access to the personal information we hold about you and ask us to correct this information where you believe it is incorrect. To do this please contact us by writing or telephoning us on (02) 8259 5000.

### Disclosure to third parties

We may disclose your information to the following organisations for the purposes specified:



- To ABN AMRO offices that are located overseas for administrative purposes and for any internal credit approval, the maintenance of some of our data systems and to process transactions;
- To the Australian Stock Exchange to process transactions;
- To share registries to allow them to record your share holding details;
- To our bank when depositing funds to your account; and
- To companies that provide services to us (for example, maintenance of our data systems)

We may also disclose information we hold about you if you consent to the disclosure or the disclosure is required by law.

## **Privacy Contact**

You may at any time request a copy of our Privacy Policy by accessing it from [www.abnamro.com.au](http://www.abnamro.com.au) or by asking one of our representatives on (02) 8259 5000.

## **Contact Details**

### **ABN AMRO Equities Australia Limited**

Postal Address:  
GPO BOX 4675  
Sydney NSW 2001  
Australia  
Telephone: (02) 8259 5000

Principal Place of Business:  
Level 29, 88 Phillip Street  
Sydney NSW 2001  
Australia