

# Discretionary Management Service

PRODUCT GUIDE

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**This is an important document.**  
Please read it carefully and make sure you understand it before accepting its terms. Retain a copy of this document for your reference.



## → About this Discretionary Management Service Product Guide

This Guide contains important information about:

- the Managed Discretionary Account (“MDA”) services your financial adviser will provide to you under the DMS program (“MDA services”);
- your financial adviser’s obligations to you in providing the MDA services; and
- your Investment Program.

### Disclosures

This Guide has been prepared by Morgan Stanley Wealth Management Australia Pty Ltd ABN 19 009 145 555 (referred to in this Guide as “Morgan Stanley Wealth Management,” “we,” “our” or “us”).

It is not possible in a document of this type to take into account the investment objectives, financial situation and particular needs of each investor. Nothing contained in this Guide constitutes the giving of personal financial product advice or a recommendation concerning an investment in Discretionary Management Service (referred to in this Guide as “DMS”). With the exception of the Investment Program (Schedule 1 of Part 3 of this Guide), in preparing this document, Morgan Stanley Wealth Management has not taken into account the investment objectives, financial situation or particular needs of any individual investor. Before making a decision whether to invest via DMS, applicants should speak to their financial adviser and obtain independent tax advice taking into account their own particular needs, objectives and financial circumstances.

The MDA services will be provided to you by your financial adviser as a representative of Morgan Stanley Wealth Management Australia.

Investment via DMS is not a deposit with or other liability of Morgan Stanley Wealth Management or its affiliates. Morgan Stanley Wealth Management does not guarantee the performance of your investments via DMS nor does it stand behind, in any way, the capital value or performance of investments made by your financial adviser on your behalf via DMS. Investments in the DMS program are subject to investment risk, including possible delays in payment and loss of income and principal invested.

Some words and expressions used in this Guide are capitalised as they have defined meanings. Capitalised terms have the meaning given in the MDA Client Agreement which is contained in Part 3 of this Guide. A reference to time in this Guide is to Australian Eastern Standard Time (AEST), unless otherwise stated. A reference to AUD, \$, or dollars is to Australian currency, unless otherwise stated.

# DMS at a Glance

## Discretionary Management Service

For many investors managing their investments can easily become a full-time job. As your life evolves, not only can your investments get more complex, but your options for implementing them can also increase. At this point, weighing your options and choosing wisely among them requires more time and expertise than you may have to give. Morgan Stanley Wealth Management's Discretionary Management Service (DMS) seeks to free you from the time required to run an investment portfolio by partnering you with an experienced and trusted professional who understands your investment goals and can dedicate the resources and time to help you meet them.

Type of Program	Discretionary program where investment discretion is provided to Morgan Stanley Wealth Management within specified guidelines
Eligible Investments	<div>Approved listed equities</div> <div>Approved Exchange Traded Funds (ETFs) and Listed Investment Companies (LICs)</div> <div>Approved cash instruments*</div> <div>Sold covered call options, bought protective put options and bought ASX index put options</div> <div>Approved bonds, convertibles and hybrid securities</div> <div>Approved managed funds**</div> <div>Approved primary market issuances of fixed income securities including bank hybrid securities</div>
Prohibited Investments	<div>Investments are prohibited in:</div> <div>Securities in relation to which Morgan Stanley Wealth Management or its affiliates have a product development role, such as units in a managed investment scheme in respect of which Morgan Stanley Wealth Management or its affiliate is the investment manager</div>
Reporting	<div>Trade confirmations for transactions in your DMS account</div> <div>Website access 24 hours a day, 7 days a week</div> <div>Quarterly reports including portfolio value, transactions, performance and tax</div> <div>Consolidated reporting of your investments across Morgan Stanley Wealth Management's fee based programs is available</div>
Eligible Applicants	<div>Individuals over 18 years old</div> <div>Joint accounts</div> <div>Companies (including incorporated associations and bodies; unincorporated bodies and clubs)</div> <div>Partnerships</div> <div>Trusts</div> <div>Superannuation funds (including Self Managed Superannuation funds)</div> <div>Government bodies.</div>
Portfolio Paperwork	All registry paperwork is administered within the DMS program
Fees	<div>For investing through DMS, you will be charged an Administration Fee and an Adviser Fee</div> <div>Exchange fees are also payable on options transactions</div> <div>If you invest in managed funds, those funds may charge you for ongoing fees and transaction costs, and you may be charged entry and exit fees</div> <div>For details of fees payable in connection with DMS, see the "Fees and Charges" section in Part 1 of the DMS Guide</div>

\* Term deposits and bank bills are only eligible within DMS for persons who are Australian residents for tax purposes.

\*\* Managed funds are only eligible within DMS for persons who are Australian residents for tax purposes.

## Part 1

# Introduction

## About Morgan Stanley Wealth Management

Morgan Stanley's Wealth Management group serves many of the world's most sophisticated and demanding institutional and individual investors. Our global presence and expertise allow us to provide our clients with financial advice, integrated solutions and intelligence across all the world's major markets. We provide brokerage and investment advisory services covering various investment alternatives; comprehensive financial and wealth planning; retirement and superannuation services; insurance and annuity products; cash management and lending products.

Morgan Stanley is a leading global financial services firm providing a wide range of investment banking, securities, investment management and wealth management services. The firm's employees serve clients worldwide including corporations, governments, institutions and individuals from more than 1,200 offices in 43 countries. In Australia, Morgan Stanley Wealth Management is a Participant of ASX, a clearing participant of ASX Clear and a settlement participant of ASX Settlement.

## What is DMS?

By entering into the DMS program, you authorise Morgan Stanley Wealth Management and its representatives (including your financial adviser) to manage a portfolio comprising cash and a range of Financial Products, including options (if you have made this election) on a discretionary basis in accordance with the program guidelines and having regard to your financial goals, objectives and timeframe. The program follows a strict investment discipline where your investment profile is assessed, your investment objectives are established and agreed, your portfolio is customised and your investment performance is monitored.

If you own eligible securities or other financial products in another account, these may be transferred into the program at any time with no change in beneficial ownership. You may also transfer holdings out of DMS into another account in the same name without any change of beneficial ownership at any time. ASX listed securities are maintained in a Morgan Stanley Wealth Management broker-sponsored account in your name. Cash, term deposits, bank bills and unlisted fixed-interest securities are held on trust for you by us through our nominee company. Managed funds are held on trust by Ausmaq Limited ABN 53 062 527 575 ("Ausmaq") or its custodian as sub-custodian for us or our nominee company. You retain the beneficial interest in managed funds.

Managed funds, term deposits and bank bills are only eligible within DMS for persons who are Australian residents for tax purposes.

Unlike pooled programs where you may lose certain entitlements in relation to rights issues or shareholder benefit cards, the maintenance of separate accounts for each investor ensures you remain fully entitled to all shareholder benefits in respect of your ASX-listed securities.



DMS includes a portfolio administration service as part of the program. This service takes care of the administrative requirements of the portfolio including the collection of dividends, management of corporate actions and handling of investor correspondence.

### WHOLESALE MANAGED FUNDS

Approved managed funds are available to be purchased through DMS and are accessed at wholesale rates, which are generally significantly cheaper than retail rates. Important information about fees and significant risks associated with managed funds will generally be set out in a product disclosure statement ("PDS") for those financial products. Managed funds within DMS are held in custody by Ausmaq or its sub-custodian.

### OPTIONS

If you are an experienced investor and you are familiar with the use of options, you can elect to allow your financial adviser to generate additional portfolio income by writing call options over portfolio holdings or protect your investments from capital loss by buying put options over portfolio holdings or an index.

Purely speculative or "naked" option positions are not permitted within the program.

### REPORTING

Reporting is available online 24 hours a day, 7 days a week through a secure internet page accessible from our website ([www.morganstanley.com.au](http://www.morganstanley.com.au)). You will also receive a quarterly reporting package, which includes transactions, portfolio holdings, valuation, performance and tax reporting.

### CONSOLIDATE ALL OF YOUR REPORTS

If you have investments in other Morgan Stanley Wealth Management fee based programs, year-end reports can be provided on a consolidated basis which aggregates all your investments across these programs to provide a holistic view of your investments.

### Who Is Responsible for DMS?

Morgan Stanley Wealth Management is the operator of the discretionary management service, and is responsible

for the following kinds of services in connection with DMS:

- providing general and personal advice;
- dealing and arranging for a person to deal in securities, derivatives, basic deposit products, and managed investment schemes;
- providing custodial services in relation to investments held through DMS; and
- operating managed discretionary accounts in connection with DMS.

Further information about the services provided by Morgan Stanley Wealth Management is set out in the Financial Services Guide in Part 2 of the DMS Guide.

Certain services in relation to DMS will be provided by your financial adviser, acting as a representative of Morgan Stanley Wealth Management.

Morgan Stanley Wealth Management is also the issuer of margin lending facilities, which do not form part of DMS, but which can be used in conjunction with DMS. Before deciding whether to enter into a margin loan, you should read the important information about margin lending in the product disclosure statement available free of charge upon request from your financial adviser.

Ausmaq provides custody services to us in relation to units in managed investment schemes that are held for you in connection with DMS. Ausmaq does not have any agreement with you in connection with DMS and has not prepared or authorised the issue of this DMS Guide.

### DMS Program Guidelines

Under the DMS program your investments are managed within guidelines. These guidelines include asset allocation, eligible investment and diversification rules.

### ASSET ALLOCATION STRATEGIES

As part of the DMS process we will assess your investment profile and recommend an appropriate investment strategy. Associated with each investment strategy are asset allocation limits, within which your portfolio will be managed.

The investment strategies available in the DMS program and their associated asset allocation limits are set out below:

### DIVERSIFICATION RULES

Portfolios must contain an approved minimum number of individual holdings.

Maximum holding limits will apply to all individual securities and equity sectors. The limits will vary depending on the nature of the security or sector.

### Eligible Investments

You can obtain a list of approved investments available for investment through DMS from your financial adviser.

Subject to asset allocation ranges and diversification parameters, DMS portfolios may hold the following investments:

- Approved listed equities
- Approved Exchange Traded Funds (ETFs) and Listed Investment Companies (LICs)
- Approved cash instruments\*
- Sold covered calls, bought protective puts and bought ASX index puts
- Approved bonds, convertibles and hybrid securities
- Approved managed funds\*
- Approved primary market issuances of fixed income securities including bank hybrid securities

### PROHIBITED INVESTMENTS

Investments are prohibited in:

- Securities in relation to which Morgan Stanley Wealth Management or its affiliates have a product development role, such as units in a managed investment scheme in respect of which Morgan Stanley Wealth Management or its affiliate is the investment manager.

### INVESTMENT STRATEGY ADHERENCE & IMPLEMENTATION PERIOD

If your portfolio moves outside of the investment strategy you nominated in your Application Form because of market movements or other factors, your financial adviser will take such action as is necessary to bring your portfolio

\* Managed funds, term deposits and banks bills are only eligible within DMS for persons who are Australian residents for tax purposes.

## Asset Allocation Limits

### Conservative

	Equity Minimum	Minimum	Maximum	Equity Maximum
Australian Equities		0%	25%	
International Equities	0%	0%	20%	50%
Property		0%	15%	
Fixed Income	–	20%	70%	–
Alternatives	–	0%	0%	–
Cash	–	10%	80%	–

### Moderately Conservative

	Equity Minimum	Minimum	Maximum	Equity Maximum
Australian Equities		5%	35%	
International Equities	5%	0%	30%	60%
Property		0%	20%	
Fixed Income	–	15%	60%	–
Alternatives	–	0%	10%	–
Cash	–	5%	65%	–

### Balanced

	Equity Minimum	Minimum	Maximum	Equity Maximum
Australian Equities		10%	50%	
International Equities	20%	0%	45%	75%
Property		0%	20%	
Fixed Income	–	10%	50%	–
Alternatives	–	0%	15%	–
Cash	–	1%	65%	–

### Growth

	Equity Minimum	Minimum	Maximum	Equity Maximum
Australian Equities		20%	70%	
International Equities	40%	0%	55%	95%
Property		0%	20%	
Fixed Income	–	5%	30%	–
Alternatives	–	0%	22%	–
Cash	–	0%	50%	–

### Listed Securities

	Equity Minimum	Minimum	Maximum	Equity Maximum
Australian Equities	–	0%	100%	–
International Equities	–	0%	50%	–
Property	–	0%	100%	–
Fixed Income	–	0%	70%	–
Cash	–	0%	70%	–

back in line with the investment strategy within 90 days, unless otherwise agreed by you in writing.

For new accounts and subsequent deposits or withdrawals, portfolios must be in line with the investment strategy within 90 days, unless otherwise agreed by you in writing.

### MANAGING CONFLICTS

Discretionary changes to portfolios are not permitted if the change involves a security that is subject to a Morgan Stanley Wealth Management trading restriction. However, a security's weighting may increase or decrease due to external market movements or withdrawals or deposits. Such changes are completely independent of and beyond the control of Morgan Stanley Wealth Management and as such do not constitute discretionary changes to the portfolio. In addition, you may request that a particular security, issuer or sector be excluded from your investment portfolio.

### Maintaining Your Portfolio Within Guidelines

The DMS program includes numerous checks and balances intended to prevent transactions which would cause breaches of the guidelines. In addition, automated monitoring highlights to your financial adviser and program administrators when factors beyond the control of the DMS program or Morgan Stanley Wealth Management result in a breach of the guidelines. For example, this would occur if portfolio values appreciate above security or sector limits. All guideline breaches must be rectified within 90 days unless you notify us in writing of your acceptance of either the breach or an extension to the normal 90 days rectification period.

### Contributions or Withdrawals of Shares or Cash

Contributions and withdrawals can be made in cash or eligible securities at any time. Cash contributions that you instruct us to make will be debited from your nominated bank account and cash withdrawals that you instruct us to make will be credited to your nominated bank account or to your Morgan Stanley Wealth Management margin loan account, if applicable.

Moving eligible securities into and out of the DMS program does not result in a realisation of capital gains for tax purposes unless you cease to be the beneficial owner of the security.

## Reporting

Quality reporting is the cornerstone of the DMS program. You will continue to receive trade confirmations for ASX-listed security transactions conducted in your DMS account. In addition, DMS reporting is available online and in a quarterly reporting package which includes the following:

- a record of all transactions in relation to your portfolio, including corporate actions such as bonus issues and rights issues;
- a portfolio summary with an overview of asset and sector allocations within your portfolio;
- a record of all income and dividends received in relation to your portfolio;
- a record of expenses and payments made in relation to your portfolio;
- performance reporting for your portfolio; and
- capital gains tax reporting for your portfolio.

The quarterly reports have been designed to help you monitor any capital gains or losses. While individual tax outcomes are optimised to minimise tax, alternative preferences for tax treatment may be advised to your financial adviser.

You and (subject to your written consent) your nominated representatives, can view your portfolio and the reports described above at any time online through our website. This provides you with a secure avenue for accessing details on your portfolio 24 hours a day, 7 days a week over the internet from anywhere in the world.

At least annually (or more frequently if agreed), your financial adviser will review your investment portfolio with you and plan for the coming year taking into consideration any changes to your financial requirements, investment and lifestyle objectives and financial situation.

## Portfolio Administration Service

DMS includes a portfolio administration service. This service means you are relieved from having to deal with the receipt of paperwork relating to your investments and from the time-consuming process of responding to this paperwork. The investments held within your portfolio continue to be held in your name and the portfolio administration service simply handles, on your behalf, the management of the paperwork associated with your portfolio. The portfolio administration service includes the following key service benefits:

### DIVIDENDS

Upon the purchase or transfer of an asset to your DMS portfolio, an instruction will be provided to the share registry with regard to your preference for receiving income. Income from listed securities will normally be directly credited to your linked DMS Cash Management Account ("DMS Cash Account") or reinvested where a dividend reinvestment program is offered.

### DIVIDEND RECONCILIATION

At the end of every month a reconciliation will be conducted of your portfolio to ensure that all income in relation to your portfolio has been correctly credited to your DMS Cash Account or reinvested.

### CORPORATE ACTIONS

When corporate actions such as rights issues or bonus issues occur, your financial adviser will be contacted and requested to provide instructions on your behalf. These instructions will be transmitted to the share registry with the completed paperwork and any applicable payments made on your behalf.

Your financial adviser will have the absolute discretion as to whether or not they contact you to request instructions in relation to a particular corporate action or class of corporate actions. If your financial adviser determines, in their absolute discretion, to request your instructions, Morgan Stanley Wealth Management will use reasonable endeavours to comply with your instructions in respect of any corporate action, provided that your instructions are received by Morgan Stanley

Wealth Management or the Portfolio Administrator by the date and in the form nominated in the notification in respect of that corporate action.

Generally, Morgan Stanley Wealth Management will not: (a) seek instructions from you in respect of a corporate action; (b) attend meetings of corporations or other entities in which you have an interest; nor (c) vote in respect of any interests in which you have voting rights.

### STORAGE OF PAPERWORK

The paperwork relating to your portfolio will be stored securely and will be available should you require any relevant documentation for a specific purpose. The storage of your paperwork will be for a period of seven years from the date of issue and will be available to you in complying with your requirements as a taxpayer to retain taxation records.

To facilitate the administration of your portfolio on your behalf you will need to execute the authorisation in favour of the Portfolio Administrator. Please note that annual reports and notices of shareholder meetings and voting papers in respect of any securities held within DMS will not be retained or provided to you.

For further information in relation to the portfolio administration service, please consult your financial adviser.

## Cash Holdings and Settlement

As part of the account establishment process, we will open a DMS Cash Account with an Australian Bank in the name of our nominee company, to hold cash balances on your behalf and to facilitate cash movements associated with the DMS program. The DMS Cash Account is not a pooled account. Bank account details will be advised to relevant share registries to allow dividends and other registry payments to be credited directly to this account.

The DMS Cash Account is central to the operation of DMS and facilitates cash movements into and out of the program and settlement of investments. All dividends and other income relating to your investments are credited to the DMS Cash Account and all payments and expenses relating to your investments are debited from this account. There are no transactional or account keeping

fees payable in relation to this account, however, you will be responsible for any applicable government charges or taxes.

### ASX Listed Options

**This section must be read in conjunction with the Options PDS available from your financial adviser or at [www.morganstanley.com.au](http://www.morganstanley.com.au). The issuer of the Options PDS is Morgan Stanley Wealth Management Australia Pty Ltd. You should read the Options PDS before deciding whether to elect to allow options within your DMS program.**

Using ASX listed options to enhance income generation from your portfolio (sold call options) or to protect investments from possible capital loss (bought put options) are allowable option strategies within the DMS program. The nature of options and the benefits and risks associated with these strategies are explained below.

What are Options? An option is a contract where the buyer has the right but not the obligation to buy or sell shares at a predetermined price up to and including a certain date. Options contracts come in two forms, call options and put options.

General information on options is provided in the Options PDS. This information includes an explanation of how options work, discusses their benefits and details their risks.

Before you make any decision to allow the use of options in your portfolio, we require you to read the ASX publication, *“Understanding Options Trading”* so you can understand the complexity of these investments.

Options are not suitable for everyone. You should only elect to allow options to be used in your DMS account if, after reviewing the information referred to above and consulting your financial adviser, you are confident that you understand options, how they work and the risks that are involved. You should also take into account your investment objectives and the resources you have to invest.

The publication, *“Understanding Options Trading”* is available from your financial adviser or on the ASX website at [www.asx.com.au](http://www.asx.com.au).

### EQUITY OPTIONS

Equity options are options over financial products quoted on the ASX, for example shares of listed companies. These options are known as “deliverable” options in the sense that, on exercise, one party must take “delivery” of the underlying financial product.

**EQUITY CALL OPTIONS.** This gives the buyer (taker) the right, but not the obligation, to buy a standard quantity of underlying shares at a predetermined price on or before a predetermined date. If the buyer exercises their right to buy, the seller (writer) to which the exercise notice is assigned by ASX Clear is required to sell the standard quantity of shares at the predetermined exercise price.

#### SELLING EQUITY CALL OPTIONS OVER SHARES HELD IN YOUR DMS PORTFOLIO.

Where you have elected to use options, your financial adviser has discretion to sell call options over any shares held in your DMS account to enhance portfolio income. Your financial adviser's discretion to sell call options may be exercised from time to time over any part of your portfolio.

By selling a call option against a parcel of shares in your portfolio, you commit to selling those shares at an agreed price (called the exercise price) at (or before) an agreed time (called the expiry date) in the future, if called upon to do so by the taker (the buyer of the call option). The key benefit to selling a call option is that you are paid a fee (known as the premium) by the taker for their right to buy the shares from you.

With the receipt of the premium, you effectively forego any capital growth of the underlying stock beyond the exercise price of the option.

In the DMS program, your financial adviser can exercise their discretion to sell call options over existing shares or execute a buy-write strategy. A buy-write strategy is used when shares are purchased and simultaneously a call option is sold over those shares.

**EQUITY PUT OPTIONS.** This gives the buyer (taker) the right, but not the obligation to sell a standard quantity of underlying shares at a predetermined price on or before a predetermined date. If the buyer exercises their right

to sell, the seller (writer) to which the exercise notice is assigned by ASX Clear is required to buy the standard quantity of shares at the predetermined exercise price.

#### PURCHASING EQUITY PUT OPTIONS TO PROTECT SHARES HELD IN YOUR DMS PORTFOLIO.

Your financial adviser can exercise their discretion to buy equity put options to potentially protect your existing investments from possible capital loss.

By purchasing an equity put option, you buy the right but not the obligation to sell an agreed number of your shares at an agreed price at (or before) an agreed time in the future. When purchasing a put option you pay a fee (premium) to a third party for the right to sell your shares to them.

#### PROTECTING YOUR INVESTMENTS USING EXCHANGE TRADED OPTIONS.

If you purchase an equity put option to protect an existing share investment, you limit your exposure to a fall in the stock's share price to the exercise price of the option. This means that by paying the option premium you can partially protect a share from a downward shift in its share price.

### INDEX OPTIONS

Index options are options over an index such as the S&P™/ASX 200™ Index. These options are known as “cash settled” options in the sense that, on exercise of an option, the buyer (taker) of the option will have the right to receive an amount of money and the seller (writer) will have a corresponding obligation to pay that amount (provided the option is “in-the-money”). The amount of money will be determined by the difference between the exercise level (set by ASX) and the Opening Price Index Calculation (“OPIC”) as calculated by ASX on the expiry date of the option. The OPIC is based on the first traded price of each constituent stock in the index on the expiry day (if a constituent stock does not trade on the expiry day, the last traded price from the previous trading day will be used). Cash settlement occurs in accordance with the rules of ASX Clear.

**INDEX PUT OPTIONS.** This gives the buyer (taker) the right, but not the obligation to exercise the option. If the closing level of the index is less



than the exercise level of the index put option, the buyer will, on exercise of the option, have the right to receive an amount of money which is determined by multiplying the difference between the closing level and the exercise level by the index multiplier specified by ASX. If the buyer exercises the option, the seller (writer) to which the exercise notice is assigned by ASX Clear is required to pay the corresponding amount.

**PURCHASING INDEX PUT OPTIONS TO PROTECT SHARES HELD IN YOUR DMS PORTFOLIO.** Your financial adviser can exercise their discretion to buy index put options to potentially protect your portfolio of equities against falls in a sharemarket index.

By purchasing an index put option, you buy the right but not the obligation to sell an agreed number of index units at an agreed number of index points at an agreed time in the future. When purchasing an index put option you pay a fee (premium) to a third party for the right to sell to them.

**PROTECTING YOUR INVESTMENTS USING EXCHANGE TRADED OPTIONS.** If you purchase an index put option to potentially protect a portfolio of shares, you limit your exposure to a fall in the market to the exercise price of the option. This means that by paying the option premium you can potentially protect your portfolio of shares from a downward shift in the sharemarket index.

It is important to note that purchasing an index put will not provide a perfect hedge against a falling market as you are unlikely to hold all the underlying stocks in an index in the appropriate proportions. However, purchasing an index put will provide some protection against a fall in the market when used in conjunction with a well diversified portfolio of shares.

### Other Information on Options

Importantly, you should be aware of the following terms and conditions for using options:

#### YOUR FINANCIAL ADVISER'S DISCRETION

Where you have elected to use options, your financial adviser will exercise their complete discretion in relation to the extent of option trading and may choose not to undertake such trades at all.

#### LIMITATIONS ON USE

**SELLING CALL OPTIONS.** All written call option strategies must be stock specific and covered by an existing investment unless a buy/write strategy is implemented. Any premiums received from the sale of a call option will be credited into your DMS Cash Account.

Call options can be written over investments with an existing put option, provided the following conditions are met:

- the strike price of the written call is equal to or greater than the strike of the put option;
- the expiry date of the written call is no greater than twelve months from the date of writing the call; and
- the expiry date of the written call is equal to or less than the expiry date of the bought put.

**BUYING PUT OPTIONS.** Exchange traded put options must be over an index or be stock specific. Stock specific puts must cover existing holding in your DMS portfolio.

### Understanding Options and Associated Risks

We strongly recommend that you review the suitability of electing to allow the use of options with your financial adviser. This would be achieved in part by completion of an account profile by you, from which your financial adviser may determine your suitability for the use of options. It is also important that prior to electing to allow options to be used in your DMS account, you ensure that you read and fully understand the terms of use for the operation of your options trading account, the PDS for options traded on ASX's markets and the ASX booklet, "*Understanding Options Trading*" which set out your rights and obligations in respect of Options.

It is important that you understand how options work and that you are familiar with these investments before you make any decision to allow the use of options. You must make your own assessment of the risks involved and ensure you are comfortable with them. In addition, we strongly recommend that you obtain tax advice based on your own personal circumstances in respect of the tax consequences and suitability of any options strategy that might be adopted.

Morgan Stanley Wealth Management is not providing legal or tax advice in respect of your investment in any options strategy and has not considered the tax implications in respect of any options strategy.

#### USING CALL OPTIONS

While writing a covered call option affords you the ability to generate additional income against your shares, it also limits your potential return on the underlying shares to the exercise price of the call option.

#### USING PUT OPTIONS

While put options can protect your existing investments, the extent and timing of these benefits is determined by the exercise price and term to maturity of the put options. It is important to understand that you lose these benefits once the put options expire. After the put options expire, the market value of your portfolio may have deteriorated significantly from the time of the initial purchase of the put options, causing a large impact on your investment.

### Clearing and Settlement Arrangements – Collateral

If you wish to allow trading in options, then ASX Clear margin obligations may be met by providing collateral (e.g. shares). When shares are lodged with ASX Clear, the shares are held by ASX Clear as "third party security" in the sense that they represent collateral provided by you to secure our obligations as Clearing Participant to ASX Clear. The lodged shares cannot be used by us in relation to our dealings or for our clients in relation to their dealings, unless authorised by you.

The margining process used by ASX Clear is explained in detail in the ASX booklet, "*Margins*" which is available on the ASX website.

Settlement of all obligations, whether lodging collateral or payment of premiums for bought positions, is due T+1.

### Hybrid securities

If your DMS investment program includes primary market issuances of fixed income securities including hybrid securities, your financial adviser may exercise their discretion to bid on your behalf. If the issuer of the securities has

## Adviser Fee Tiered Percentages

*The Adviser Fee is charged as a tiered percentage. Asset based fees are calculated based on the average daily value of eligible assets, including your cash holdings, of your account as detailed below:*

Sample Tiered Percentages	% PA inclusive GST
First \$1,000,000	2.20
\$1,000,001 to \$5,000,000	1.65
\$5,000,001 to \$10,000,000	1.10
\$10,000,001 and above	0.77

## Adviser Fee Tiered Percentage Fee Example

*Assume a \$6,000,000 account being charged at the tiered percentage rates described above:*

Tiered Percentage Fee Example		
First \$1,000,000	2.2%	\$22,000
Next \$4,000,000	1.65%	\$66,000
Last \$1,000,000	1.1%	\$11,000
Total balance = \$6,000,000	Admin Service Fee	\$1,980
Total Fee		\$100,980

\*All fees quoted are inclusive of GST.

## Adviser Fee Flat Percentage Example

*A flat percentage fee is where the same percentage fee is charged for all assets within the portfolio. The percentage rate will be the same irrespective of the size of the portfolio.*

*Assume a \$6,000,000 account being charged a 1.65% p.a. flat percentage rate.*

Flat Percentage Fee Example		
\$6,000,000	1.65%	\$99,000
Total balance = \$6,000,000	Admin Service Fee	\$1,980
Total Fee		\$100,980

\*All fees quoted are inclusive of GST.

## Adviser Fee Flat Dollar Amount Example

*A flat dollar fee is where the same dollar amount is charged for all assets within the portfolio. The dollar amount will be the same irrespective of the size of the portfolio.*

*Assume a \$6,000,000 account being charged a \$99,000 flat dollar fee:*

Flat Dollar Amount Fee Example		
\$6,000,000		\$99,000
Total balance = \$6,000,000	Admin Service Fee	\$1,980
Total Fee		\$100,980

\*All fees quoted are inclusive of GST.

released a Target Market Determination requiring the provision of advice to you, your financial adviser may provide advice relating to a specific offer. It is important to understand that any advice or information provided on a specific offer of hybrid securities is for your information, and your financial adviser will be bidding without needing your specific instruction.

## Fees and Charges

The total fees and charges payable will include the costs of DMS as well as the costs of any managed funds included within your portfolio. It is important to understand the fees specifically applicable to your portfolio, and that those fees are in addition to the fees charged by Morgan Stanley Wealth Management for DMS. The costs associated with the managed funds included in your portfolio will generally be set out in a PDS for those financial products, which is available free of charge upon request from your financial adviser.

Please note that Morgan Stanley Wealth Management may, in our absolute discretion, change the fees or introduce new fees ("Fee Changes") from time to time. Morgan Stanley Wealth Management will provide you with 30 days prior notice in the event that we introduce new fees or increase existing fees. However, Morgan Stanley Wealth Management will not be obliged to notify you of Fee Changes in any other circumstances.

## COSTS OF DMS

Fees and charges payable in relation to DMS comprise:

- an Administration Fee
- an Adviser Fee

## ADMINISTRATION FEE

The Administration Fee covers the cost of the DMS platform and associated administrative services.

An Administration Fee of \$1,980 p.a. (including GST) is payable on your DMS account. The Administration Fee is payable monthly in arrears.

## ADVISER FEE

The Adviser Fee is the amount you pay to Morgan Stanley Wealth Management for the services provided by your financial adviser. The fee is a flat monthly

charge or an asset based fee and is charged monthly in arrears. Where your investment portfolio is funded in part or in whole by a margin loan or any other form of credit facility, an asset based fee arrangement cannot be used. Asset based fees are calculated based on the average daily value of eligible assets, including your cash holdings, of your account or household against a fee schedule. A household comprises your DMS account and any qualifying accounts of your spouse, dependents, and entities which you, your spouse or your dependents control, including superannuation accounts.

Adviser Fees can be charged in the following formats:

- Tiered percentages
- Flat percentage
- Flat dollar amount

The format of the Adviser Fee for your DMS account(s) will be agreed with your financial adviser.

### Costs of Investing in Managed Funds

The managed funds you invest in have their own fees and charges. Details of the fees can be found in the PDS for each managed fund, which is available free of charge upon request from your financial adviser.

Fees you may be charged by managed funds you invest in include:

- **MANAGED FUND ONGOING FEES.** Each managed fund has ongoing management fees and charges. The ongoing fees are usually expressed as an Indirect Cost Ratio or more commonly, ("ICR")—as a percentage per annum of the average value of the fund over the year. The ICR is calculated for each financial year.
- **TRANSACTION COSTS.** Some managed funds have a difference between their entry and exit prices—which is an allowance for the transaction costs of buying and selling assets in the managed fund.

### Other Fees

**ENTRY AND EXIT FEES.** Where an investor transfers an interest in a managed fund out of their DMS portfolio, Morgan Stanley Wealth Management will be charged

a fee by Ausmaq for the transfer out of your portfolio. Morgan Stanley Wealth Management may pass on this transfer fee to you, together with any applicable government and statutory charges for the transfer of a managed fund out of your portfolio.

**STATUTORY FEES AND CHARGES.** In addition, statutory fees and charges such as government taxes (e.g. GST, capital gains tax, financial institutions duty ("FID")), Exchange Fees and Personal Property Securities Register Registration Fee (if applicable) related to the arrangement of your portfolio are payable by you.

**NO BROKERAGE.** Please note that there will be no brokerage charged as this is provided by Morgan Stanley Wealth Management as part of the DMS program.

### Costs of Your DMS Cash Account

There are no transactional or account keeping fees in relation to your DMS Cash Account. However, you will be responsible for any applicable government charges or taxes. You will be entitled to any interest earned on your DMS Cash Account.

Morgan Stanley Wealth Management does not receive any commission from the provider in respect of your DMS Cash Account. However, if you have another bank account linked to your DMS account, and that bank account was established prior to 1 July 2014, an ongoing commission of up to 0.35% p.a., based upon the average monthly balance of that bank account, may be payable monthly to Morgan Stanley Wealth Management by the provider of the account.

For example, if your average monthly balance in your bank account is \$10,000, the issuer may pay up to \$35.00 p.a. to Morgan Stanley Wealth Management.

### Taxation

Any investment decision you make may have tax consequences and may also have social security and stamp duty consequences. The impact depends on your individual circumstances. You are responsible for all such consequences of dealing with your assets. Generally, each financial year you are liable to pay tax on any capital gains arising on disposal of

your investments, interest, distributions, dividends or other income from your investments (even if reinvested).

You may be entitled to some rebates or tax credits. We recommend that you seek taxation advice appropriate to your circumstances before you transact in any assets using DMS. Collection of a Tax File Number ("TFN") is authorised and the use and disclosure is strictly regulated by taxation laws and Privacy Act.

Quotation of a TFN is not compulsory but tax may be taken out of your distributions, dividends and interest earned at the highest marginal tax rate plus the Medicare levy if you do not quote your TFN or claim an exemption. By quoting your TFN you authorise Morgan Stanley Wealth Management, Ausmaq and the Portfolio Administrator to apply it for investments acquired by you. If you provide your TFN, Morgan Stanley Wealth Management, as sponsoring broker, will lodge your TFN with share registries on your behalf.

If you are not an Australian resident for tax purposes, then interest, dividends and distributions that are paid to you from an Australian source may be subject to withholding tax. You are subject to the tax laws of your country of residence and should obtain tax advice before investing.

## Part 2

# Financial Services Guide

### About this Financial Services Guide

This Financial Services Guide ("FSG") is issued by Morgan Stanley Wealth Management Australia Pty Ltd (ABN 19 009 145 555, AFSL No. 240813) ("Morgan Stanley Wealth Management", "we", "our" or "us"). This FSG is designed to help you decide whether to use our financial services in relation to the DMS program. Should you choose to use the DMS program, you may also receive other documents relevant to the program which you should also read carefully.

### Not Independent

**Disclosure of Lack of Independence required under Section 942B(2)(fa) of the Corporations Act 2001 (Cth.) ("Corporations Act")**

Morgan Stanley Wealth Management and its representatives are not independent, impartial or unbiased (which are restricted words or expressions under the Corporations Act) in relation to the provision of personal advice to retail clients because Morgan Stanley Wealth Management, its representatives and its associates and affiliates may receive monetary benefits in connection with that advice.

For further information regarding how Morgan Stanley Wealth Management is remunerated, please refer to the section titled "How We Are Remunerated".

It's important to understand that disclosing our lack of independence and detailing our remuneration structure does not reduce our obligation to act in your best interests. If you are a retail client and we give personal advice, we have a duty to act in your best interests when providing personal advice and are obliged to provide you with appropriate advice.

This FSG contains important information about:

- who we are
- the financial products and services we are authorised to provide
- how we (and any other relevant parties) are remunerated
- our relationships and associations
- our complaints handling procedures and how you can access them
- how we collect and use your personal information
- how we can be contacted.

### About Us

Morgan Stanley Wealth Management holds an Australian Financial Services Licence (AFSL 240813) that authorises it to provide the financial services set out in this FSG.

Morgan Stanley Wealth Management is a participant of ASX Group, a clearing participant of ASX Clear Pty Limited and a settlement participant of ASX Settlement Pty Limited.

**Nothing contained in this FSG constitutes the giving of personal financial product advice or a recommendation concerning an investment in a particular financial product. In preparing this FSG, Morgan Stanley Wealth Management has not taken into account the investment objectives, financial situation or particular needs of any individual client.**

**This FSG only contains factual information or general advice. Before making a decision whether to invest in a particular financial product you should speak to your financial adviser and obtain independent tax advice taking into account your own particular needs, objectives and financial circumstances.**



## Warning

**Investment via DMS is not a deposit with or other liability of Morgan Stanley Wealth Management or its affiliates.**

**Morgan Stanley Wealth Management does not guarantee the performance of your investments via DMS nor do they stand behind, in any way, the capital value or performance of investments made by your financial adviser on your behalf via DMS. Investments in the DMS program are subject to investment risk, including possible delays in payment and loss of income and principal invested.**

## Authorised Financial Services

We are authorised to offer:

- financial product advice (general advice and personal advice)
- dealing in financial products, including arranging the issue of financial products
- custodial and depository services.

Our authority to provide financial product advice and to deal in a range of financial services and products relates to:

- securities
- derivatives
- margin lending facilities
- foreign exchange contracts
- government debentures, stocks or bonds
- retirement savings account products
- superannuation
- managed investment schemes, including investor directed portfolio services and MDA services
- deposit and payment products, including basic deposit products, non-basic deposit products and non-cash payment products
- general insurance products
- life products
- miscellaneous financial investment products limited to MDA Services.

Morgan Stanley Wealth Management is also authorised to make a market in:

- derivatives
- foreign exchange contracts
- government bonds and debentures
- other financial products.

## Our Financial Products and Services

### Products and Services We Offer

In Australia, Morgan Stanley Wealth Management provides retail and wholesale clients with access to a comprehensive range of financial products and services, including: domestic and international equities

- access to new floats, new issues and placements
- term deposits and fixed income investments
- listed property trusts
- managed funds
- listed options and warrants
- cash management accounts
- margin lending
- financial planning
- managed discretionary account services
- DIY superannuation
- detailed research from affiliates of Morgan Stanley Wealth Management
- portfolio reporting and administration services
- online access for both Australian and international trading accounts.

Not all products offered by us are issued by Morgan Stanley Wealth Management. If you need further information on the name of the issuer of a product that we offer, ask your Morgan Stanley Wealth Management financial adviser or refer to the relevant disclosure or information document.

### Who is Responsible for the Financial Services You Receive?

Morgan Stanley Wealth Management is responsible for the financial services described in this FSG. Morgan Stanley Wealth Management may also provide financial services through its representatives.

Your Morgan Stanley Wealth Management financial adviser is an authorised representative appointed by us to provide financial services on our behalf. We are responsible for any advice given to you by your Morgan Stanley Wealth Management financial adviser. Morgan Stanley Wealth Management

financial advisers have different levels of accreditation that allows them to advise on some or all of the products and services noted above. Your financial adviser can provide you with further details of their accreditation levels and the type of advice they can offer.

Morgan Stanley Wealth Management is also responsible for any custodial or depository services that are provided through its nominee company. Where your investment is held in the name of Morgan Stanley Wealth Management's nominee, the nominee is the legal owner of the investment and will hold the asset on trust for you, meaning you retain beneficial ownership of the investment.

### Help Your Financial Adviser to Give You the Most Appropriate Advice

Financial product advice is a recommendation, opinion or a report that is, or can reasonably be regarded as being, intended to influence your decision about a particular financial product.

Personal advice is different from general advice because it takes into account your personal circumstances which include your objectives, financial situation and needs.

If you are a retail client and we give you personal advice, we have a duty to act in your best interests when providing personal advice, and are obliged to provide you with appropriate advice. We also have an obligation to warn you if the personal advice we provide you is based on incomplete or inaccurate information.

Providing your financial adviser with sufficient information will ensure your financial adviser is in a position to act in your best interests and provide you with the most appropriate personal advice. Where you have entered into an arrangement with us to receive personal advice from a Morgan Stanley Wealth Management financial adviser, you will need to provide details of your personal objectives, financial situation, needs and any other relevant information, including by completing any account profile form that your financial adviser may provide you.

After you have provided this information, you should update your financial adviser about any changes. If you do not provide complete information, or you do not update your financial adviser about changes, your financial adviser will be limited in ability to make recommendations that are relevant to your needs and may be providing you advice based on inaccurate information. You should consider the appropriateness of any advice that is given based on incomplete or inaccurate information about your personal circumstances.

### What Financial Products and Services may be Provided in Relation to DMS?

In relation to DMS, we are likely to provide general and personal financial product advice relating to, and deal in and arrange for a person to deal in:

- securities
- derivatives
- managed investment schemes, including managed discretionary account services
- basic deposit products.

Margin lending facilities do not form part of DMS but can be used in conjunction with DMS. Before deciding whether to enter into a margin loan, you should read the important information about margin lending in the product disclosure statement available free of charge upon request from your financial adviser.

We will also provide a custodial or depository service, by holding your portfolio on trust for you, through our nominee company.

We (and our representatives) act for investors when we provide these services.

Financial advisers are not restricted to providing advice only in relation to, and dealing only in, products offered by Morgan Stanley Wealth Management and/or its subsidiaries and/or affiliates.

Furthermore, your financial adviser is not required to place any portion of investments with any subsidiary and/or affiliate of Morgan Stanley Wealth Management.

### Discretionary Management Service

Morgan Stanley Wealth Management offers DMS through an agreement with clients called the DMS-MDA Client Agreement ("Agreement").

**If you accept the terms of the Agreement you will, subject to the limitations/restrictions detailed in the Agreement, provide your financial adviser with the authority to make decisions on your investment portfolio and to implement investment transactions without first consulting you.**

By granting your financial adviser this authority, your financial adviser may buy or sell investments (including options if you have elected to include options in your portfolio) without first consulting you. This is different to a non-discretionary account, where your financial adviser would provide you with advice and recommendations before acting on your instructions.

Please note that your financial adviser will also exercise, on your behalf, all rights that relate to your DMS portfolio for example, those rights arising from corporate actions and communications about your portfolio assets.

The decision to surrender full or partial control of your investment portfolio to your financial adviser is an important decision. You should not accept the terms of the Agreement provided by your financial adviser unless you are confident that they have a clear understanding of your circumstances, needs and objectives.

You must accept the terms of the Agreement provided by your financial adviser and enter into the Agreement before your financial adviser can provide you with services under DMS.

Your financial adviser will provide you an Investment Program that is customised to your relevant personal circumstances as part of your Agreement which is prepared in accordance with the requirements of Division 3 of Part 7.7 and Division 2 of Part 7.7A of the Corporations Act. The Investment Program will contain information about:

- the nature and scope of the discretions your financial adviser will be authorised and required to exercise under the Agreement and

any investment strategy that is to be applied in exercising those discretions

- any significant risks associated with the Agreement
- the basis on which your financial adviser considers the Agreement to be suitable for you
- warnings that the Agreement may not be suitable for you if you have provided limited or inaccurate information about your relevant personal circumstances and may also cease to be suitable for you if your relevant personal circumstances, financial situation or needs change.

Your financial adviser will also provide you with a Statement of Advice that complies with Division 3 of Part 7.7 of the Corporations Act.

The suitability of the Investment Program (that forms part of the Agreement) to your relevant personal circumstances will be reviewed by your financial adviser at least annually unless terminated earlier by you.

### SIGNIFICANT RISKS

Your portfolio may consist of interests in securities, derivatives, managed funds, options and cash deposits. The risks associated with investing your portfolio will be similar whether you invest yourself or through DMS. However, there are particular risks associated with investing through DMS, the most significant of which are:

- Your financial adviser may make investment decisions that produce poor investment outcomes or that you disagree with. Provided your financial adviser's actions are within the law and the scope of the authority you have granted, you will have no right of recourse. This means that you will have to accept the tax consequences and any capital loss resulting from any transaction validly executed by your financial adviser and any "reversal" of that transaction that you may request.
- If you do not promptly inform your financial adviser of any changes in your Personal Circumstances, there is a risk that your financial adviser may make inappropriate investment decisions based on out-of-date information.

- DMS relies on technology systems to execute transactions and provide you with reports. There is a risk that these systems may not perform properly or be unavailable.

See the “Risks” section of the Investment Program in Part 3 of the DMS Guide for other risks associated with investing through DMS.

### How You Can Instruct Us

As part of DMS, we will execute trades on your behalf without the need to seek specific instructions from you for each trade. Your financial adviser may, but is not obliged to, request instructions from you as to how rights relating to the assets in your DMS portfolio are to be exercised. If your financial adviser determines, in their absolute discretion, to request your instructions, Morgan Stanley Wealth Management will use reasonable endeavours to comply with your instructions, provided that your instructions are received by Morgan Stanley Wealth Management or the Portfolio Administrator by the date and in the form nominated in the notification in respect of that corporate action.

Where you wish to update us with information relating to your account, in most instances you may do so by telephone, mail, email or facsimile. Please note that certain information such as changes to banking details must be advised in writing.

## Other Documents You May Receive From Us

You may also receive other important documents including:

### Statement of Advice

To help you decide whether to invest through DMS, before you invest, your financial adviser will give you a Statement of Advice and an Investment Program.

A Statement of Advice (“SOA”) is a written record of personal advice provided to you. If you are a retail client, you will normally receive an SOA if we provide you with personal advice that takes into account one of more of your personal objectives, financial situation and needs.

The SOA will contain:

- the advice given to you
- a summary of the basis on which the advice is given
- information about remuneration, commissions and fees related to the provision of the advice
- any associations or relationships that may have influenced the provision of the advice.

### Offer Documents

A product disclosure statement, prospectus or offer document (“Offer Document”) contains information about a financial product to help you to make a decision about

the product. The information may relate to the features, benefits, risks and fees of the relevant product. You will usually receive an Offer Document if we make a recommendation to acquire a particular financial product (other than securities) or an offer is made to issue, or arrange the issue of, a particular financial product.

### Best Execution Policy Disclosure Statement

Morgan Stanley Wealth Management has adopted a policy in relation to its best execution obligations under the *ASIC Market Integrity Rules (Securities Markets) 2017* (“Market Integrity Rules”). In accordance with the Market Integrity Rules, we will provide you with a Best Execution Policy Disclosure Statement to help you decide whether to instruct us to handle and execute orders for financial products that are within the scope of the best execution obligations prior to handling or executing any such orders. We will also notify our clients of any material changes made to our best execution arrangements. A copy of our Best Execution Policy Disclosure Statement is also maintained on our website at [www.morganstanley.com.au](http://www.morganstanley.com.au).



### Did You Know?

#### Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution and management costs where applicable. Ask the fund or your financial adviser.

### To Find Out More

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

## Fees and Costs

### FEES AND OTHER COSTS

This section shows fees and other costs that you may be charged in relation to DMS. You should read all the information about fees and costs because it is important to understand their impact on your investment.

All fees in Table 1 are shown inclusive of GST. See 'Additional Explanation of Fees and Costs' section of the FSG below for further information regarding additional fees and charges that may apply. If the specific rate or amount of remuneration (including commissions) payable is calculable at the time personal advice is given, it will be disclosed at that time or as soon as practicable after. If this is not possible, the manner in which the remuneration is to be calculated will be disclosed at the time the personal advice is given or as soon as practicable after.

### EXAMPLE OF ANNUAL FEES AND COSTS OF DMS

Table 2 gives an example of how the fees and costs in connection with DMS can affect your investment over a 1 year period. You should use this table to compare this product with other managed funds products.

### Additional Explanation of Fees and Costs

#### DMS CASH ACCOUNT

Management of your portfolio involves the establishment of a bank account ("the DMS Cash Account"). We do not charge transactional or account keeping fees in relation to the DMS Cash Account. However, you will be responsible for any applicable government charges or taxes.

#### ADMINISTRATION FEE

The Administration Fee covers the cost of the DMS platform and associated administrative services.

An Administration Fee of \$1,980 p.a. (including GST) is payable on the first DMS account. The Administration Fee is payable monthly in arrears. This fee may be reduced if you hold other Morgan Stanley Wealth Management fee based accounts in the same name.

#### ADVISER FEE

An Adviser Fee of up to 2.2% (inclusive of GST) per annum is payable based on

**Table 1:**  
**Fees and Other Costs**

*Fees and other costs that you may be charged in relation to DMS.*

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of your DMS portfolio</b>		
<b>Establishment Fee:</b>	Nil	N/A
<b>Contribution Fee</b>	Nil	N/A
<b>Withdrawal Fee</b>	Nil	N/A
<b>Exit Fee</b>	Nil	N/A
<b>Management costs</b>		
<b>Fees and costs for managing your portfolio<sup>1</sup></b>	The management costs consist of: Administration Fee: \$1,980 (flat rate) applicable on your first DMS account	The administration fee is charged from your Cash Account on a monthly basis in arrears. The fee may be reduced if you hold other Morgan Stanley Wealth Management fee based accounts in the same name.
<b>Service fees<sup>2</sup></b>	Nil	N/A
<b>Switching fee</b>	Nil	N/A

<sup>1</sup> You may incur other management costs. Ausmaq may charge a fee for managed funds transferred into or out of your portfolio. The managed funds you invest in may also have their own fees and charges. See the 'Additional Explanation of Fees and Costs' section of the FSG below.

<sup>2</sup> Additional fees are applicable. An Adviser Fee is payable based on the value of your portfolio and is subject to minimums. For further information regarding the Adviser Fee, see the 'Additional Explanation of Fees and Costs' section of this FSG.

the value of your portfolio, subject to the minimums described below. The specific fee payable by you will depend on the size of the portfolio and negotiation with your financial adviser.

The Adviser Fee is either a flat monthly charge or an asset-based fee (subject to the minimum fee described below), depending on the format of the Adviser Fee agreed with your financial adviser. The Adviser Fee is charged monthly in arrears. Where your investment portfolio is funded in part or in whole by a margin loan or any other form of credit facility, an asset based fee arrangement cannot be used. Asset based fees are calculated based on the average daily value of eligible assets, including your cash holdings, of your account or "household" (defined below) against a fee schedule.

A household comprises your DMS account and any qualifying accounts of your spouse, dependents, and entities which you, your spouse or your dependents control, including superannuation accounts. The Adviser Fee is payable monthly in arrears.

#### MANAGED FUNDS FEE

The managed funds you invest in each have their own fees and charges. Details of these fees and charges can be found in the product disclosure statements ("PDS") for the relevant managed fund.

Fees you may be charged by managed funds you invest in are:

**MANAGED FUND ONGOING FEES.** Each managed fund has ongoing management fees and charges. The ongoing fees are usually expressed as an Indirect Cost Ratio (or, more commonly, "ICR")—as a percentage per annum of the average value of the fund over the year. The ICR is calculated for each financial year.

**TRANSACTION COSTS.** Some managed funds have a difference between their entry and exit prices—which is an allowance for the transaction costs of buying and selling assets in the managed fund.

#### ENTRY AND EXIT FEES

Where an investor transfers an interest in a managed fund out of their DMS portfolio, Morgan Stanley Wealth Management will be charged a



**Table 2:**  
**Example of Annual Fees and Costs of DMS**

**Example: Balance of \$1,000,000**

<b>Contribution Fees</b>	Nil	No contribution fees are applicable.
<b>PLUS Management Costs</b>		
<b>Administration Service Fee charged at a flat rate of \$1,980 per year</b>	\$1,980	And, you will be charged \$1,980 in management costs.
<b>EQUALS Cost of DMS</b>		If you had an investment of \$1,000,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of \$1,980 <sup>1</sup>
<b>What it costs you will depend on the investment option you choose and the fees you negotiate.</b>		

<sup>1</sup> Additional fees may apply. Please note this example does not capture all the fees and costs that may apply to you such as the Adviser Fee mentioned above. In addition, this example does not take into account any underlying fees and costs that may apply to investments in the managed funds you choose. See the 'Additional Explanation of Fees and Costs' section of this FSG regarding the additional fees that may apply and for an example of the cost of DMS where the Adviser Fee is included.

**Table 3:**  
**Example of Annual Fees and Costs of DMS – Including Adviser Fee**

**Example: Balance of \$1,000,000 with an Adviser Fee of 1.10%**

<b>Contribution Fees</b>	Nil	No contribution fees are applicable.
<b>PLUS Management Costs</b>		
<b>Adviser Fee charged at 1.10% per year</b>	\$11,000 (1.10%)	You will be charged 1.10% based on your total Balance
<b>Administration Service Fee charged at a flat rate of \$1,980 per year</b>	\$1,980	And, you will be charged \$1,980 in management costs.
<b>EQUALS Cost of DMS</b>		If you had an investment of \$1,000,000 at the beginning of the year with an Adviser Fee of 1.10%, you would be charged fees of \$12,980
<b>What it costs you will depend on the investment option you choose and the fees you negotiate.</b>		

fee by Ausmaq for managed funds which are transferred out of your portfolio. Morgan Stanley Wealth Management may pass on this transfer fee to you, together with any applicable government and statutory charges for the transfer of a managed fund out of your portfolio.

#### **NO BROKERAGE**

Please note that there will be no brokerage charged as this is provided by Morgan Stanley Wealth Management as part of the DMS program.

#### **STATUTORY FEES AND CHARGES**

In addition, statutory fees and charges such as government taxes (e.g. GST, capital gains tax, financial institutions duty ("FID")) related to the arrangement of your portfolio are payable by you.

#### **FURTHER EXAMPLE OF ANNUAL FEES AND COSTS OF DMS – INCLUDING ADVISER FEES**

Table 3 gives an example of how the fees and costs (including the Adviser Fee) in connection with DMS can affect your investment over a 1 year period.

## How We Are Remunerated

### **Fees and Benefits We Receive For Providing Financial Services to You**

Morgan Stanley Wealth Management may charge you a fee for providing a service to you, or in relation to a product acquired by you. Information about the fees, commissions and/or benefits will be set out in the SOA if one is required, Offer Document or other information document. The fee may be charged in various ways, as documented below.

### **How Are Our Financial Advisers and Other Staff Remunerated?**

Adviser remuneration is paid by Morgan Stanley Wealth Management where permitted by the law. Your financial adviser is remunerated on a base salary plus commission basis and may also receive a bonus under a balanced scorecard bonus plan. Commission is payable once the financial adviser's base salary is covered and ranges from zero to 55% of the fees and other revenue received by Morgan Stanley Wealth Management which are attributable to the financial adviser ("Attributable Fees"), less any applicable fees and deductions. The exact rate is determined by reference to brokerage and fee revenue generated by your financial adviser for Morgan Stanley Wealth Management each month. Applicable fees and deductions may include referral fees, business development costs, discount adjustments for any fees charged which are below Morgan Stanley Wealth Management's standard fee schedule and damages and losses.

Morgan Stanley Wealth Management employees and directors receive salaries and bonuses based on performance criteria and other benefits from us.

The Offer Document for a particular product should disclose further details of remuneration paid to Morgan Stanley Wealth Management. Your financial adviser will also set out the remuneration and commissions they receive in the SOA (if you receive personal advice and one is required).

## Associations and Relationships

Morgan Stanley Wealth Management's associates and affiliates may be issuers of financial products that we recommend to you or otherwise receive benefits which are attributable to financial services provided by us to you.

You may receive a recommendation by your financial adviser that relates to:

- a financial product which is issued by an affiliate of Morgan Stanley Wealth Management
- securities or derivatives of securities of entities in which we advise or deal
- a financial product in which we, our associates or affiliates have invested in or traded on either our account or their own account.

Our associates and affiliates may also receive monetary benefits including fees or commissions where you invest in a financial product in connection with our advice.

These associations and relationships do not affect your financial adviser's obligations and duties as outlined in this FSG to you as a client.

## Benefits Paid to Third Parties for Referrals

Where you have been referred to Morgan Stanley Wealth Management by a third party (such as a financial planning group or accountant), we may pay an introductory fee or rebate in relation to the referral where permitted by the law. The referrer in some circumstances may also receive a share of any brokerage charged to you.

## Compensation Arrangements

Morgan Stanley Wealth Management has professional indemnity insurance which we consider is adequate having regard to:

- the volume and types of business carried on by us, the number and types of clients, the number of our representatives
- any particular or potential claims that may arise pursuant to our participation in external dispute resolution schemes, including the AFCA scheme.

The arrangement covers claims made in relation to conduct occurring on or after 1 June 2009.

## THE NATIONAL GUARANTEE FUND ("NGF")

The NGF is an external fund set up to provide compensation for valid claims arising from dealings with Stockbrokers. The circumstances of when this fund may be available to you is set out in appropriate legislation.

To make a claim on the NGF you need to refer to the "NGF Information Booklet" available on the SEGC website at [www.segc.com.au](http://www.segc.com.au).

Please note the NGF does not cover all financial products. For example, it excludes ASX exchange traded options and monies in a cash management account that may be associated with Morgan Stanley Wealth Management.

## Contact Details

You may contact Morgan Stanley Wealth Management by:

- speaking to your financial adviser
- calling us on 13 13 70
- visiting our website at [www.morganstanley.com.au](http://www.morganstanley.com.au)
- writing or emailing us at the addresses shown on the back cover of this FSG.

## If You Have a Complaint or Feedback

### Making a Complaint or Giving Feedback

Morgan Stanley Wealth Management is committed to a high level of client service and have established procedures to respond to any concerns or complaints promptly, fairly, consistently and in a professional manner.

If you have concerns about the products or services provided to you, we encourage you to discuss the matter with your financial adviser or their State Manager.

If you are not satisfied with the response you receive, you can call Morgan Stanley Wealth Management on 1800 008 161 or email [confidential\\_feedback@morganstanley.com](mailto:confidential_feedback@morganstanley.com) and provide details of your complaint to the Compliance Manager. You may also send us a written complaint, addressed to:

The Compliance Manager  
Morgan Stanley Wealth Management  
Level 26 Chifley Tower  
2 Chifley Square,  
Sydney, NSW 2000

## IF YOU HAVE NOT RECEIVED A RESPONSE OR YOU ARE DISSATISFIED WITH A RESPONSE

If you are unhappy with our proposed resolution, you may have the right to take your complaint to the Australian Financial Complaints Authority ("AFCA").

For more information relating to AFCA, please contact:

Australian Financial  
Complaints Authority (AFCA)  
Website: [www.afca.org.au](http://www.afca.org.au)  
Email: [info@afca.org.au](mailto:info@afca.org.au)  
Telephone: 1800 931 678

In writing to:

Australian Financial  
Complaints Authority  
GPO Box 3, Melbourne VIC 3001

## Privacy Statement

### Why and How We Collect Your Personal Information

Morgan Stanley Wealth Management collects, holds, uses and discloses your personal information to provide, or arrange to provide, you with financial products and services. Your personal information will include your personal profile, and details of your personal circumstances and any information contained in our records when we give you financial product advice or recommendations.

We may collect your information from a number of sources, including from any application form you submit to us, correspondence between you and your financial adviser, any emails you send us as well as when you use our website. We may also collect your information from a service provider we have engaged in order to provide you services.

We may also use your information to comply with our legal or regulatory obligations anywhere in the world, carry out credit and other background checks, market products and services to you and for any other legitimate business purpose. If you do not provide the information requested, Morgan Stanley

Wealth Management may not be able to provide (or arrange to provide) a product or service to you.

### **Disclosing Your Personal Information**

Morgan Stanley Wealth Management may disclose your personal information to its associated firms, affiliates, subsidiaries, agents and other third parties it authorises (collectively, “Morgan Stanley Group”) for any of the abovementioned purposes. The Morgan Stanley Group transfers, processes and stores your personal information in any country where the Morgan Stanley Group has offices which may be located outside Australia and which may provide different levels of protection for personal information.

Your information may also be disclosed to government agencies and regulators in Australia and outside Australia where this is required under applicable law. The Morgan Stanley Group may also disclose your personal information to vendors who conduct operational, technological and customer service functions, or to other persons who process your personal information on behalf of the Morgan Stanley Group (such as credit reporting agencies). Where you have provided your identification document details, the Morgan Stanley Group will use those details for confirmation with the Australian Government’s Document Verification Service (DVS), a national online system that compares an individual’s identifying information with government records.

### **Privacy Policy and Further Information**

Morgan Stanley Wealth Management’s privacy policy (‘Privacy Policy’) contains further details on its information handling practices and explains in more detail:

- why and how we collect your personal information
- retention, use and disclosure of your personal information, including the countries it may disclose your personal information to
- how you may opt out from receiving marketing information

- your rights including how you may access and request correction of your personal information or complain about a breach of the Australian privacy law by Morgan Stanley Wealth Management.

The Privacy Policy is available at <https://www.morganstanley.com.au/privacypolicy.html>.

You should also refer to the Morgan Stanley global privacy policy for further information on how the Morgan Stanley Group handles your personal information outside Australia, including details of the jurisdictions to which your information may be transferred. The global privacy policy is available at <https://www.morganstanley.com/privacy-pledge.html>. Both privacy policies are updated from time to time.

Before providing Morgan Stanley Wealth Management with any information regarding an individual other than yourself, you must make the other individual aware that you have provided information about that individual to Morgan Stanley Wealth Management, ensure that the other individual is aware of, and has been provided access to, information contained in the Privacy Policy, and obtain the other individual’s consent before providing their identification document details for confirmation with the DVS.

## Part 3

# MDA Client Agreement

## DMS – Managed Discretionary Account (“MDA Services”) Client Agreement (“Agreement”).

Capitalised terms are defined in the Glossary which appears in clause 28 of this Part 3.

## Terms and Conditions

### 1. MDA SERVICES

**1.1** MDA Services will be provided to you under this Agreement by Morgan Stanley Wealth Management Australia Pty Ltd ABN 19 009 145 555 (“Morgan Stanley Wealth Management,” “we,” “our” or “us”) and through its representatives or authorised representatives.

**1.2** This Agreement is conditional on Morgan Stanley Wealth Management separately providing you with a Statement of Advice, where you are classified as a retail client (as defined in the Corporations Act). This Agreement includes your Investment Program in Schedule 1. You must consent to the Investment Program by signing and returning the Application Form.

**1.3** These terms govern our MDA Services and prevail to the extent of any inconsistency with statements contained in the terms and conditions in Part 4 of the DMS Guide and any marketing material distributed.

### 2. AUTHORISATION AND TERMS OF DISCRETIONS

**2.1** By signing the Application Form you authorise Morgan Stanley Wealth Management to buy, sell, post as collateral, encumber and otherwise deal in the Financial Products in your name on your behalf in the exercise of trading discretions which accord with the terms and conditions of this Agreement and those additional terms set out in Part 4 of the DMS Guide. **By accepting the terms of this Agreement, you will, subject to the limitations/restrictions detailed in this Agreement, provide your financial adviser with the authority to make decisions on your investment portfolio and to implement investment transactions without first consulting you. This is different to a non-discretionary account where your financial adviser would provide you first with advice and recommendations and act only on your instructions.**

**2.2** The MDA Services will be provided by Morgan Stanley Wealth Management through our representatives or authorised representatives.

**2.3** Morgan Stanley Wealth Management will hold your Financial Products as CHESS sponsored holdings in accordance with the terms and conditions of the Morgan Stanley Wealth Management Sponsorship Agreement contained in Part 4 of the DMS Guide, unless otherwise agreed.

**2.4** Morgan Stanley Wealth Management will open a DMS Cash Account on your behalf to hold any cash that forms part of MDA Services which is not otherwise currently invested.

**2.5** Morgan Stanley Wealth Management is authorised and required to exercise the discretions described in the “Investment Strategy–Trading Discretions” section of the Investment Program in Schedule 1 of this Agreement.



**2.6** In exercising the directions referred to in clause 2.5, Morgan Stanley Wealth Management will apply the investment strategy described in the “Investment Strategy – Trading Discretions” section of the Investment Program in Schedule 1 of this Agreement.

### 3. INVESTMENT PROGRAM

**3.1** Your Investment Program forms part of this Agreement and is contained in Schedule 1 of this Agreement.

**3.2** You must provide us with the details of your personal circumstances, being your investment objectives, personal circumstances, financial situation and needs.

**3.3** Subject to clause 1.2, you acknowledge that you have read the Investment Program and you agree that the information included in the Investment Program and the Statement of Advice (if you are a retail client), constitutes your personal circumstances as at the date of this Agreement.

**3.4** You acknowledge that:

(a) Morgan Stanley Wealth Management can only make investment decisions on the basis of information provided by you or your authorised financial adviser; and

(b) If Morgan Stanley Wealth Management has not been provided with full details of your personal circumstances, MDA Services may not be appropriate for your personal circumstances.

**3.5** You must inform Morgan Stanley Wealth Management of any changes in your personal circumstances that may be relevant to MDA Services. If you do not provide Morgan Stanley Wealth Management with this information, MDA Services will be based on the information previously provided.

### 4. MORGAN STANLEY WEALTH MANAGEMENT'S UNDERTAKINGS

**4.1** Morgan Stanley Wealth Management agrees that in providing MDA Services to you we will:

- (a) act honestly and in your best interests;
- (b) exercise the degree of due care and diligence that a reasonable person would exercise if they were in Morgan Stanley Wealth Management's position in providing the MDA Services;
- (c) give priority to your interests if there is a conflict between your interests and the interests of Morgan Stanley Wealth Management;
- (d) not use information that Morgan Stanley Wealth Management has through providing the MDA Services to gain an improper advantage for Morgan Stanley Wealth Management or any other person, or to cause detriment to you; and
- (e) comply with:
  - (i) the Market Integrity Rules, Clear Operating Rules and the conditions of the Class Order, applicable law and relevant ASIC policy;
  - (ii) the terms of this Agreement including the Investment Program; and
  - (iii) any representations in the Financial Services Guide given to you for MDA Services from time to time unless otherwise agreed in writing between you and Morgan Stanley Wealth Management.

**4.2** Morgan Stanley Wealth Management agrees that we are responsible to you for performance of the MDA Services, and will

compensate you for any loss caused by acts and omissions of any persons that have been engaged to perform functions relating to the MDA Services (such as a representative, employees or external contractors of Morgan Stanley Wealth Management) as if they were Morgan Stanley Wealth Management's acts or omissions.

### 5. BULK TRANSACTIONS

You acknowledge that:

(a) Morgan Stanley Wealth Management may buy or sell one or more of the Financial Products in bulk at our absolute discretion on behalf of any Morgan Stanley Wealth Management client including you and in accordance with the Market Integrity Rules, Clear Operating Rules and the Corporations Act; and

(b) Morgan Stanley Wealth Management may allocate one or more of the Financial Products to you which have been bought or sold in bulk at an average price of the Financial Products which are the subject of the transaction. Morgan Stanley Wealth Management will ensure that all allocations are fair.

For ASX securities including options, the price will be the average price of the order.

### 6. MANAGEMENT SERVICES

**6.1** You authorise Morgan Stanley Wealth Management to:

(a) provide details relating to your MDA Services holdings, including confirmations and any MDA Services Report (defined in clause 7.4) to the address(es) nominated by you in writing from time to time;

(b) draw and deposit funds from and to your DMS Cash Account or such bank account(s) nominated by you in writing from time to time to facilitate transactions carried out under this Agreement;

(c) register your interests or investments in any Financial Products care of Morgan Stanley Wealth Management's Portfolio Administrator address from time to time and receive any documentation on your behalf in relation to your interests or investments in Financial Products;

(d) quote your tax file number or exemption for the purpose of minimising tax withholdings that might otherwise be deducted from payments to you;

(e) provide your personal information, as defined in the Privacy Act, to any other party, in order to carry out its obligations under this Agreement; and

(f) quote your DMS Cash Account details for the purpose of all income payments directed to your DMS Cash Account.

**6.2** Morgan Stanley Wealth Management will deal with all documentation received by it on your behalf from the share registries of companies in which you hold interests in the following manner:

(a) expeditiously deposit all dividend payments received into, or direct all dividend payments to, your DMS Cash Account;

(b) in respect of documents which do not require any action on your part, such as annual reports or company meetings, deal with them at its discretion; and

(c) in respect of documents which require action, such as proposed rights issues, dividend reinvestment plans or takeover offers and proxy or other votes or forms of agreement to proposed

company or fund manager actions, act under the power of attorney conferred under this Agreement.

## 7. REPORTING

**7.1** You can access information about your DMS portfolio at any time through the Morgan Stanley Wealth Management website, including:

- (a) records of all transactions, including corporate actions such as bonus issues and rights issues;
- (b) records of all income and dividends received;
- (c) records of expenses and payments made;
- (d) daily holdings and valuation of Eligible Investments held;
- (e) performance reporting; and
- (f) capital gains tax reporting.

**7.2** Each time a market transaction occurs in relation to your DMS portfolio Morgan Stanley Wealth Management will send you a confirmation as soon as practicable.

**7.3** In addition, Morgan Stanley Wealth Management will notify you on a quarterly basis of any transaction entered into under this Agreement by way of a confirmation forwarded to your nominated address, or such other address as advised by you in writing from time to time.

**7.4** To enable you to monitor the performance of and trading in MDA Services, Morgan Stanley Wealth Management will provide you with a quarterly report ("MDA Services Report") setting out an analysis of your ASX listed investments and options (if relevant). This analysis will include details of the Financial Products held on your behalf, yield, income estimates (where possible), total income received together with:

- (a) particulars of all market transactions undertaken on your behalf;
- (b) the value of the market transactions undertaken on your behalf;
- (c) the opening and closing value of the account including the fair market value of any securities recorded on your account as at a date prior to the date of the quarterly report;
- (d) a breakdown of the Fees charged by Morgan Stanley Wealth Management for the operation and management of your account; and
- (e) details of realised capital gains for the quarter.

**7.5** Morgan Stanley Wealth Management will provide the MDA Services Report within 30 Business Days after the end of each calendar quarter or such other period of time as required by the prevailing regulations or class order.

**7.6** If on receipt of a MDA Services Report you become aware of any errors or omissions in the report, you must notify Morgan Stanley Wealth Management as soon as practicable, but in any event not later than 14 days after receipt of the report. Morgan Stanley Wealth Management will use its best endeavours to correct any such errors or omissions and issue a revised report to you within 10 Business Days of your notification.

**7.7** Morgan Stanley Wealth Management will within three months of the end of the year ending 30 June provide you with:

(a) a summary of the transactions that occurred as part of the MDA Services during the year, including the nature and purpose of those transactions;

(b) a report of a registered company auditor providing the information required by the Class Order; and

(c) a year end tax report for your portfolio.

**7.8** You acknowledge that in order to be provided with the DMS Product, you must provide Morgan Stanley Wealth Management with an email address to which confirmations required under clause 7.2 can be delivered.

## 8. ACKNOWLEDGEMENT OF RISK

**8.1** You acknowledge that:

(a) dealing in the Financial Products creates a risk of loss as well as a potential for profit;

(b) due to the discretionary nature of MDA Services, you will not be consulted prior to Morgan Stanley Wealth Management entering into any transaction to deal in Financial Products on your behalf;

(c) it is not possible to guarantee profits or freedom from loss and you acknowledge that you will not rely on any such guarantee or assurance from Morgan Stanley Wealth Management or any of its representatives;

(d) neither Morgan Stanley Wealth Management nor its representatives, employees or anyone for whose actions it is responsible have given any assurance or made any representation of any expected return or profit in connection with MDA Services;

(e) no trading or investing system which precludes the possibility of loss has ever been devised; and

(f) you must consider to your objectives, financial situation and needs and must independently form the opinion that MDA Services is suitable for your personal circumstances.

## 9. MINIMUM INVESTMENT

**9.1** You agree that if the value of your MDA Services holdings falls below the Minimum Amount, Morgan Stanley Wealth Management may:

(a) require you to provide Morgan Stanley Wealth Management with access to additional funds;

(b) grant you an extension of up to 90 Business Days to make arrangements to bring your holdings back to the Minimum Amount, or

(c) terminate this Agreement in accordance with clause 11 below.

## 10. RATIFICATION

**10.1** You ratify and confirm as good and valid all acts performed in accordance with the terms of this Agreement by Morgan Stanley Wealth Management, its directors, employees, associates and representatives on your behalf, until notice in writing of revocation of this authority is received by Morgan Stanley Wealth Management.

## 11. VARIATION AND TERMINATION

**11.1** Morgan Stanley Wealth Management may at any time make any variation, modification, alternation or deletion of, or addition to the terms of this Agreement, including but not limited to any changes to the Fees, by giving you 30 days written notice.

A variation of the terms of this Agreement may be notified to you with less than 30 days' written notice where the variation is:

- (a) required to comply with applicable law
- (b) a minor change that does not impact on your rights under these terms; or
- (c) is necessitated by an immediate need to maintain the security of our services.

**11.2** Subject to clause 11.4, Morgan Stanley Wealth Management may in its absolute discretion terminate this Agreement and your participation in MDA Services if you breach the terms of this Agreement or any other terms and conditions applicable to any service or product that is part of, or incidental to, your participation in MDA Services, or for any other legitimate business reason at its absolute discretion, by giving you a period of notice which is not more than two Business Days.

**11.3** Subject to clause 11.4, where there is an Ongoing Fee Arrangement between you and Morgan Stanley Wealth Management, you may terminate this Agreement at any time by telling your financial adviser or by contacting us at the address shown on the latest statement or report you received from us. In all other instances you may terminate this Agreement by giving Morgan Stanley Wealth Management period of notice which is not more than two Business Days.

**11.4.** In order to close your DMS account and terminate this Agreement you must sell your investments or transfer them out of DMS. We may either transfer your assets to a third party on your instructions, or transfer the holdings into your own name (if possible). As managed funds are held in custody with Ausmaq Limited if these form part of a DMS portfolio they will need to be transferred via an off market transfer form or redeemed. Morgan Stanley Wealth Management receives a daily reconciliation from Ausmaq. Outstanding transfers will remain until they are able to be cleared. Transfers are dependent on the fund manager and the receiving party. Transfers may also be held until the correct documentation or confirmation is received. If we do not receive your instructions within 60 days, or if we are unable to transfer the holdings as instructed within 60 days, because we have not received the correct documentation or confirmation or due to matters pertaining to external parties such as the receiving party, Morgan Stanley Wealth Management may close your DMS account. In this case, Morgan Stanley Wealth Management will reasonably endeavour to provide notice of the impending closure and you agree further that Morgan Stanley Wealth Management will proceed to sell your investments and transfer the proceeds to you. Morgan Stanley Wealth Management is not liable for any losses you incur as a result of any such sales or transfers in the absence of any fraud, negligence or wilful misconduct on the part of Morgan Stanley Wealth Management. If you have investments in illiquid assets, we may not be able to close your DMS account until such time as those assets are able to be transferred or sold, and you will continue to be bound by this Agreement until your DMS account is closed.

**11.5** This Agreement is regulated by ASIC under ASIC Corporations (Managed Discretionary Account Services) Instrument 2016/968 ("the Instrument"). If ASIC notifies Morgan Stanley Wealth Management that this Agreement no longer complies with the

conditions of the Instrument, Morgan Stanley Wealth Management will terminate this Agreement.

**11.6** On termination of this Agreement, Morgan Stanley Wealth Management must and will cease to exercise any discretion in relation to your portfolio and will deal with your investments in accordance with clause 11.4 and its DMS termination policy. This policy details procedures to be applied in terminating this Agreement, including how and when your portfolio will be sold or transferred. You may request a copy of this policy and it will be available free of charge.

**11.7** You acknowledge that:

(a) in the event of termination of this Agreement, any Fees which are payable up to the effective date of termination, will not be refunded to you; and

(b) termination of this Agreement does not affect any of your existing obligations or liabilities under this Agreement.

**11.8** You must notify Morgan Stanley Wealth Management in writing of any change in details stated in your Application Form or personal circumstances as soon as possible. Morgan Stanley Wealth Management may accept other forms of notice at Morgan Stanley Wealth Management's discretion.

**11.9** The termination of this Agreement shall be without prejudice to the rights of the parties accrued up to the date of termination.

## **12. INDEMNITY AND LIMITATION OF LIABILITY INDEMNITY**

**12.1** You are liable for and will indemnify us for all Fees, any taxes and charges as they fall due. We may automatically charge or deduct these Fees, taxes and charges as they fall due from your funds held in your DMS Cash Account linked with the MDA Services or from any of your other accounts held with Morgan Stanley Wealth Management. We may also sell Financial Products to pay our Fees where there are insufficient funds in your DMS Cash Account.

**12.2** Subject to clause 4.2, to the extent permitted by law and subject to clause 12.4, you indemnify Morgan Stanley Wealth Management against any actions, claims, suits, demands, proceedings, taxes, costs, damages, expenses, and any other amounts ("Losses") whatsoever arising out of or in connection with:

(a) instructions communicated to, received and acted upon by Morgan Stanley Wealth Management in respect of Morgan Stanley Wealth Management's provision of the MDA Services; or

(b) any default by you under these terms; or

(c) anything lawfully done by us in accordance with these terms or at your request; or

(d) us complying with any direction, request or requirements of the Corporations Act or by any regulatory authority, including the ASX or ASIC.

**12.3** Subject to clause 4.2, you release Morgan Stanley Wealth Management from, and indemnify Morgan Stanley Wealth Management against Losses (as defined in clause 12.2), arising directly or indirectly out of:

(a) errors, omissions in any information relating to the investments made pursuant to the Investment Program or any delay



in the information relating to your investments made pursuant to the Investment Program being recorded in the MDA Services; or

(b) your failure to independently confirm information being recorded in MDA Services, except in respect of any Losses arising as a result of Morgan Stanley Wealth Management wilful default, fraud or negligence or where the information concerning the investments made pursuant to the Investment Program is not being provided in good faith by Morgan Stanley Wealth Management.

**12.4** You agree that if Morgan Stanley Wealth Management is negligent or breaches its obligations under the terms of this Agreement in performing the MDA Services, Morgan Stanley Wealth Management's liability to you is limited to the loss or damage suffered by you as a direct result of Morgan Stanley Wealth Management and its representatives' conduct.

**12.5** Subject to clause 4.2, Morgan Stanley Wealth Management is not liable, and you release Morgan Stanley Wealth Management from any liability in the provision of the MDA Services whether for any breach of a provision of any relevant legislation, negligence, injury, lost profits, loss of files or data, economic loss, loss of reputation or losses or damages ("Loss") direct or indirect, incidental or consequential to the operation of any such facility, except to the extent that such Loss is caused by the negligence, fraud or wilful default of Morgan Stanley Wealth Management, its employees, agents or representatives.

**12.6** To the extent permitted by law, all warranties (both express and implied) are disclaimed as to the description, quality, performance or fitness for the purpose of any facility used in the provision of the MDA Services. The liability for any term, condition or warranty which by legislation cannot be excluded, to the extent permitted by law, is limited at the option of Morgan Stanley Wealth Management to either supplying the service again or the cost of supplying the service again.

**12.7** To the extent permitted by law, Morgan Stanley Wealth Management does not warrant or forecast that it, in the provision of the MDA Services, will meet your requirements, or the operation of, or services performed in respect of, any facility will be uninterrupted or error free.

### 13. MISCELLANEOUS

**13.1** You acknowledge that you have read the Financial Services Guide in Part 2 of the DMS Guide.

**13.2** No waiver of any breach of this Agreement will be effected unless the waiver is in writing and signed by the party against whom the waiver is claimed.

### 14. SEVERABILITY

**14.1** Each part of these terms is severable from the balance of these terms and if any part of these terms is illegal, void, invalid or unenforceable, then that will not affect the legality, effectiveness, validity or enforceability of the balance of these terms.

### 15. GOVERNING LAW AND JURISDICTION

**15.1** This Agreement is governed by the laws of New South Wales.

**15.2** Each of the parties irrevocably submits to the exclusive jurisdiction of the courts of New South Wales and the Commonwealth.

### 16. INFORMATION COLLECTION STATEMENT

**16.1** Morgan Stanley Wealth Management collects, holds, uses and discloses your information (including your personal information) for various purposes including providing you with financial products and services that help meet your financial needs and objectives, administering and operating those services, carrying out credit and other background checks, marketing products and services to you, exercising and defending its legal rights, complying with its legal and regulatory obligations anywhere in the world, improving, supporting and enhancing its products and services, internal training, monitoring and other legitimate business purposes.

Morgan Stanley Wealth Management may disclose your information (including your personal information) to its associated firms, vendors or other persons processing your information on its behalf (e.g. credit reporting agencies). Disclosure to these entities may involve the disclosure of your information outside Australia to countries which do not offer the same level of protection as may be enjoyed in Australia.

Morgan Stanley Wealth Management's privacy policy ('Privacy Policy') contains further details on its information handling practices and explains in more detail what personal information it collects, methods of collection, purposes of collection, retention, use and disclosure, when it may disclose your personal information, to whom it discloses your personal information to, the countries it may disclose your personal information to and how you may opt out from receiving marketing information. The Privacy Policy also explains your rights including how you may access and request correction of your personal information or complain about a breach of the Australian Privacy Principles by Morgan Stanley Wealth Management. The Privacy Policy is available at [www.morganstanley.com.au/privacypolicy](http://www.morganstanley.com.au/privacypolicy).

### 17. RECORDING CONVERSATIONS

**17.1** You acknowledge that Morgan Stanley Wealth Management may record its telephone conversations with you and if there is a dispute, you may listen to any such recordings in respect of that dispute. Telephone tapes are generally retained for a short period and may be reviewed for quality control purposes by us.

### 18. POWER OF ATTORNEY

**18.1** You appoint Morgan Stanley Wealth Management, including its related entities and their officers, employees and agents (each an "Attorney") to do anything which in the opinion of the Attorney, would give effect to a right, power or remedy in accordance with the power of attorney granted by you in the Application Form. You agree to ratify anything done by an Attorney under the power of attorney. An Attorney may delegate its powers (including the power to delegate) to any person for any period. The Attorney may also revoke any delegation of its powers to another person.

### 19. NOTICES

**19.1** Notices, certificates, consents and other communications, in connection with this Agreement must be in writing unless otherwise specified.

**19.2** Communications may be:

- (a) left at the address last notified;
- (b) sent by mail to the address last notified;
- (c) sent by fax to the fax number last notified; or



(d) sent by electronic message system, including email.

**19.3** Communications take effect from the time they are received unless a later time is specified in them.

**19.4** Communications sent by post are taken to be received three business days after they are posted if sent to an address within Australia and 10 business days after they are posted if sent to an address outside Australia.

**19.5** Communications that are left at an address are taken to have been received on the day that they are left at that address.

**19.6** Communications that are sent by a fax machine that produces a transmission report are taken to be received at the time the transmitting machine produces a report that indicates that the communication was sent to the recipient's fax machine.

**19.7** Communications that are sent electronically are taken to be received on the day that the email enters the information system of the party's internet service provider or the host of the party's email address.

## 20. FEES AND CHARGES

Details about the fees and costs are in the 'Fees and Costs' section of the FSG in Part 2 of the DMS Guide.

**20.1** You agree to pay:

- (a) the Fees for the provision of the MDA Services;
- (b) all stamp duty, exchange fee, duties and taxes payable in connection with this Agreement and the provision of the MDA Services; and
- (c) all goods and services taxes that Morgan Stanley Wealth Management is liable (either directly or indirectly) to pay for any taxable supply under or in connection with this Agreement. The additional amount is payable at the same time and in the same manner as the Fees payable for the supply to which the additional amount relates.

**20.2** You authorise Morgan Stanley Wealth Management to meet any Fee payable by you in connection with this Agreement, on or after the due date, by debiting your DMS Cash Account.

**20.3** You acknowledge that for the purpose of calculating the Fees, Eligible Investments listed on an exchange will be valued at the closing traded price on each Business Day of the calendar month and then averaged over the month. Any other investments will be valued in good faith in a manner determined by Morgan Stanley Wealth Management, in its absolute discretion, to reflect estimated fair market value. Such valuation will not constitute a warranty of any kind in respect of the value of any such investment.

**20.4** You acknowledge that Morgan Stanley Wealth Management may, in our absolute discretion, change the Fees or introduce new fees (Fee Changes) from time to time. Morgan Stanley Wealth Management will provide you with 30 days prior notice in the event that it introduces new Fees or increases existing Fees. For the avoidance of doubt, Morgan Stanley Wealth Management will not be obliged to notify you of Fee Changes in any other circumstances.

## 21. FAILURE TO PAY FEES

**21.1** Without prejudice to Morgan Stanley Wealth Management's rights under the Market Integrity Rules, where:

(a) you have insufficient funds in your DMS Cash Account to meet your obligations under this Agreement; and

(b) Morgan Stanley Wealth Management has made a demand for payment, Morgan Stanley Wealth Management may sell any Eligible Investments to the extent necessary to meet your outstanding obligations, at your risk and expense (which shall include, without limitation, dishonour fees, goods and services tax and stamp duty) and apply the proceeds in reduction of your liability to Morgan Stanley Wealth Management. Morgan Stanley Wealth Management will not be responsible for any resulting loss to you.

## 22. CLIENT REPRESENTATIONS AND WARRANTIES

**22.1** You represent and warrant that:

(a) you have the authority and power necessary to enter into this Agreement with Morgan Stanley Wealth Management;

(b) you are at all times able to meet all of the Fees and costs incurred in relation to Morgan Stanley Wealth Management providing MDA Services to you in accordance with the terms of this Agreement;

(c) if you are an individual, you are over 18 years of age;

(d) you will not use MDA Services for any purpose other than managing your own investments;

(e) you will not use MDA Services to provide a service to anyone else;

(f) you will not use MDA Services to earn any other benefit or gain other than in accordance with your representation and warranty in this clause 22.1(d);

(g) you will not use MDA Services to provide a bureau service;

(h) you will not use MDA Services as part of any business or undertaking except to the extent that such business or undertaking is not inconsistent with your representation and warranty in this clause 22.1(d);

(i) you will not use MDA Services to compile tables, records or a database of information about the share market generally.

(j) you have not and will not assign, charge, declare a trust over or otherwise grant a security over the cash in your DMS Cash Account (or any other bank account nominated by you), any bank bills, Financial Products or any other products that may not come within the definition of Financial Product ("Other Products");

(k) you undertake that you will not create or allow a third party or any other agent (if applicable) to agree to an assignment, charge, declaration of trust over or otherwise grant a security over the cash in your DMS Cash Account (or any other bank account nominated by you), any bank bills, Financial Products or any Other Products.

## 23. PERSONAL PROPERTY SECURITIES (PPS) ACT

**23.1** You acknowledge and agree that:

(a) Where transactions under these Terms may give rise to a Security Interest, the following clauses are intended to protect any interest that Morgan Stanley Wealth Management (or its nominee), as the secured party with a Security Interest, has in:

(i) the Financial Products;

(ii) the cash that may be held by Morgan Stanley Wealth Management (or its nominee) in a deposit account, a cash

management account or any other account (“ADI Account”) with an Authorised Deposit-taking Institution (“ADI”);

(iii) the collateral;

(iv) the agreed approved security, (collectively, the “Security Assets”).

(b) Where cash or collateral is held by Morgan Stanley Wealth Management (or its nominee) in an ADI Account with an ADI, you agree that, at all times until the of termination these Terms, when sums are due to Morgan Stanley Wealth Management (or its nominee), we may direct disposition of funds from the ADI Account without reference to you, the third party and any of your authorised agents (collectively, “Authorised Agents”);

(c) You acknowledge and agree that at all times until the termination of these Terms:

(i) Morgan Stanley Wealth Management (or its nominee), as the secured party with a Security Interest over Secured Assets may initiate or control sending instructions in relation to the transfer of, or other dealings relating to the Secured Assets;

(ii) to the extent that Morgan Stanley Wealth Management (or its nominee) has a Security Interest in any of the Security Assets, you must do anything (including executing any document, obtaining any consent or agreement or giving any notice) that Morgan Stanley Wealth Management (or its nominee) requires to enable Morgan Stanley Wealth Management (or its nominee) to perfect and protect any Security Interest provided for by these Terms;

(iii) Security Interests arising out of an Order or a transaction contemplated by these Terms, are first ranking Security Interests, and if a default under these Terms occurs, Morgan Stanley Wealth Management (or its nominee), in addition to any other right that we may have, may severally enforce its Security Interest provided for by these Terms;

(iv) Morgan Stanley Wealth Management (or its nominee) may register one or more financing statements in relation to its Security Interest. If permitted by the PPSA, you waive your right under section 157 of the PPSA to receive notice of any verification statement or any related financial change statement;

(v) to the extent that any affiliate of Morgan Stanley Wealth Management (or its nominee) holds a Security Interest under these Terms, it may do so as trustee or agent on behalf of any other affiliate;

(vi) none of the provisions of the PPSA specified in paragraphs (a) to (r) inclusive of section 115 of the PPSA will apply in relation to any collateral the subject of a PPSA Security Interest established under or contemplated by these Terms, to the extent that this is permitted by the relevant paragraph of section 115 of the PPSA in relation to that provision. For the avoidance of doubt, terms and expressions defined in the PPSA shall have the same meaning when used in these Terms;

(vii) you will not disclose information of a kind mentioned in section 275(1) of the PPSA, except in circumstances required by section 275(7)(b) to (e) of the PPSA. You agree that you will only authorise the disclosure of information under section 275(7)(c) or request information under section 275(7)(d), if Morgan Stanley Wealth Management approves such disclosure.

Nothing in this sub-clause (vii) will prevent any disclosure by Morgan Stanley Wealth Management if it believes such disclosure is necessary to comply with its other obligations under the PPSA.

(d) If a term used in this clause 23 has a particular meaning in the PPSA, it has the same meaning in this clause.

## 24. CONFIDENTIALITY

**24.1** A party must not disclose this Agreement to any person except:

(a) to any professional or other adviser consulted by it in relation to any of its rights or obligations under this Agreement;

(b) in connection with the enforcement of its rights under this Agreement;

(c) to any of its affiliates, agents or other authorised representatives where the disclosure is made on the basis that the recipient of the information will comply with this clause in the same way that the party is required to do;

(d) where the information is already in the public domain, or where the disclosure would not otherwise breach any duty of confidentiality;

(e) if required by law in Australia or elsewhere; to any state, national or international regulatory, enforcement, exchange body or court anywhere in the world as required or allowed by applicable law or regulation anywhere in the world or at such person's request; or

(f) to any other person as required or allowed by applicable law or regulation anywhere in the world; or

(g) otherwise with the prior written consent of the non-disclosing party.

## 25. DMS ADMINISTRATOR SERVICES AND CLIENT OBLIGATIONS

**25.1** The DMS Administrator will provide the following services to you in respect of your DMS portfolio recorded by means of the Software:

(a) access to the Software using a password;

(b) record of investments that you acquire and dispose of;

(c) review and correction of data relating to the investments;

(d) performance of any calculations that the Software is able to perform from time to time;

(e) creation and print outs of any report that the Software is able to create from time to time; and

(f) use of any other functionality that the DMS Administrator may add to the Software from time to time, provided that you will access and use the Software strictly in accordance with these terms and only by means of the Internet, provided that you comply with the requirements of clause 26.

**25.2** You must for the duration of your participation in DMS:

(a) pay the Fees in accordance with the Statement of Advice that your financial adviser provided to you separately;

(b) maintain one or multiple (in the case of a household) DMS Cash Account(s);

(c) maintain an Investment Account with Morgan Stanley Wealth Management; and

(d) be a party to a CHESS Sponsorship Agreement with Morgan Stanley Wealth Management. Note that Morgan Stanley

Wealth Management will open the accounts specified in 25.2(b) and 25.2(c) on your behalf in accordance with the power of attorney granted by you in the Application Form and will enter into a CHESS Sponsorship Agreement on your behalf.

**25.3** Your financial adviser has no obligation to request your instructions in relation to a corporate action or the exercise of any rights relating to the assets in your DMS portfolio. However, if your financial adviser determines, in their absolute discretion, to request your instructions, you acknowledge that Morgan Stanley Wealth Management will use reasonable endeavours to comply with your instructions in respect of any corporate action, provided that your instructions are received by Morgan Stanley Wealth Management or the Portfolio Administrator by the date and in the form nominated in the notification in respect of that corporate action. In the event that your instructions are not received by the date or in the form nominated, then you acknowledge that you will be taken to have instructed Morgan Stanley Wealth Management to allow any entitlement to lapse.

**25.4** DMS may be offered to you directly by Morgan Stanley Wealth Management, or through a third party intermediary. You agree and acknowledge that a third party intermediary may receive a share of the Fees paid by you in respect of DMS.

## 26. PASSWORD SECURITY

**26.1** You agree and acknowledge that:

(a) you are responsible for the use of any password that has been provided to you, an Authorised Person or an Additional User by Morgan Stanley Wealth Management and/or the DMS Administrator, and you are wholly responsible for maintaining the security of any such password;

(b) you agree not to reveal any password to any other person other than an Authorised Person or an Additional User as contemplated by these terms; and

(c) you are responsible for any use whatsoever of the password whether or not you have authorised that use and you further indemnify including Morgan Stanley Wealth Management for any loss or damage suffered, either directly or indirectly, as a result of any such unauthorised use.

## 27. INTERRUPTIONS

**27.1** You acknowledge that from time to time, without notice, there may be interruptions to the availability of online access. You acknowledge that Morgan Stanley Wealth Management or any of their affiliates will not be liable for interruptions to the Services, including but not limited to interruptions caused by:

- (a) the need to facilitate reasonable maintenance of the Software;
- (b) problems with your telecommunications software;
- (c) problems with your information service providers; or
- (d) problems with your own hardware or software.

## 28. GLOSSARY

**Agreement** means the DMS-MDA Client Agreement contained in Part 3 of the DMS Guide.

**Applicant or you or client** means an applicant who completes an Application Form. If there is more than one applicant, you means each of them separately and every two or more of them jointly and includes your successors and assignees.

**Application Form** means the application form attached to or accompanying this DMS Guide.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means the Australian Securities Exchange Limited (ABN 98 008 624 691).

**ASX Clear** means ASX Clear Pty Limited (ABN 48 001 314 503), which provides clearing services in relation to products traded on the ASX.

**ASX Derivative Products** means derivatives which are traded on the ASX.

**ASX Group** means any or all of ASX Clear, ASX Settlement and ASX.

**Business Days** means a day other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that the ASX declares is not a business day.

**Call Options** give a taker the right, but not the obligation, to buy a parcel of shares at a predetermined price, on or before a predetermined date.

**CHESS** means the Clearing House Electronic Subregister System, a computer system owned by the ASX which facilitates the settlement and clearing of trades in shares and provides an electronic subregister for shares in ASX listed companies.

**CHESS Sponsorship Agreement** means the sponsorship agreement set out in Part 4 of the DMS Guide, which will be entered with Morgan Stanley Wealth Management on your behalf in accordance with the power of attorney granted by you in the Application Form.

**Clear Operating Rules** means the ASX Clear Operating Rules.

**Client** has the same meaning given in the definition of "Applicant" above.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Corporations Regulations** means the Corporations Regulations 2001 (Cth).

**DMS account** means any account through which your investments are monitored by Morgan Stanley Wealth Management and which is governed by the terms of the DMS product, as set out in the Agreement.

**DMS Administrator** means Praemium Ltd (ABN 74 098 405 826) or such other administrator appointed by Morgan Stanley Wealth Management from time to time.

**DMS Cash Account** means a cash management account which Morgan Stanley Wealth Management will open on your behalf in accordance with the power of attorney granted by you in the Application Form.

**DMS Guide or Guide** means Parts 1 to 5 of this document in entirety, as amended from time to time.

**Eligible Investments** means those assets which are identified by Morgan Stanley Wealth Management as being eligible to be held within the MDA Services, including, but not limited to, financial products traded on the ASX held within your Investment Account, bonds, managed funds, international equities, cash instruments, financial products held pursuant to Exchange Traded Options, cash (if any) and such other assets which Morgan Stanley Wealth Management determine may be included from time to time. Morgan Stanley Wealth Management may at its absolute



discretion remove from, or add to, any of the classes of assets which it has identified as Eligible Investments without the need to give any prior notice to you. However, managed funds, term deposits and bank bills are only eligible within DMS for persons who are Australian residents for tax purposes.

**Exercise Price** means the fixed price at which an option holder has the right to buy, in the case of a call option, or to sell, in the case of a put option, the financial instrument covered by the option.

**Fees** means the fees and charges payable by you for the provision of the MDA Services as set out under the heading “Fees and Charges” in Part 1 of the DMS Guide.

**Financial Adviser** means a representative of Morgan Stanley Wealth Management who provides financial services to you in relation to DMS.

**Financial Products** means those financial products that Morgan Stanley Wealth Management has discretion to deal in, in connection with the MDA Services.

**Financial Services Guide** or **FSG** means Morgan Stanley Wealth Management’s Financial Services Guide for the provision of MDA Services dated 1 October 2017, and which forms Part 2 of the DMS Guide.

**Investment Account** means an ASX listed security trading account established by you with Morgan Stanley Wealth Management including the accounts held for the purposes of the MDA Services.

**Investment Program** means the investment program developed by Morgan Stanley in consultation with you and/or your financial adviser.

**Market Integrity Rules** means the ASIC Market Integrity (ASX Market) Rules.

**Master Deed of Priority** means the deed of priority entered into between Morgan Stanley Wealth Management and ASX Clear dated 19 April 2011, as amended from time to time.

**MDA Services** means the DMS managed discretionary account service to be provided to you by Morgan Stanley Wealth Management under the Agreement.

**MDA Services Report** means a report provided in accordance with clause 7.4 of the Agreement.

**Minimum Amount** means \$250,000 or any other amount determined by Morgan Stanley Wealth Management from time to time.

**Morgan Stanley Wealth Management** or us or we means Morgan Stanley Wealth Management Australia Pty Ltd ABN 19 009 145 55, holder of Australian Financial Services Licence No. 240813 and Participant of ASX Group.

**Morgan Stanley Wealth Management website** means the website at [www.morganstanley.com.au](http://www.morganstanley.com.au).

**Ongoing Fee Arrangement** means the arrangement set out in section 962A of the Corporations Act.

**Options** means a contract that is bought and sold on the options market operated by the ASX. It is a contract between two-parties, which gives a buyer or taker of the contract the right, but not the obligation, to buy or sell a parcel of shares at a predetermined price on or before predetermined date.

**Personal Information** means information you provide to your financial adviser in relation to the details of your personal objectives, current financial situation, needs and other relevant information. This information is required to ensure that your financial adviser is at all times able to provide you with appropriate advice.

**Portfolio Administrator** means Cavendish Administration Pty Ltd (ABN 97 080 366 829) or such other portfolio administrator appointed by Morgan Stanley Wealth Management from time to time.

**PPSA** means the Personal Property Securities Act 2009 (Cth).

**PPS Law** means:

- (a) the PPSA;
- (b) any regulations made at any time under the PPSA;
- (c) any provision of the PPSA or regulations referred to in (b);
- (d) any amendment to any of the above, made at any time; or
- (e) any amendment made at any time to the Corporations Act or any other legislation in connection with the implementation or as a consequence of the PPSA.

**Primary Market Issuance** means the process by which a corporation’s stock is issued for the first time. It is then sold to the public on the secondary market.

**Privacy Act** means the Privacy Act 1988 (Cth).

**Put Option** means an option that gives a taker the right, but not the obligation, to sell a parcel of shares at a predetermined price, on or before a predetermined date.

**Security Interest** means:

- (a) a security interest that is subject to the PPSA;
- (b) any other mortgage, pledge, charge, lien, trust or power; or
- (c) any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property.

**Software** means the online access facility to DMS.

**Statement of Advice** or **SOA** means the statement of advice developed by Morgan Stanley Wealth Management after consultation with you and/or your licensed financial adviser and provided to you separately from time to time. An SOA will be provided to you if you are a retail client (as defined in the Corporations Act).

**Strike Price** has the same meaning as the definition of “Exercise Price.”

**Term to Maturity** means the remaining life of financial instrument.



## Schedule 1

# Investment Program

### The Investment Program is an integral aspect of the MDA Services.

The MDA Services and the Investment Program are designed to facilitate Morgan Stanley Wealth Management giving effect to part, or all of the investment strategy your financial adviser has recommended for you in a separate SOA your adviser has provided to you.

#### Opinion

It is the opinion of Morgan Stanley Wealth Management that this Agreement, including the investment strategy selected in your Application Form, is suitable for your relevant personal circumstances.

This opinion is based on a consideration by us of information:

(a) about your relevant personal circumstances that has been provided to Morgan Stanley Wealth Management as at the date of this Agreement; and

(b) set out in the SOA that your financial adviser has provided to you separately.

#### Investment Strategy – Trading Discretions

##### NATURE AND SCOPE OF DISCRETIONS

Subject to any additional restrictions you advise in writing (see “Giving us Instructions and making changes to the Investment Strategy” below), Morgan Stanley Wealth Management will act with absolute discretion on your behalf and without prior reference to you in respect of individual trades within the investment strategies set out below.

##### INVESTMENT STRATEGIES

In exercising its discretions, Morgan Stanley Wealth Management will apply one of the investment strategies, shown in Table 1, as elected in the Application Form. The opinion above relates to that selected investment strategy and any modifications to it that you have agreed with your adviser.

If, in your Application Form, you have authorised the use of options, sold covered call options may be entered into over any part or all of the listed securities in your portfolio and bought protective put options may be entered into up to the total value of listed securities in your portfolio. Both bought protective put options and sold covered call options may be entered into simultaneously over the same assets. The extent to which call options and put options will be entered into will be determined at the discretion of your financial adviser, having regard to the state of markets, your personal investment profile as set out in your SOA and any other factors your financial adviser considers appropriate.

If you have authorised investment in primary market issuances of fixed income securities, your financial adviser may bid on your behalf without seeking your specific instruction if your financial adviser considers it appropriate. Your financial adviser may provide

advice or information regarding an offer of fixed income securities where required by the Target Market Determination provided by the issuer. This advice or information is for your information, and should not be taken to impact the discretion exercised by your financial adviser.

**Table 1: Asset Allocation Limits**

Conservative				
	Equity Minimum	Minimum	Maximum	Equity Maximum
Australian Equities		0%	25%	
International Equities	0%	0%	20%	50%
Property		0%	15%	
Fixed Income	–	20%	70%	–
Alternatives	–	0%	0%	–
Cash	–	10%	80%	–
Moderately Conservative				
	Equity Minimum	Minimum	Maximum	Equity Maximum
Australian Equities		5%	35%	
International Equities	5%	0%	30%	60%
Property		0%	20%	
Fixed Income	–	15%	60%	–
Alternatives	–	0%	10%	–
Cash	–	5%	65%	–
Balanced				
	Equity Minimum	Minimum	Maximum	Equity Maximum
Australian Equities		10%	50%	
International Equities	20%	0%	45%	75%
Property		0%	20%	
Fixed Income	–	10%	50%	–
Alternatives	–	0%	15%	–
Cash	–	1%	65%	–
Growth				
	Equity Minimum	Minimum	Maximum	Equity Maximum
Australian Equities		20%	70%	
International Equities	40%	0%	55%	95%
Property		0%	20%	
Fixed Income	–	5%	30%	–
Alternatives	–	0%	22%	–
Cash	–	0%	50%	–

**Table 1: Asset Allocation Limits  
(Continued)****Listed Securities**

	Equity Minimum	Minimum	Maximum	Equity Maximum
Australian Equities	–	0%	100%	–
International Equities	–	0%	100%	–
Property	–	0%	50%	–
Fixed Income	–	0%	100%	–
Cash	–	0%	70%	–

- Approved listed equities
- Approved Exchange Traded Funds (ETFs) and Listed Investment Companies (LICs)
- Approved cash instruments\*
- Sold covered calls, bought protective puts and bought ASX index puts
- Approved bonds, convertibles and hybrid securities
- Approved managed funds\*
- Approved primary market issuances of fixed income securities including bank hybrid securities

\* Managed funds, term deposits and banks bills are only eligible within DMS for persons who are Australian residents for tax purposes.

**ELIGIBLE INVESTMENTS**

Subject to asset allocation ranges and diversification parameters portfolios may consist of the investments shown in Table 1.

**DIVERSIFICATION RULES.**

Portfolios must contain a minimum number of individual holdings, and this minimum number will be as determined by Morgan Stanley Wealth Management from time to time.

Maximum holding limits will apply to all individual securities and equity sectors. The limits will vary depending on the nature of the security or sector, and will be determined by Morgan Stanley Wealth Management from time to time.

Details of the approved minimum and maximum holdings can be obtained on request from your financial adviser.

**PROHIBITED INVESTMENTS**

Investments are prohibited in:

- Securities where Morgan Stanley Wealth Management or its affiliates have a product development role.

**INVESTMENT STRATEGY ADHERENCE & IMPLEMENTATION PERIOD**

If your portfolio moves outside of the investment strategy nominated in your Application Form because of market movements or other factors, your financial adviser will take such action as is necessary to bring your back in line with the investment strategy within 90 days, unless otherwise agreed by you in writing.

For new accounts and subsequent deposits or withdrawals, portfolios must be in line with the investment strategy within 90 days, unless otherwise agreed by you in writing.

**Giving Us Instructions and Making Changes to the Investment Strategy**

As part of the MDA Service, Morgan Stanley Wealth Management will execute trades on your behalf without the need to seek specific instructions from you for each trade. Where you wish to update information relating to your account, you may do so by telephone, mail, email or facsimile. Instructions relating to banking details must be given to Morgan Stanley Wealth Management in writing. Any instructions to change your Investment Strategy or portfolio restrictions will only become effective once you have received a written confirmation from Morgan Stanley Wealth Management.

You may wish to add restrictions to your portfolio to prevent the purchase or sale of specific assets. Within the DMS product we are able to accept restrictions in three formats:

- **Stock restriction**—you will be required to specify the company name, the stock and code (e.g. XYZ Company Pty ordinary shares, code XYZ.ASX). This will restrict the specific stock only and will not restrict other stocks issued by that company;
- **Issuer restriction**—you will be required to specify the company name (e.g. XYZ Company Pty). This will restrict all stocks issued by the company (e.g. ordinary shares, bonds and hybrids).
- **Sector restriction**—you will be required to specify the Global Industry Classification Standard (“GICS”) group name and code that you wish to restrict. (e.g. Consumer Electronics, code 25201010). This will restrict all stocks that are classified within that group. Your financial adviser can assist you in selecting GICS groups if you wish to add one of these restrictions.
- **Security type restriction** - you will be required to specify the security type (e.g. Australian bank hybrids). This will restrict all hybrids issued by Australian banks.

Please note that any restrictions that you include within your DMS portfolio will constrain our ability to make investment decisions on your behalf and therefore may affect portfolio performance.

**Risks**

The risks associated with MDA Services are similar to the risks associated with investing or trading directly in portfolio assets. There are however additional risks that apply to MDA Services such as DMS. The most apparent risk is that after you have decided to surrender full or partial control of your investment portfolio, the MDA Services holdings may not perform in accordance with your expectations and/or you suffer a loss. An investment made on your behalf will carry all of the usual risks as if you personally made the investment decision. All investments involve varying degrees of risk. There are many factors beyond the control of investors that may affect the return of capital and/or return on the invested capital. Each investment in each asset class is exposed to different and/or varying levels of risk, which will include one or more of the following:

**MARKET RISK**

The performance of investment markets are affected by the economic climate, regulatory changes, as well as consumer and investor sentiment.

**SPECIFIC ASSET RISK**

Each specific investment in each asset class, is subject to its own specific risks relating to its operations and business activities

undertaken in the industry, market and geographic area within which it operates.

#### INTEREST RATE RISK

This can affect the return on fixed interest investments and can also have a direct or indirect impact upon the value and return of other investments, particularly those that rely upon borrowings to fund their activities.

#### CREDIT RISK

The risk of loss arising from the failure of another party to meet their obligations. Additionally, the price of securities may be negatively impacted by any changes in the credit rating of the underlying companies.

#### CURRENCY RISK

The risk of loss arising from a change in foreign exchange rates. Although investments within your DMS account will be denominated in Australian dollars the underlying investments may provide you with exposure to other currencies.

#### ADDITIONAL RISKS ASSOCIATED WITH OPTIONS

Options are complex products with specific risks associated with their use. Before you make any decision to use options in your portfolio, we require you to read the Options PDS, available free of charge upon request from your financial adviser, and the ASX publication, “*Understanding Options Trading*” so you can understand the complexity of these instruments. By giving us discretion to trade in options, you will not be able to control the extent to which you are exposed to losses in connection with option contracts. Your financial adviser will have absolute discretion in these matters and may enter into positions you would not have entered into and do not agree with.

#### ADDITIONAL RISKS ASSOCIATED WITH MARGIN LENDING.

Margin lending carries specific risks that are described in Morgan Stanley Wealth Management’s Margin Lending PDS. Securities held within a DMS Account may be used as collateral for a Morgan Stanley Wealth Management margin loan. Use of a margin loan in conjunction with DMS carries additional risks. For example, we may enter into transactions that result in a margin call. Further, if you have provided us with discretion to enter into option contracts, any assets posted as collateral or otherwise encumbered in connection with such contracts may not be available to meet a margin call, in which case you will need to satisfy the margin call through other resources.

#### DMS Specific Risks

In managing your portfolio account, the purchases and sales of assets, changes to the market value of assets and the receipt of income and dividends will cause fluctuations in the weightings of each asset class and may result in a departure from the recommended weightings set out in the SOA.

While not all risks associated with investing can be predicted, Morgan Stanley Wealth Management may be able to limit your exposure to these risks by making investments based on its experience and expertise. Morgan Stanley Wealth Management also has access to a wide range of market information including company announcements, prospectuses, press releases and research reports compiled by Morgan Stanley Wealth Management and others.

As with any discretion, there is a remote risk that it may be misused. Morgan Stanley Wealth Management has systems in place to reduce the likelihood of this occurring. Financial advisers and Morgan Stanley Wealth Management employees are assessed to ensure they are of good fame and character and act honestly, efficiently and fairly. Additionally, you will receive confirmations of all transactions entered into on your behalf. Morgan Stanley Wealth Management management monitors the trading activities of MDA Services. In accordance with Morgan Stanley Wealth Management’s Australian financial services licence, our controls and procedures are subject to review by ASIC and the ASX at any time to ensure that they are appropriate and operating suitably for the purposes of the MDA Services. The controls and procedures are also externally audited each year. Should you have any concerns regarding the activities on your account, please contact the Morgan Stanley Wealth Management compliance department immediately.

Notwithstanding the protections described above, Morgan Stanley Wealth Management may make investment decisions that you disagree with. Provided our actions are within the law and the scope of the authority you have granted and we have acted efficiently, honestly and fairly, you will have no right of recourse. This means that you will have to accept the tax consequences, transaction costs (if any) and any capital loss resulting from any transaction validly executed by us and any “reversal” of that transaction you may request.

If you provide your financial adviser with a discretion to enter into options, your financial adviser may use that discretion to not trade in options, or to trade in options at some times only or over only part of your portfolio. Importantly, authorising your adviser to enter into put options does not guarantee that your portfolio or any part of it will be protected by put options at any particular time. Morgan Stanley Wealth Management will not be liable for the consequences of entering into or failing to enter into options within the scope of our discretion at any particular time.

#### Review of Your Investment Program

After establishment, your Investment Program will be reviewed by Morgan Stanley Wealth Management in conjunction with your financial adviser at least annually, to:

- (a) update your profile to reflect any changes in your circumstances, risk tolerance and investment objectives; and
- (b) determine whether this Agreement continues to be suitable to your relevant personal circumstances. It will be your responsibility under the terms of the Agreement to notify your financial adviser of any significant changes to your personal circumstances that occur during the year.

#### Warnings

The Investment Program may not be suitable for you if you have provided us with limited, incomplete or inaccurate information relating to your personal circumstances. Also, this Investment Program may cease to be suitable if your personal circumstances change. We encourage you to contact Morgan Stanley Wealth Management urgently if your circumstances have changed so Morgan Stanley Wealth Management can determine if the DMS program remains appropriate to your needs.

## Part 4

## Terms and Conditions

### This part contains:

**Part A – General Terms of Business**

**Part B – Sponsorship Agreement**

**Part C – Options Facility**

**Part D – Additional Terms for  
ASX Derivative Products**

**Part E – Definitions**

## Part A

## General Terms of Business

The following terms and conditions (“Terms”) will apply to all domestic accounts at Morgan Stanley Wealth Management Australia Pty Ltd ABN 19 009 145 555 (“we,” “our,” “us” or “Morgan Stanley Wealth Management”). By executing the Application Form or by placing an Order, you agree to be bound by these Terms, as they may be amended from time to time.

Other services, such as international Financial Services, are subject to separate terms and conditions that are provided to you separately if you wish to utilise those services. In the event that there is inconsistency between these Terms and the terms and conditions of another Financial Service or other Financial Product, the other terms and conditions shall prevail.

Any additional or different terms stipulated by you or set out in any communication from you will not be effective or binding upon us unless agreed by us in writing.

### 1. DEFINITIONS AND INTERPRETATIONS

(a) In the Terms:

**APRA** means the Australian Prudential Regulation Authority.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means the Australian Securities Exchange Limited (ABN 98 008 624 691).

**ASX Clear** means ASX Clear Pty Limited (ABN 48 001 314 503), which provides clearing services in relation to products traded on the ASX.

**ASX Group** means any or all of ASX Clear, ASX Settlement and ASX.

**ASX Settlement** means ASX Settlement Pty Limited (ABN 49 008 504 532), which provides settlement services in relation to products traded on the ASX.

**Business Days** means a day other than a Saturday, Sunday, New Year’s Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that the ASX declares is not a business day.

**Chi-X** means Chi-X Australia Pty Ltd (ABN 47 129 584 667).

**Claim** means a claim, notice, action, proceeding or demand made against the Indemnified Person concerned, however it arises and whether it is present or future, fixed or unascertained, actual or contingent, direct or indirect.

**Clear Operating Rules** means the ASX Clear Operating Rules.

**Corporations Act** means the Corporations Act 2001 (Cth).



**Corporations Regulations** means the Corporations Regulations 2001 (Cth).

**Fees** means the fees and charges payable by you for the provision of the Financial Services as set out in the Statement of Advice.

**Financial Product** has the meaning given to that term in Division 3 of Part 7.1 of the Corporations Act.

**Financial Service** has the meaning given to that term in Division 4 of Part 7.1 of the Corporations Act.

**Full Service FSG** means the Financial Services Guide issued by Morgan Stanley Wealth Management from time to time. The Full Services FSG is separate to and independent of the FSG contained in Part 2 of this Guide.

**GST** means the goods and services tax described in the A New Tax System (Goods and Services Tax) Act 1999, and related Acts, or any similar tax.

**Loss** means any damage, loss, cost, expense (including legal or administrative fees howsoever arising) or liability incurred by the Indemnified Person concerned, however it arises and whether it is present or future, fixed or unascertained, actual or contingent, direct or indirect.

**Market** means the market operated by the ASX, Chi-X, or any other Market Operator.

**Market Integrity Rules** means the ASIC Market Integrity Rules.

**Market Operator** means an entity that is licensed under subsection 795B(1) of the Corporations Act to operate a Market.

**Ongoing Fee Arrangement** means the arrangement set out in section 962A of the Corporations Act.

**Order** means any order placed by you with us to acquire or dispose or otherwise deal in Financial Products.

**PPSA** means the Personal Property Securities Act 2009 (Cth).

**PPS Law** means:

- (a) the PPSA;
- (b) any regulations made at any time under the PPSA;
- (c) any provision of the PPSA or regulations referred to in (b);
- (d) any amendment to any of the above, made at any time; or
- (e) any amendment made at any time to the Corporations Act or any other legislation in connection with the implementation or as a consequence of the PPSA.

**Prescribed Persons** is defined in Market Integrity Rule 1.4.3 and includes, but is not limited to, a Morgan Stanley Wealth Management employee, director, or responsible executive; controller or its related body corporate; the immediate family of a person referred to above; a family company and a family trust of a person referred to above; and any related body corporate or other entity controlled by a person referred to above.

**Rules** means the Market Integrity Rules, Settlement Operating Rules and Clear Operating Rules and other rules of an approved Market Operator, as amended from time to time.

**Security Interest** means:

- (a) a security interest that is subject to the PPSA;
- (b) any other mortgage, pledge, charge, lien, trust or power; or

(c) any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property.

**Services** means any Financial Services provided by us to you including, but not limited to, those services set out in clause 2 of these Terms.

**Settlement Operating Rules** means the ASX Settlement Operating Rules.

**Transaction** means a transaction formed on execution of an Order.

**you or client** means the person or entity whose name the account is held, includes and where the content permits, any person authorised to operate or provide instructions (however, broad or limited the authorisation may be) in relation to the account. If there are more than one, you means each of them separately and every two or more of them jointly and includes your successors and assigns.

(b) In these Terms:

(i) Unless the context indicates a contrary intention:

(A) words expressed in the singular include the plural and vice versa;

(B) where a word or phrase is defined in these Terms, other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;

(C) the word "person" includes a company, partnership, joint venture, association, corporation or other body corporate and any governmental agency;

(D) a reference to any statute, rule or other law, or to any sections or provisions thereof includes any statutory modification or re-enactment or any statutory provision substituted therefore and all ordinances, by-laws, regulations and other statutory documents issued thereunder;

(E) a reference to a document (including these Terms or the Rules), deed or agreement includes an amendment or supplement to, or replacement or novation of, that document;

(F) a reference to anything (including, without limitation, any amount) is a reference to the whole or any part of it and a reference to a group of persons is a reference to any one or more of them;

(G) a monetary amount means that amount in Australian currency;

(H) a reference to a party to a document includes that party's successors and permitted assigns;

(I) a reference to a month is a reference to a calendar month; and

(J) headings are inserted for convenience only and do not affect the interpretation of these Terms.

(ii) Unless otherwise defined or specified in these Terms, words and expressions defined in the Corporations Act, Rules, procedures, appendices and schedules have the same meaning as in these Terms. In the event of any inconsistency, the definitions in these Terms prevail.

## 2. MORGAN STANLEY WEALTH MANAGEMENT SERVICES

(a) We will provide you with Financial Services, including dealing in a Financial Product and/or providing financial product advice, together with related research (where available) in relation to securities, derivatives, managed investment funds, basic deposit products and any other Financial Products agreed by you and us.

(b) Unless you are otherwise notified, these Terms govern the provision of all Financial Products and Financial Services from us to you.

(c) Where you are notified that Financial Services offered by us are subject to alternative terms and conditions (the "Alternative Terms"), in the event that there is inconsistency between these Terms and the Alternative Terms, the Alternative Terms prevail.

## 3. AUTHORITY

You represent and warrant that you have the authority and power necessary to place Orders with us under these Terms, that you will comply with all applicable laws and, if you are an individual that you are over the age of 18.

## 4. INVESTMENT NEEDS AND FINANCIAL POSITION

(a) When you disclose your investment objectives, financial situation and particular needs (your "relevant personal circumstances") to us, you do so in order to assist us to provide personal advice or make recommendations suitable to your investment objectives, personal circumstances, financial situation and needs ("Personal Advice"). You agree to promptly notify us of any changes to your relevant personal circumstances. You warrant that any information that you provide to us is true and correct.

(b) You acknowledge and agree that:

(i) full disclosure of your relevant personal circumstances will or has been requested by us;

(ii) if you do not give all the details requested by us in relation to your relevant personal circumstances, or fail to promptly notify us of changes in relation to your relevant personal circumstances then:

(A) we can only give you limited advice which may not suit you. Limited advice may be based on incomplete or inaccurate information relating to your personal circumstances and because of this, you should, before acting on the advice, consider the appropriateness of the advice having regard to your relevant personal circumstances;

(B) this may impair your rights under the Corporations Act;

(iii) you undertake as primary obligor all obligations with respect to the execution of any Order; and

(iv) if you do not provide us with your relevant personal circumstances, you acknowledge and agree that we will only provide you with general advice, meaning that we have not taken into account any of your investment objectives, personal circumstances, financial situation or needs. When we provide general advice, you must consider the appropriateness of the advice, having regard to your objectives, financial situation and needs and you must read the relevant disclosure document or Product Disclosure Statement in full and consider it before making any decision. Further, you should make your own decision on whether the Financial Product suits your needs.

## 5. ORDERS AND EXECUTION

(a) You authorise Morgan Stanley Wealth Management to buy, sell or otherwise deal in Financial Products in your name on your behalf in its absolute discretion. Each Order we execute for you, where applicable, is subject to the Corporations Act, the Rules, the directions, decisions and requirements of ASIC, the ASX Group and the Market Operator, the customs and usages of the Market (each as amended from time to time) and the correction of errors and omissions. We reserve the right to refuse to accept or place a limit on any Order in our absolute discretion for any reason and at any time. We will advise you of any refusal or limitation as soon as practicable. You agree we can provide confirmations in paper or electronic form.

(b) You acknowledge we may submit orders for other clients and/or an order for our own account or our affiliates or other prescribed persons and allocations shall be in accordance with our allocation policy, contained in this Part 4. We reserve the right to change the allocation policy at any time without notice to you.

(c) You acknowledge we are entitled to cancel or reverse a Transaction or Order without notice to you where ASIC, the ASX Group or any Market Operator has recommended or required cancellation for market integrity reasons, or where the market was operating under an error, or where the cancellation or reversal is permitted under the Rules.

## 6. SHORT SELLING

You warrant you have a presently exercisable and unconditional right to have financial products vested in the buyer prior to Morgan Stanley Wealth Management placing any sell Order on your behalf. You further acknowledge that Morgan Stanley Wealth Management does not provide a short selling facility; does not facilitate scrip borrowing; and has an obligation to report to the Market Operator where it undertakes sales using borrowed securities. In order to ensure that we meet our reporting obligations, you are required to notify your financial adviser if you are using borrowed stock which may be used to facilitate a sale by Morgan Stanley Wealth Management.

## 7. CLIENT AS PRINCIPAL

In placing an order, you acknowledge that we will be acting as your agent and that you will be acting as principal and not as agent for any other party. All transactions will be undertaken on the basis that you undertake as primary obligor all obligations with respect to the execution of any order.

## 8. JOINT ACCOUNTS

If your account is in two or more names, the liabilities of all parties are joint and several and, unless you tell us otherwise, we are entitled to accept instructions from any one of the persons named in the account or any person nominated as authorised to deal on your account. You acknowledge that we are under no obligation to inquire into or see to the application or disposition of the Financial Product or money. If you are a trustee, the trustee is bound in its capacity as trustee and personally. Your successors and assignees are bound by these Terms.

## 9. RECORDING CONVERSATIONS

You acknowledge that in some instances we may record our telephone conversations with you and if there is a dispute and there

is a recording available, you may listen to any such recordings in respect of that dispute. Telephone tapes are generally retained for a short period and may be reviewed for quality control purposes by us.

## 10. YOUR MONEY

(a) Any funds received by us from you, or on your behalf, will be held in trust by us, unless otherwise directed by you in writing.

We will retain the interest earned on those funds.

(b) You acknowledge that:

(i) when amounts due to you are paid by cheque, we may pay such amounts to you via a bank regulated by APRA;

(ii) money placed on deposit for you will not be covered by the trust provisions of the Corporations Act or the Rules; and

(iii) the National Guarantee Fund does not cover all Financial Products.

## 11. FEES AND CHARGES

You agree to pay us on demand:

(a) all transaction fees and charges, including our commission, exchange fees; and other duties and taxes payable, including GST;

(b) all amounts incurred by us as a result of your default under these Terms, the Corporations Act and the Rules, to settle or otherwise (including fail fees);

(c) interest on any overdue amounts, which is charged using the method and interest rate we determine from time to time; and

(d) any fees or charges that are imposed for the provision of an additional service request (for example, off-market transfer requests, additional reporting, corporate actions, administration service (not inclusive)).

## 12. LIMITATION OF LIABILITY AND INDEMNITY

**12.1** To the extent permitted by law, in no event shall Morgan Stanley Wealth Management, its agents and delegates, or any of its employees, officers, directors or representatives be liable for any damage, claim or loss incurred by you in connection with or arising as a consequence of:

(a) anything lawfully done by Morgan Stanley Wealth Management in performing the MDA Services

(b) any failure by you to comply with the terms of this Agreement including any failure to inform Morgan Stanley Wealth Management of any changes in your personal circumstances that may be relevant to the MDA Services

(c) any failure of any of your computer or electronic systems or networks or any telecommunications service used by you to communicate with Morgan Stanley Wealth Management or access information about the MDA Services or your DMS portfolio

(d) compliance by Morgan Stanley Wealth Management with a direction, request or requirement of any applicable law such as the Corporations Act, the ASX Group, a Market Operator, a regulatory body such as ASIC, or any other regulatory or statutory body

(e) errors or omissions in any information relating to the investments made pursuant to the Investment Program or any delay in the information relating to your investments made pursuant to the Investment Program being recorded in the MDA Services

(f) your failure to independently confirm information being recorded in the MDA Services.

**12.2** To the fullest extent permitted by law, you agree to indemnify and hold Morgan Stanley Wealth Management, its agents and delegates, and its employees, officers, directors or representatives indemnified from and against all sums of money, actions, proceedings, suits, claims, demands, losses, and any other amounts which we may suffer or incur directly or indirectly as a result of:

(a) any default (whether by act or omission) or breach by you of the terms of this Agreement, including any failure by you to pay Fees, taxes or charges as they fall due

(b) any request, instruction or direction by you under the terms of this Agreement

(c) any representation made or given by you under the terms of this Agreement proving to be incorrect in any material respect

(d) any fraud, negligence, criminal act by you.

**12.3** Notwithstanding any of the above, you are not required to indemnify Morgan Stanley Wealth Management in respect of any amount which arises from any mistake, fraud, negligence or wilful misconduct by Morgan Stanley Wealth Management, its agents and delegates, or its employees, officers, directors or representatives.

**12.4** This is a continuing indemnity and will survive the termination of the terms of this Agreement. The indemnified person holds the benefit of the indemnity for itself and on trust for each of its officers, employees, agents and representatives.

## 13. SETTLEMENT

You agree that Morgan Stanley Wealth Management may settle transactions by the settlement date shown on the confirmation through the movement of funds to or from your DMS Cash Account and through the movement of securities to or from your sponsored holdings.

## 14. RIGHTS OVER YOUR FUNDS AND FINANCIAL PRODUCTS

We are entitled to retain any Financial Products or sums due to you pending payment of any sums due to us and to set off sums due to us against amounts payable by us to you or amounts that we hold for you in any account. If you fail to make payment to us we have a general lien over and power to sell or realise any Financial Products we or a related body corporate hold for you.

## 15. FACSIMILE DOCUMENTS

If you provide documentation or instructions by way of facsimile, you agree to release Morgan Stanley Wealth Management and its related companies from, and indemnify them against, all losses and liabilities arising from any payment made or action taken by Morgan Stanley Wealth Management based on any documentation or instruction (even if not genuine) that is received and which bears a signature apparently yours or that of an authorised signatory.

You also agree that neither you nor anyone claiming through you has any claim against Morgan Stanley Wealth Management and its related companies in relation to these payments or actions.

## 16. INSTRUCTIONS

We will use our reasonable endeavours to give effect to your instructions, but we will not be responsible for failure to give effect to, or for delays or errors in giving effect to, your instructions. We are entitled to rely on any document or communication which we reasonably believe to be a notification or an oral communication without further enquiry.



We will not be responsible for confirming the receipt of instructions or verifying the authenticity of your instructions.

You acknowledge and agree that Morgan Stanley Wealth Management may in its absolute discretion refuse to accept instructions by way of email or other electronic means. You also acknowledge that email transmissions may be incomplete or delayed and Morgan Stanley Wealth Management takes no responsibility for any errors or delays suffered as a result of sending email instructions.

If you provide instructions by way of email or other electronic means, you agree to release Morgan Stanley Wealth Management and its related companies from, and indemnify them against, all losses and liabilities arising from any payment made, action taken or failure to act by Morgan Stanley Wealth Management based on any instruction (even if not genuine) that is received from any email or other electronic address, which you have identified to Morgan Stanley Wealth Management as belonging to you or an authorised person.

You also agree that neither you nor anyone claiming through you has any claim against Morgan Stanley Wealth Management and its related companies in relation to these payments, actions or failures.

#### 17. UNAUTHORISED DEALINGS

You warrant and represent that you:

(a) have not and will not assign, charge, declare a trust over or otherwise grant a security over the cash in your DMS Cash Account (or any other bank account nominated by you), any bank bills or Financial Products; and

(b) will undertake that you will not create or allow a third party or any other agent to exist or agree to an assignment, charge, declaration of trust over or otherwise grant a security over the cash in your DMS Cash Account (or any other bank account nominated by you), any bank bills or Financial Products.

#### 18. FINANCIAL ADVISER (DEALER GROUP)

If you are a client of an external financial adviser (i.e. a financial adviser who is not employed by Morgan Stanley Wealth Management) or dealer group, you acknowledge and agree that your financial adviser (not us) is responsible for giving Personal Advice to you in relation to the relevant Financial Product and your adviser is required to obtain information concerning your investment objectives, financial situation and particular needs to ensure that he or she has a reasonable basis for recommendations made to you.

#### 19. PAYMENTS OF REBATES

If you are a client of an external financial adviser (i.e. a financial adviser who is not employed by Morgan Stanley Wealth Management) or dealer group, or you have been referred to us by another person; they may receive a benefit including a share of the Fees.

#### 20. DISCLOSURE OF INTEREST

You acknowledge that we may execute Orders for you in circumstances where we or our associates:

- (a) hold a principal position or deals in the Financial Products;
- (b) provide similar Services to other persons in relation to the Financial Products;
- (c) are allocated a sale or purchase of Financial Products when we have an unexecuted Order on the same terms from you;

(d) take the opposite position in a Transaction (including a crossing) either acting for a client or on our own account and we may charge you brokerage at the normal or agreed rate;

(e) sponsor or underwrite a new issue involving the Financial Product;

(f) have material price sensitive information relating to Financial Products where the individuals processing your Order are prevented from knowing or taking into account such information by reason of Chinese Walls; or

(g) have a potential conflict of interest of which you are not aware and which we are unable to disclose to you.

#### 21. INFORMATION COLLECTION STATEMENT

Morgan Stanley Wealth Management collects, holds, uses and discloses your information (including your personal information) for various purposes including providing you with financial products and services that help meet your financial needs and objectives, administering and operating those services, carrying out credit and other background checks, marketing products and services to you, exercising and defending its legal rights, complying with its legal and regulatory obligations anywhere in the world, improving, supporting and enhancing its products and services, internal training, monitoring and other legitimate business purposes.

Morgan Stanley Wealth Management may disclose your information (including your personal information) to its associated firms, vendors or other persons processing your information on its behalf (e.g. credit reporting agencies). Disclosure to these entities may involve the disclosure of your information outside Australia to countries which do not offer the same level of protection as may be enjoyed in Australia.

Morgan Stanley Wealth Management's privacy policy ('Privacy Policy') contains further details on our information handling practices and explains in more detail what personal information we collect, methods of collection, purposes of collection, retention, use and disclosure, when we may disclose your personal information, to whom we disclose your personal information, the countries we may disclose your personal information to and how you may opt out from receiving marketing information. The Privacy Policy also explains your rights including how you may access and request correction of your personal information or complain about a breach of the Australian Privacy Principles by Morgan Stanley Wealth Management. The Privacy Policy is available at [www.morganstanley.com.au/privacypolicy](http://www.morganstanley.com.au/privacypolicy).

#### 22. TERMS OF BUSINESS

You agree and acknowledge that:

(a) you have read, understood and agree to be bound by the General Terms of Business outlined in the Important Information booklet ("Terms of Business");

(b) the Terms of Business are in addition to these Terms and are also binding on you; and

(c) to the extent of any inconsistency, these Terms will prevail over the Terms of Business.

#### 23. AML/CTF LEGISLATION

You agree and acknowledge that:

(a) to ensure our continued compliance with the Anti-Money Laundering and Counter Terrorism Financing Act 2006 and Anti-



Money Laundering and Counter Terrorism Financing Rules 2007 (No.1) (collectively, “AML/CTF Act and Rules”), we will need to collect information and verification documentation from you from time to time;

(b) you will provide us with whatever additional information is required in order for us to meet our obligations under the AML/CTF Act and Rules; and

(c) we will not be liable for any loss incurred by you as a result of any action of Morgan Stanley Wealth Management which either delays your DMS account being opened or results in your application being delayed or declined, where these actions are necessary by us to comply with our obligations under the AML/CTF Act and Rules.

#### 24. PERSONAL PROPERTY SECURITIES (PPS) ACT

(a) Where transactions under these Terms may give rise to a Security Interest, the following clauses are intended to protect any interest that Morgan Stanley Wealth Management (or its nominee), as the secured party with a Security Interest, has in:

(i) the Financial Products;

(ii) the cash that may be held by Morgan Stanley Wealth Management (or its nominee) in a deposit account, a cash management account or any other account (“ADI Account”) with an Authorised Deposit-taking Institution (“ADI”);

(iii) the collateral;

(iv) the agreed approved security, (collectively, the “Security Assets”).

(b) Where cash or collateral is held by Morgan Stanley Wealth Management (or its nominee) in an ADI Account with an ADI, you agree that, at all times until the termination of these Terms, when sums are due to Morgan Stanley Wealth Management (or its nominee), Morgan Stanley Wealth Management may direct disposition of funds from the ADI Account without reference to you, the third party and any of your authorised agents (collectively, “Authorised Agents”);

(c) You acknowledge and agree that at all times until the termination of these Terms:

(i) Morgan Stanley Wealth Management (or its nominee), as the secured party with a Security Interest over Secured Assets may initiate or control sending instructions in relation to the transfer of, or other dealings relating to the Secured Assets;

(ii) to the extent that Morgan Stanley Wealth Management (or its nominee) has a Security Interest in any of the Security Assets, you must do anything (including executing any document, obtaining any consent or agreement or giving any notice) that Morgan Stanley Wealth Management (or its nominee) requires to enable Morgan Stanley Wealth Management (or its nominee) to perfect and protect any Security Interest provided for by these Terms;

(iii) Security Interests arising out of an Order or a transaction contemplated by these Terms, are first ranking Security Interests, and if a default under these Terms occurs, Morgan Stanley Wealth Management (or its nominee), in addition to any other right that Morgan Stanley Wealth Management may have, may severally enforce its Security Interest provided for by these Terms;

(iv) Morgan Stanley Wealth Management (or its nominee) may register one or more financing statements in relation to its Security Interest. If permitted by the PPSA, you waive your right under section 157 of the PPSA to receive notice of any verification statement or any related financial change statement;

(v) to the extent that any affiliate of Morgan Stanley Wealth Management (or its nominee) holds a Security Interest under these Terms, Morgan Stanley Wealth Management may do so as trustee or agent on behalf of any other affiliate;

(vi) none of the provisions of the PPSA specified in paragraphs (a) to (r) inclusive of section 115 of the PPSA will apply in relation to any collateral the subject of a PPSA Security Interest established under or contemplated by these Terms, to the extent that this is permitted by the relevant paragraph of section 115 of the PPSA in relation to that provision. For the avoidance of doubt, terms and expressions defined in the PPSA shall have the same meaning when used in these Terms;

(vii) you will not disclose information of a kind mentioned in section 275(1) of the PPSA, except in circumstances required by section 275(7)(b) to (e) of the PPSA. You agree that you will only authorise the disclosure of information under section 275(7)(c) or request information under section 275(7)(d), if Morgan Stanley Wealth Management approves such disclosure. Nothing in this sub-clause (vii) will prevent any disclosure by Morgan Stanley Wealth Management if it believes such disclosure is necessary to comply with its other obligations under the PPSA.

(d) If a term used in this clause 24 has a particular meaning in the PPSA, it has the same meaning in this clause.

#### 25. CONFIDENTIALITY

A party must not disclose these Terms to any person except:

(a) to any professional or other adviser consulted by it in relation to any of its rights or obligations under these Terms;

(b) in connection with the enforcement of its rights under these Terms;

(c) to any of its affiliates, agents or other authorised representatives where the disclosure is made on the basis that the recipient of the information will comply with this clause in the same way that the party is required to do;

(d) where the information is already in the public domain, or where the disclosure would not otherwise breach any duty of confidentiality;

(e) if required by law in Australia or elsewhere; to any state, national or international regulatory, enforcement, exchange body or court anywhere in the world as required or allowed by applicable law or regulation anywhere in the world or at such person's request;

(f) to any other person as required or allowed by applicable law or regulation anywhere in the world; or

(g) otherwise with the prior written consent of the non-disclosing party.

#### 26. EFFECT OF DEATH

You agree, if you are an individual, that if you should die during the term of these Terms, your personal representative(s) will ratify and confirm all acts and things which we have done or caused to

be done pursuant to these Terms between the date of your death and receipt by us of notice of it and will indemnify us in respect of these acts or things.

## 27. INDEMNITY

To the fullest extent permitted by law, you release, discharge and indemnify and agree to keep us, our agents and delegates, our affiliates, our affiliates' agents and delegates and any of our or their employees, officers or directors (each an "Indemnified Person") indemnified from and against all sums of money, actions, proceedings, suits, Claims, demands, Losses and any other amounts which any Indemnified Person may suffer or incur directly or indirectly as a result of, or in connection with:

- (a) any default, whether by act or omission, of yours under these Terms, the Sponsorship Agreement, any Order or transaction;
- (b) any breach by you (or any person purporting to act on your behalf) of these Terms, the Rules or any applicable law including the Corporations Act;
- (c) any representation or warranty made or given by you under these Terms proving to be untrue or incorrect;
- (d) any error, omission, fraud, malfeasance, negligence, misappropriation or criminal act or omission by you (or any person purporting to act on your behalf);
- (e) any failure of any of your computer or electronic systems or networks or any telecommunications service used by you to perform, be available or successfully transmit data to the Indemnified Person, or any error or inadequacy in the data or information input into such systems or networks by you;
- (f) anything lawfully done by the Indemnified Person in accordance with or pursuant to these Terms, the Sponsorship Agreement, any Order or transaction;
- (g) any request, instruction or direction given by you (or any person purporting to act on your behalf);
- (h) any delay or error in the transmission or execution of any Order or instructions given or placed by or for you, except in respect and to the extent of any gross negligence, fraud or dishonesty by us or any claim under any applicable law;
- (i) the Indemnified Person complying with any direction, request or requirement of:
  - (i) the ASX Group, a Market Operator, any applicable law including the Corporations Act, ASIC, a court of law or any other regulatory, statutory or judicial body; or
  - (ii) any other person who either has or proposes to commence proceedings or investigations (including private matters pertaining to your personal or business affairs) on your behalf or on behalf of another person;
- (j) the Indemnified Person in good faith accepting and acting on instructions received by facsimile transmission which are signed by or purported to be signed by you.

This is a continuing indemnity and will survive the termination of these Terms. The Indemnified Person holds the benefit of this indemnity for itself and on trust for each of its officers, employees, agents and representatives.

## 28. LIMITATION OF LIABILITY

Morgan Stanley Wealth Management does not exclude or limit the application of any statute where to do so would contravene that statute or cause any part of these Terms to be void. Morgan Stanley Wealth Management excludes all conditions, warranties or terms implied by statute, general law or custom except to the extent that such exclusion would contravene any statute or cause this clause 28 to be void. Morgan Stanley Wealth Management's liability for a breach of any provision implied by law which cannot be excluded is limited to supplying of the Services again.

## 29. CURRENCY

All currency exchange risks in respect of your Transactions will be borne by you. Any conversion from one currency to another, required to be made by us to perform or enforce any Transaction, may be effected by us in the manner and at the time as we in our absolute discretion decide.

## 30. VARIATIONS AND TERMINATION

See clause 11 of the Agreement contained in Part 3 of this Guide.

## 31. GOVERNING LAW

These Terms are governed by the laws of New South Wales and the parties submit to the exclusive jurisdiction of the courts of New South Wales.

## 32. SEVERABILITY

Each part of these Terms is severable from the balance of these Terms and if any part of these Terms is illegal, void, invalid or unenforceable, then that will not affect the legality, effectiveness, validity or enforceability of the balance of these Terms.

## 33. TIME OF ESSENCE

Time is of the essence with respect to these Terms.

## 34. DIRECT DEBIT PAYMENT OPTION

These following terms form the client's direct debit request service agreement when you request for contributions to the DMS program to be made from your nominated bank account, and should be read in conjunction with any direct debit request you make in the Application Form (or by any other valid written instruction). If Morgan Stanley Wealth Management varies any details of this direct debit request service agreement, we will give you at least 14 days written notice.

### 34.1 DEBITING YOUR NOMINATED BANK ACCOUNT

- (a) By providing a direct debit request, you authorise Morgan Stanley Wealth Management to arrange for contributions to the DMS program to be debited from your nominated bank account on the due date of the drawing ("debit day").
- (b) If a debit day falls on a non-Business Day, Morgan Stanley Wealth Management will arrange for the amount to be drawn on the next Business Day.

### 34.2 YOUR RIGHTS

- (a) You may defer a particular debit payment, or otherwise defer, alter, or terminate this direct debit request service agreement by providing us at least 5 Business Days written notice prior to the relevant debit day or arranging it through your nominated financial institution.

(b) If you consider there has been an error including in relation to a drawing amount or a debit day, you should notify Morgan Stanley Wealth Management as soon as possible so that we can investigate and resolve the matter. If you have a complaint which we do not resolve, or you are dissatisfied with a response, we have a complaint and dispute resolution process. You can find information about that process in our Financial Services Guide which is available online at [www.morganstanley.com.au/resources](http://www.morganstanley.com.au/resources) or by contacting us.

(c) We will keep your direct debit information confidential. Any of your personal information we receive under this direct debit request service agreement will be handled in accordance with the Privacy Policy.

### 34.3 YOUR RESPONSIBILITIES

(a) It is your responsibility to ensure that sufficient funds are available in your nominated bank account to meet a drawing on the debit day.

(b) If there are insufficient funds available in your nominated bank account to meet a drawing on the debit day, you:

(i) may be charged a dishonour fee by the financial institution at which your bank account is maintained

(ii) may incur fees or charges imposed or incurred by Morgan Stanley Wealth Management

(iii) must arrange with us a suitable alternative payment method including by arranging for sufficient clear funds to be in your bank account by an agreed time so that we can attempt another drawing, and

(iv) acknowledge that we may exercise our right to cancel this direct debit request service agreement if the number of drawings that return unpaid by your nominated financial institution is 3.

(c) It is also your responsibility to:

(i) check that your bank account details provided to us are correct by checking those details directly against a recent account statement from your nominated financial institution. If you provide incorrect bank account details, you may incur a fee if we process a transaction to that account

(ii) ensure that the authorisation given to draw on your bank account is identical to the account signing held by the financial institution where the bank account is maintained

(iii) advise us if your nominated bank account is transferred or closed

(iv) arrange with us a suitable alternative payment method for contributions to the DMS program if this direct debit service agreement is cancelled.

(ii) any other documents (including but not limited to disclosure documents), notices and correspondence that we or an affiliate are required to provide to you under the Corporations Act or the Rules, (collectively, "Prescribed Documents"), either:

(A) electronically to an email address you have provided to us, in which case we will also have the right to provide a hyperlink to the Disclosure Document in lieu of an electronic copy; or

(B) by written (paper or electronic) notice with a reference to the relevant website or hyperlink to access the Prescribed Documents.

(b) You acknowledge that it is your responsibility to promptly advise us of any change to your email address and ensure that your email is at all times operational and available for receipt of electronic communication (including but not limited to electronic confirmation statements and Prescribed Documents).

(c) Notwithstanding any other provision, you agree that we may at any time:

(i) issue a paper-based confirmation statement in lieu of electronic confirmation statements by email;

(ii) issue a further confirmation statement if the previous ones contained any errors or omissions, and in this event, the further confirmation statement shall supersede the previous ones in all respects.

### 37. ELECTRONIC COMMUNICATIONS

You acknowledge that communications that we send to you by way of email or other electronic means, including any attached documents, (together, "electronic communications") will not be encrypted. We do not guarantee that electronic communications that we send will be secure, error free or virus free. We reserve the right to monitor all electronic communications.

### 35. CORPORATE ACTIONS

Where you are entitled to elect to take up rights attributable to Financial Products (for example, where there is a rights issue or a takeover offer), we will elect to take up those rights on your behalf without reference to you.

### 36. ELECTRONIC CONFIRMATION AND DISCLOSURES

(a) You agree, acknowledge and consent to receiving:

(i) confirmation of any Transaction electronically to your email address rather than by post, if you have provided us with an email address;

# Allocation Policy

This is Morgan Stanley Wealth Management's allocation policy in accordance with Market Integrity Rule 5.1.8 and includes important information in relation to Morgan Stanley Wealth Management's allocation procedures. This policy is subject to change without notice. If you have questions in relation to this policy, or do not consent to the application of this policy, please contact us or your Morgan Stanley Wealth Management financial adviser.

Morgan Stanley Wealth Management aims at all times to:

1. act in our client's best interests
2. act in accordance with client instructions
3. treat client Orders and subsequent executions fairly and in due turn with other client Orders and with Orders of Morgan Stanley Wealth Management and Prescribed Persons.

Morgan Stanley Wealth Management, when executing Orders and in subsequent allocations, adopts the following procedures.

## Entry of Orders for Execution

### (A) NO DISCRETION

If an Order does not require the exercise of Morgan Stanley Wealth Management's discretion in relation to the timing or price of the Order, then Orders are entered in accordance with any reasonable client instructions received, and, if no instruction is given, then Orders are entered in the sequence in which the Orders are received by Morgan Stanley Wealth Management, and otherwise as expeditiously as possible.

### (B) DISCRETION

If the Order requires an exercise of discretion by Morgan Stanley Wealth Management in relation to the timing or price of the Order, then the Order will be entered in such manner and at a time that Morgan Stanley Wealth Management considers appropriate, taking into account any client instructions received and our obligation to act in the client's best interests.

## Allocation of Executions

Morgan Stanley Wealth Management will allocate executions fairly, and individual Orders submitted for execution will be allocated according to the fills received back from ASX following execution of that Order.

Where a number of Orders are executed pursuant to the instructions of a single client, they will be allocated according to that client's instructions.

The general principles set out above apply equally to execution and allocations between two or more client Orders or a client and a Prescribed Person.

## CLIENT ORDER PRECEDENCE

Client Orders which are on the same terms as Orders of Morgan Stanley Wealth Management or Prescribed Persons are given precedence, except as permitted under the Rules. For example, where a related company of Morgan Stanley Wealth Management is not aware of Morgan Stanley Wealth Management's client Order flow, then their Orders are treated on the same basis as clients and clients may not be given precedence where their Order is on the same terms as the Prescribed Person.

## GROUPED ORDERS

Morgan Stanley Wealth Management may enter an Order jointly with Orders from other clients where the Orders are on the same terms. Orders may be grouped if they are received overnight or before the market opens; while there are outstanding Orders in the same Financial Product; around the same time during normal trading; or confer a discretion on Morgan Stanley Wealth Management in relation to the time of execution and in our reasonable opinion, it is appropriate to group them for execution.

If a client asks, Morgan Stanley Wealth Management will advise the client that their Order is being grouped with other Orders for the purpose of execution, and may advise the number of Orders being grouped. In some cases, Morgan Stanley Wealth Management may indicate the total size of the grouped Orders or the comparative size of the client's Order in relation to the total group. However, for regulatory and other reasons, Morgan Stanley Wealth Management may decline to give this indication. For client confidentiality reasons, Morgan Stanley Wealth Management will not disclose the names of the other clients or the size of the Orders, unless the client has consented to this.

Executed grouped Orders will be allocated either pro rata on the size of the individual Order or on a one for one basis until the Orders are filled, or on another basis that Morgan Stanley Wealth Management believes is fair in the circumstances, so that client Orders are allocated fairly and in due turn. Morgan Stanley Wealth Management will take into account relevant factors such as the time of receipt of the Orders, the relative size of the Orders and the liquidity of the market at the time of receipt of the Orders in determining the allocations.

## WITHDRAWAL OF, OR CHANGES TO, ORDERS AFTER THEY HAVE BEEN GROUPED

If a client wishes to withdraw the balance of their Order after it has been grouped with other Orders and the grouped Order has been partially executed, then the withdrawal will not affect any executions allocated to the client up to the point of withdrawal. The client will simply not participate in any further executions of the grouped Order.

Similarly, if a client wishes to increase or decrease their Order after it has been grouped with other Orders and the grouped Order has been partially executed, then the change will not affect any executions allocated to the client up to the point of the change. The client's participation in any further executions of the grouped Order will simply be increased or reduced (as the case may be) to reflect the changed size of its Order.



### ADDING NEW ORDERS TO GROUPED ORDERS

A new Order may be added to other Orders that have been grouped and partially executed. However, the new Order will only participate in executions effected after it has been joined to the grouped Order and will not be allocated any of the executions effected before the Order was joined.

### WHAT IF A CLIENT DOES NOT WANT THEIR ORDERS GROUPED?

If a client is generally happy to have their Orders grouped but wishes a particular Order not to be grouped, they need to state this at the time of placing the Order.

If a client wishes not to have any Orders grouped, they should send a letter, facsimile or email advising us of this.

### ADJUSTMENTS

Morgan Stanley Wealth Management may make small, reasonable adjustments to the allocations where this will not have a material effect on the client's Order and is not contrary to the client's instructions (for example, to ensure shares allocated meet the marketable parcel requirements).

## Part B

# Sponsorship Agreement

This Part B: Sponsorship Agreement applies when you agree to be sponsored by us. In this Part B, Section 1 contains an explanation of the effect of the Sponsorship Agreement and Section 2 contains the terms and conditions that form your Sponsorship Agreement with Morgan Stanley Wealth Management. You should read both sections carefully and understand the content before agreeing to be sponsored by us.

## Section 1

### Sponsorship Agreement – Explanation

This Section 1 of Part B: Sponsorship Agreement and the summary provided is a guide only, and you must read the Sponsorship Agreement in full and ensure you understand it.

#### What is the Purpose of the Sponsorship Agreement?

By agreeing to the Sponsorship Agreement, you appoint us as your Controlling Participant on CHES, which allows securities you trade to be administered from a central source.

#### What is CHES?

CHES is a system of registering financial products on computer, so instead of holding paper certificates to show that you own shares or other financial products, all financial products will be registered electronically in your name on CHES. CHES is operated by ASX Settlement Pty Limited under the ASX Settlement Operating Rules. Only certain people, such as Morgan Stanley Wealth Management, may control financial products on CHES.

#### What is a HIN?

HIN is a Holder Identification Number and is the number allocated to you by which CHES identifies and registers your holdings. It also identifies the broker, such as Morgan Stanley Wealth Management, with which you hold the Financial Products.

#### Summary of the Sponsorship Agreement

Under the terms of the Sponsorship Agreement:

- You authorise us to act as your agent on CHES in respect of your Holding(s) of Financial Products that are identified by your HIN.
- All Financial Products that are purchased, Transferred or Converted are sponsored by us.
- You agree to allow us to perform Transfer and settlement services for any securities traded through us.

- You agree to pay for Financial Products purchased and understand that non-payment may result in the Financial Products being sold at your expense.
- You agree to pay all brokerage and associated administration costs that may be due to us from time to time under an agreement with us.
- Importantly, we will not initiate any Transfer or Conversion without your express authority.
- You agree to provide all necessary documentation and/or information as required by us relating to your Holding and in connection with the Sponsorship Agreement.
- You agree to allow us to take any necessary actions in order to comply with the ASX Settlement Operating Rules and the Corporations Act in connection with your Financial Products and Holding.
- If we breach the Sponsorship Agreement, you can refer the breach to any regulatory authority, including ASX Settlement.
- You also have certain rights if we are suspended from CHESS participation including instructing ASX Settlement to remove your sponsored holdings from the CHESS Subregister or move them to another controlling participant in CHESS.
- The Sponsorship Agreement sets out what happens in the event of your death or bankruptcy, and that of the other account holders should your account be held in joint names.
- The terms of the Sponsorship Agreement can be varied by us by giving you written notice, subject to the ASX Settlement Operating Rules.
- Either you or Morgan Stanley Wealth Management may terminate the Sponsorship Agreement by notice in writing.
- You can request a copy of the executed Sponsorship Agreement at any time by contacting Morgan Stanley Wealth Management or your financial adviser.

## Section 2

### Sponsorship Agreement – Terms and Conditions

#### 1. GENERAL

**1.1** CHESS stands for Clearing House Electronic Subregister System and is operated by:

(a) ASX Clear for the purpose of clearing Cash Market Transactions and Cash CCP Transactions

(b) ASX Settlement for the purposes of settling transactions in approved Financial Products, transferring Financial Products and registering Transfers.

**1.2** You appoint us as Controlling Participant, which will allow you to participate (or continue to participate) as a sponsored holder in CHESS.

**1.3** CHESS will advise you of your HIN which is used to identify a Holding in CHESS. Instead of receiving a certificate in respect of your shares or other Financial Products, you will receive a holding statement.

**1.4** This Section of Part B: Sponsorship Agreement sets out the terms of the sponsorship arrangement between you and Morgan Stanley Wealth Management in connection with Morgan Stanley Wealth Management operating your Holding in CHESS on your behalf.

**1.5** If there is any inconsistency between the ASX Settlement Operating Rules and these terms and conditions, the ASX Settlement Operating Rules will prevail.

**1.6** In this Sponsorship Agreement, defined terms used have the meanings given to them in Part 5: Definitions and Interpretation. Any defined terms not appearing in Part 5 have the same meaning as in the Rules. Note the words 'we', 'our' and 'us' refer to Morgan Stanley Wealth Management.

#### 2. APPOINTMENT AND TERMINATION OF PREVIOUS APPOINTMENTS

**2.1** You appoint us as your agent to do any act under CHESS relating to your Holding, including to provide Transfer and settlement services, and by accepting your application to be sponsored by us:

- (a) we agree to the appointment
- (b) this Sponsorship Agreement will commence.

**2.2** From the commencement of this Sponsorship Agreement, any prior sponsorship agreement or arrangement between us is terminated and all Holdings that may have been sponsored under the prior sponsorship agreement or arrangement are now sponsored under the terms and conditions of this Sponsorship Agreement.

#### 3. HOLDING INFORMATION

**3.1** You must promptly give us any information or documents that we reasonably require to enable us to:

- (a) perform our obligations or to act as your Controlling Participant or agent under this Sponsorship Agreement
- (b) comply with the registration requirements as are in force under the ASX Settlement Operating Rules.

**3.2** Where information previously supplied by you changes, you must notify us of the change (and supply any necessary supporting documentation) as soon as possible.

**3.3** You authorise us to obtain statements of Holding balances and other information in relation to sponsored Holdings from ASX Settlement upon your request, or at such times as we reasonably think necessary.

**3.4** If the statements or information described above in this clause 3 are obtained at your request or are required to be obtained to facilitate compliance with the ASX Settlement Operating Rules, you are responsible for the reasonable costs of obtaining them.

**3.5** Information or documents you give us may be disclosed:

- (a) to any person for these purposes
- (b) if required by any regulatory authority (including ASX Settlement or ASX Clear) or if allowed or required by law
- (c) to our officers, employees, advisers and agents
- (d) where you consent
- (e) to enable us to enforce our rights under law or this Sponsorship Agreement.

#### 4. OUR AUTHORITY TO TRANSFER

**4.1** If we receive written instructions or an express authority from you that involve the Transfer, Conversion or disposal of Financial Products into or out of your Holding, we have the authority to initiate and Transfer or Convert the Financial Products or take any other action necessary for the disposal.

**4.2** We do not need to Transfer Financial Products into your Holding until we receive payment for them. Where you authorise us to buy Financial Products, you will pay for those Financial Products within two Business Days of the due date of purchase or such other time as specified in the Confirmation.

**4.3** Subject to the ASX Settlement Operating Rules, if you do not pay for Financial Products we purchase on your behalf, we may sell them, and use the proceeds to reduce your liability to us. Before we do this, we will demand payment from you. You are responsible for the risk and expenses of the sale, including any brokerage and stamp duty and any other applicable government charges.

#### 5. WITHDRAWAL FROM YOUR HOLDING

**5.1** Subject to clause 4.3 and 5.2 of this Sponsorship Agreement, if we receive Withdrawal Instructions, we must initiate the Transfer, Conversion or other necessary action within the Scheduled Time, provided that the required Financial Products are available in your Holding.

**5.2** If you give us Withdrawal Instructions, we may refuse to comply with those instructions if we reasonably claim that you owe us money and the Withdrawal Instructions would reduce the current market value of the Holding sponsored under this Sponsorship Agreement to less than 120% of the claimed amount (minimum value). We will only do this to the extent needed to retain the minimum value in the Holding sponsored under this Sponsorship Agreement.

#### 6. YOUR ACKNOWLEDGMENTS

**6.1** You acknowledge that, if you are not otherwise informed, we will tell you the HIN for the Participant Sponsored Holdings. All Financial Products that are subject to this Sponsorship Agreement will be registered under this HIN.

**6.2** You acknowledge that:

(a) if we are not a Market Participant of an Approved Market Operator, that neither the Approved Market Operator nor any Related Party of the Approved Market Operator has any responsibility for regulating the relationship between us and you, other than in relation to the Rules relating to Sponsorship Agreements

(b) if a Transfer is taken to be effected by us under Section 9 of the ASX Settlement Operating Rules and the Source Holding for the Transfer that is a Participant Sponsored Holding under the Sponsorship Agreement, then:

(i) the Participant Sponsored Holder may not assert or claim against ASX Settlement or the relevant Issuer that the Transfer was not effected by the Sponsoring Participant or that the Sponsoring Participant was not authorised by the Participant Sponsored Holder to effect the Transfer

(ii) unless the Transfer is also taken to have been effected by a Market Participant of an Approved Market Operator or a Clearing Participant of ASX Clear, the Participant Sponsored Holder has no claim arising out of the Transfer against the compensation arrangement applicable to the Approved Market Operator or the Clearing Participant of ASX Clear under the Corporations Act and Corporations Regulations.

**6.3** You acknowledge that if you become bankrupt, a Holder Record Lock will be applied to all your Holdings sponsored under this Sponsorship Agreement in accordance with the ASX Settlement Operating Rules (unless your trustee elects to remove those Holdings from the CHESS Subregister).

**6.4** You acknowledge that if you die:

(a) a Holder Record Lock will be applied to all your Holdings sponsored under this Sponsorship Agreement in accordance with the ASX Settlement Operating Rules (unless your legally appointed representative elects to remove those Holdings from the CHESS Subregister)

(b) this Sponsorship Agreement is deemed to remain in operation for up to three calendar months after the removal of the Holder Record Lock unless the legally appointed representative authorised to administer your estate elects to remove Financial Products from your Holding sponsored under this Sponsorship Agreement.

(c) subject to the ASX Settlement Operating Rules, we may elect to terminate this Sponsorship Agreement if you have no Holdings sponsored by us at any time after we receive notice of your death.

#### 7. JOINT HOLDERS ONLY

**7.1** If you are a joint holder, you acknowledge that:

(a) if one of the joint holders dies:

(i) all your Holdings under the joint Holder Record shall be transferred into new Holdings under a new Holder Record in the name of the surviving holder(s)

(ii) this Sponsorship Agreement remains valid for the new Holdings under the new Holder Record

(b) if one of you becomes Bankrupt, we will:

(i) establish a new Holder Record in the Bankrupt's name, transfer that person's interest into new Holdings under the new Holder Record and request that ASX Settlement apply a Holder Record Lock to all Holdings under that Holder Record (unless the trustee of the Bankrupt holder elects to remove the Holdings from the CHESS Subregister)

(ii) establish a new Holder Record in the names of the other joint holders and transfer their interest into new Holdings under the new Holder Record.

## 8. SECURITY, OTHER INTERESTS AND SUBPOSITIONS

**8.1** If you arrange with ASX Clear to lodge Financial Products in your Holdings as Derivatives Cover, and inform us of the arrangement, you:

(a) authorise us to reserve the Financial Products in the ASX Clear Subposition so that the Financial Products come under the control of ASX Clear and are subject to the security interest granted in favour of ASX Clear to secure the performance by the relevant Clearing Participant of its obligations to ASX Clear under and in accordance with the ASX Clear Operating Rules

(b) authorise any subsequent dealing (including, without limitation, any Transfer) of the reserved Financial Products in accordance with the Rules, including the ASX Clear Operating Rules

(c) acknowledge that the Financial Products will remain subject to that security interest for so long as those Financial Products remain reserved in the ASX Clear Subposition in accordance with the Rules

(d) authorise us to take whatever other action is reasonably required by ASX Clear in accordance with the Rules to give effect to that arrangement.

**8.2** Where you arrange with any person to give a charge or any other interest in financial products in your Holdings, you authorise us to take whatever action is reasonably required by the person in accordance with the Rules to give effect to that arrangement.

**8.3** We may take steps to create a Subposition over your Holdings in accordance with your instructions or this Sponsorship Agreement. If we do this, your ability to Transfer, Convert or otherwise deal with the Financial Products will be restricted in accordance with the terms of the ASX Settlement Operating Rules relating to Subpositions.

**8.4** No clause in this Sponsorship Agreement overrides any interest of ASX Clear in the Financial Products.

## 9 FOREIGN OWNERSHIP RESTRICTED SECURITIES

**9.1** There are a number of listed companies that are subject to foreign ownership restrictions ("Foreign Ownership Restricted Securities"). Foreign Ownership Restricted Securities limit the ability of foreign investors to purchase these securities or place limits on the level of foreign ownership. These listed companies typically identify whether an investor is foreign by the Residency Indicator applied to the investor's HIN.

**9.2** You acknowledge that:

(a) if you acquire a Holding in a Foreign Ownership Restricted Security; or

(b) hold a Foreign Ownership Restricted Security and change your address,

and your Residency Indicator is not appropriate for the relevant security, we may transfer your Foreign Ownership Restricted Security from a Participant Sponsored Holding to an Issuer Sponsored Holding and you authorise us to take whatever other action is reasonably required or deemed appropriate to give effect to such transfer.

**9.3** You acknowledge that:

(a) if you believe your Residency Indicator is incorrect at any time, you must notify us to request an update to your Residency Indicator as soon as possible;

(b) if we are not otherwise informed as above, we will not have access to all the necessary and relevant information relating to your personal circumstances to determine whether your Residency Indicator should be changed with respect to any Foreign Ownership Restricted Securities, and we may in such circumstances transfer your Foreign Ownership Restricted Security to an Issuer Sponsored Holding.

## 10. FEES, OVERDUE INTEREST AND INDEMNITIES

**10.1** No fees will be payable by you (apart from brokerage, government charges and late settlement fees) for the Transfer and settlement agency services provided under this Sponsorship Agreement.

**10.2** You must pay us any fees and charges payable when we ask. We can also debit any of these amounts to any account you have with us even if we do not expressly ask you to pay us.

**10.3** If you do not pay us an amount when it is due, we can charge interest on the overdue amount. We do this using the method and interest rate we may determine from time to time.

**10.4** You indemnify us against, and you must therefore pay us on demand for, liability, loss or costs (including consequential or economic loss) we suffer or incur:

(a) in connection with us performing our obligations under this Sponsorship Agreement

(b) in connection with us acting as your Controlling Participant or agent for the purposes of CHESS

(c) if you do something you agree not to do, or do not do something you agree to do, under this Sponsorship Agreement.

The indemnity in this clause is a continuing obligation, independent of your other obligations to us. It continues even after this Sponsorship Agreement is terminated. It is not necessary for us to incur expense or make payment before enforcing a right of indemnity conferred by this Sponsorship Agreement.

## 11. COMPLAINT PROCEDURE AND COMPENSATION

**11.1** You may lodge a complaint with Morgan Stanley Wealth Management in the first instance, and if you are not satisfied with the response, you may contact the Australian Financial Complaints Authority. For further details, refer to the Morgan Stanley Wealth Management Financial Services Guide.

**11.2** If we breach this Sponsorship Agreement, you may refer that breach to any regulatory authority, including ASX Settlement.



**11.3** The following compensation arrangements apply to us:

(a) If we breach a provision of this Sponsorship Agreement, and you make a claim for compensation pursuant to that breach, our ability to satisfy that claim will depend upon our financial circumstances.

(b) You may make a claim on the National Guarantee Fund for compensation if a breach by us falls within the circumstances specified under Part 7.5 Division 4 of the Corporations Regulations.

## **12. SUSPENSION FROM CHESS**

**12.1** If we are suspended from CHESS participation, then (subject to the assertion by our liquidator, receiver administrator, or trustee of an interest in Financial Products controlled by us) you may within 20 Business Days of ASX Settlement giving notice of the suspension, give a notice to ASX Settlement requesting that your Holdings sponsored under this Sponsorship Agreement be removed either from:

(a) the CHESS Subregister

(b) our control to the control of another Participant with whom you have entered into a valid sponsorship agreement pursuant to Rule 12.19.10 ASX Settlement Operating Rules.

**12.2** If you do not give ASX Settlement such a notice, ASX Settlement may effect a change of Controlling Participant under Rule 12.19.11 of the ASX Settlement Operating Rules, in which case you will be deemed to have entered into a new sponsorship agreement with the substitute Participant on the same terms as this Sponsorship Agreement. Where you are deemed to have entered into a Sponsorship Agreement, the new Participant must enter into a Sponsorship Agreement with you within 10 Business Days of the change of Controlling Participant.

## **13. CHANGE OF CONTROLLING PARTICIPANT**

**13.1** If you receive a Participant Change Notice from us at least 20 Business Days before the proposed date for the change of Participant, you do not have to agree to the change, and can choose to:

(a) terminate the Sponsorship Agreement by instructing us to withdraw under the ASX Settlement Operating Rules by Transferring your Participant Sponsored holding to either of:

(i) another Controlling Participant

(ii) one or more Issuer Sponsored Holdings

(b) take no action to terminate. If you do not indicate that you do not agree to the change, subject to clause 13.2, the Sponsorship Agreement will be novated to the new Controlling Participant on the date we notified (applicable date). This will be binding on all parties as though:

(i) the new Controlling Participant is a party to the Sponsorship Agreement in place of the existing Participant

(ii) any of our rights are Transferred to the new Controlling Participant

(iii) you release us from any obligations arising on or after the applicable date.

**13.2** The novation in clause 13.1(b) does not take effect until you receive a notice from the new Controlling Participant confirming that they will act as your Participant. As a result, the applicable date may be later than the date set out in the Participant Change Notice.

**13.3** Your consent to the events in clause 13.1(b) is assumed if you take any action that is consistent with the novation of the Sponsorship Agreement to the new Controlling Participant on or after the applicable date (for example, if you give an instruction to the new Controlling Participant). In this case, your consent is assumed from the applicable date.

**13.4** This Sponsorship Agreement continues to apply in relation to rights and obligations accrued before the applicable date. To the extent that any law, or provision of any agreement, makes the novation in clause 13.1 not binding or effective on the applicable date, the Sponsorship Agreement will continue for our benefit until the novation becomes effective. In this case, we will hold the benefit of the Sponsorship Agreement on trust for the new Controlling Participant.

**13.5** Nothing in this clause 13 prevents us from completing CHESS Transactions where the obligation to complete those Transactions arises before the applicable date. This Sponsorship Agreement will continue to apply to those Transactions, regardless of the novation of the agreement to the new Controlling Participant.

## **14. TERMINATION**

**14.1** Subject to the ASX Settlement Operating Rules, this Sponsorship Agreement is terminated if:

(a) either party notifies the other in writing that it wants to terminate this Sponsorship Agreement for any reason (in which case this Sponsorship Agreement is terminated from the time the notice is received unless a later time is specified in the notice)

(b) you have failed to provide us with your current contact details (and provide updated information as required by clause 3.2 of this Sponsorship Agreement) and we have undertaken all reasonable efforts to contact you. To the extent permitted by law, we may determine termination under this sub-clause (b) to be immediate and we may terminate this Sponsorship Agreement under this sub-clause (b) notwithstanding any other clause in this Sponsorship Agreement

(c) if we become insolvent

(d) if our participation as a Participant in CHESS is terminated or suspended

(e) upon the giving of Withdrawal Instructions by you to a Controlling Participant in accordance with ASX Settlement Operating Rule 7.1.10(c).

**14.2** Notwithstanding the above termination events, if we are unable to transfer your Participant Sponsored Holding or deal with any of your Financial Products in your Holding for any reason, this Sponsorship Agreement will continue to apply until such time the relevant Financial Product in your Holding may be dealt with.

**14.3** The termination of this Sponsorship Agreement does not affect any rights or obligations that have accrued before that time.

## **15. REGULATORY REGIME**

**15.1** The regulatory regime applicable to Morgan Stanley Wealth Management under this Sponsorship Agreement includes:

(a) the regulation of the clearing and settlement facility operated by ASX Settlement and ASX Clear under the Corporations Act

(b) the ASX Settlement Operating Rules and the ASX Clear Operating Rules

(c) the regulation of financial services licences under the Corporations Act. Our Australian Financial Services licence number is 240813 and you can obtain further information about our status from ASIC.

**15.2** This Sponsorship Agreement is subject to the ASX Settlement Operating Rules and you must not take any action that prevents or impedes us from complying with our obligations under those Rules.

**15.3** If, as a result of an amendment to the ASX Settlement Operating Rules, a provision of this Sponsorship Agreement becomes inconsistent with a provision of the ASX Settlement Operating Rules, we may vary this Sponsorship Agreement to the extent we consider necessary to remove the inconsistency. If we do this, we will give you at least seven Business Days' notice in writing.

## **16. WAIVER AND VARIATION**

**16.1** Unless as provided in clause 15.3, this Sponsorship Agreement can be varied:

- (a) by a written agreement that is signed by both you and us
- (b) by us, and if we do this, we will give you at least twenty Business Days' notice.

**16.2** Subject to clauses 15.3 and 16.1, a provision of this Sponsorship Agreement, or a right created under it, may not be waived or varied except in writing signed by the party or parties to be bound.

## **17. NOTICES AND OTHER COMMUNICATIONS**

**17.1** Unless otherwise required or permitted by us or by the ASX Settlement Operating Rules, notices and other communications must be in writing.

**17.2** Written notices or other communications may be:

- (a) sent to the email address last notified to us
- (b) left at, or sent by courier or post to:
  - (i) (in the case of a company) the company's head office or principal place of business
  - (ii) (in the case of an individual) the individual's place of residence or business as last known to the sender.

**17.3** Written notices or other communications sent in connection with this Sponsorship Agreement take effect from the time received unless a later time is specified in them. If:

- (a) sent by post, they are taken to be received on the second Business Day after posting
- (b) sent by courier, they are taken to be received when delivered to the address
- (c) sent by facsimile, they are taken to be received when the sender's fax machine indicates a successful transmission to the correct fax number
- (d) sent by email, notices and other communications are taken to be received one hour after the email is sent.

## **18. EXECUTED SPONSORSHIP AGREEMENT**

**18.1** You acknowledge that before you submitted an application to be sponsored by us, you were provided with an explanation of the effect of this Sponsorship Agreement (as contained in Section 1 of this Part B: Sponsorship Agreement) and that you understood the effect of this Sponsorship Agreement.

**18.2** You acknowledge that by submitting an application to be sponsored by us, and agreeing to this Sponsorship Agreement, you

expressly instruct us not to provide you with an executed copy. You may request a copy of the agreement you accepted and agreed to at any time in the future, and you have the right to receive a copy at any time from three Business Days after acceptance.

## **19. GOVERNING LAW**

**19.1** This Sponsorship Agreement is governed by the laws of New South Wales and you submit to the exclusive jurisdiction of the courts of New South Wales

## Part C

# Options Facility

This Part C, together with the confirmation letter (if any), applies if you buy or sell options. The terms in Part A will also apply to you, but if there is an inconsistency between the terms in Part A and the terms of this Part C, the terms in this Part C will prevail. If there is an inconsistency between this Part C and the confirmation letter, the terms of this Part C will prevail. If there is an inconsistency between this Part C and Parts D or E, then Part C will prevail.

### 1. AGREEMENT

The availability of options is subject to and conditional upon you agreeing to Part A and entering into the facility.

### 2. EXCHANGE TRADED OPTIONS

We will buy and sell Exchange Traded Options on your behalf provided that:

- (a) we approve, in our absolute discretion, the terms of the options you wish to buy or sell;
- (b) you have agreed to the terms in the Option Client Agreement set out in Part C to this Agreement and taken all other necessary actions we require;
- (c) you have signed, completed and returned to us the client acknowledgment of the Master Deed of Priority between the ASX Clear Pty Ltd (ABN 48 001 314 503) and us; and
- (d) all other requirements as specified by the Corporations Act or the rules of the relevant exchange from time to time are met.

### 3. EXERCISE OF EXCHANGE TRADED OPTIONS

Each Exchange Traded Option may only be exercised in accordance with its terms.

### 4. EXPIRY OF THE OPTIONS

**4.1** The options expire:

- (a) in accordance with its terms; or
- (b) if the loan is terminated.

**4.2** Upon expiry of an option, our obligations in relation to the option are terminated and we may take any course of action available to us under this Agreement and under clause 6 of this Part C. You acknowledge that even if your option expires in-the-money, we are under no obligation to make any payment to you.

### 5. OPTIONS FORM PART OF THE COLLATERAL

For the avoidance of doubt, the definition of collateral in this Agreement includes all options entered into under this Part C. This includes any option entered into between you and us in the future and any option that we enter into on your behalf at any time in the future.

### 6. ASX CLEAR SUBPOSITIONS

**6.1** If you arrange with ASX Clear to lodge Financial Products in your Holdings as Derivatives Cover, and inform us of the arrangement, you:

(a) authorise us to reserve the Financial Products in the ASX Clear subposition so that the Financial Products come under the control of ASX Clear and are subject to the security interest granted in favour of ASX Clear to secure the performance by the relevant Clearing Participant of its obligations to ASX Clear under and in accordance with the Clear Operating Rules;

(b) authorise any subsequent dealing (including, without limitation, any Transfer) of the reserved Financial Products in accordance with the Rules, including the Clear Operating Rules;

(c) acknowledge that the Financial Products will remain subject to that security interest for so long as those Financial Products remain reserved in the ASX Clear subposition in accordance with the Clear Operating Rules; and

(d) authorise us to take whatever other action is reasonably required by ASX Clear in accordance with the Rules to give effect to that arrangement.

**6.2** Where you arrange with any person to give a charge or any other interest in financial products in your Holdings, you authorise us to take whatever action is reasonably required by the person in accordance with the Rules to give effect to that arrangement.

**6.3** You acknowledge that where, in accordance with this Agreement and/or your instructions, we initiate any action which has the effect of creating a subposition over Financial Products in your Holdings, your right to transfer, convert or otherwise deal with those Financial Products is restricted in accordance with the terms of the Rules relating to subpositions.

**6.4** Nothing in this Agreement operates to override any interest of ASX Clear in the Financial Products.

### 7. CLEARING AND SETTLEMENT ARRANGEMENTS

**7.1** If you trade in Exchange Traded Options, you undertake to deposit or lodge with Morgan Stanley Wealth Management, if we request, such collateral as and when required under this agreement to enable Morgan Stanley Wealth Management to meet its obligations under the Rules and to provide cover or to secure your obligations in respect of any margin obligations relating to Exchange Traded Option positions.

**7.2** You acknowledge that:

- (a) any collateral lodged with ASX Clear may be used as collateral for the purposes of your DMS account; and
- (b) if you have a Morgan Stanley Wealth Management margin loan, you must pay margin to us, or provide alternative collateral which is acceptable to us on the business day following a call for margin.

### 8. IF YOU FAIL TO PAY

**8.1** If you fail to pay any amount notified by us to be due and payable, then, in addition to the rights that we have under this Agreement, we may also (in our absolute discretion):

- (a) close out any open positions you have in relation to an Exchange Traded Option; and/or
- (b) recover from you all losses, expenses in connection with entering into an option, including, without limitation, all costs associated with hedging our position.

## 9. ADJUSTMENT OR TERMINATION OF OPTIONS

### 9.1 If prior to the expiry date:

(a) the relevant nominated approved security is subdivided, consolidated, or reconstructed;

(b) the entity that issued the nominated approved security makes a bonus issue, a distribution by way of return of capital or a rights issue, or a special distribution or otherwise alters its capital structure;

(c) the entity that issued the nominated approved security is the subject of a takeover or is to merge or consolidate with another entity or a scheme of arrangement or transfer all or substantially all of its assets to another entity;

(d) a call is made on partly paid shares;

(e) another change occurs with respect to the nominated approved security;

(f) we are unable to, or unable to continue to, hedge our exposure; or

(g) any event occurs which we determine to be similar in effect to the events described in paragraphs (a) to (h), then we may vary the exercise price of any option positions, vary the amount, number and nature of the nominated approved securities, or vary any other term of the option or take any other action we consider necessary in our absolute discretion, including closing out all or part of your option positions.

## 10. SET-OFF AND NETTING

**10.1** We may set off any amount we owe you in relation to an option (including the option premium and proceeds upon exercise) against any amount you owe us or any of our affiliates or related entities, including but not limited to, the total amount outstanding. Neither you nor any guarantor may set off any amount you owe us or any of our affiliates or related entities against any amount we owe you.

**10.2** If on any date amounts would otherwise be payable in the same currency and by each party to the other, then on such date, each party's obligation to pay that amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would have been payable by the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller amount.

## 11. DISCLOSURE

These terms should be read in conjunction with the Option Product Disclosure Statement available from your financial adviser or from [www.morganstanley.com.au](http://www.morganstanley.com.au). The issuer of the Options PDS is Morgan Stanley Wealth Management Australia Pty Ltd.

## Part D

# Additional Terms for ASX Derivative Products ("Additional Terms")

ASX Clear Rule 7.1.2. require you to read these terms and conditions carefully, and acknowledge that you have read and understood them by signature on the attached "Client Options Agreement" in the Application Form. The fully completed and signed form must be returned to Morgan Stanley Wealth Management before we can accept your Options order.

## 1. APPLICATION OF ASX CLEAR OPERATING RULES

The Client and its authorised agent ("you"), and Morgan Stanley Wealth Management Australia Pty Ltd, ABN 19 009 145 555 ("us," "we" or "our") agree that the terms of our relationship in respect of Derivatives CCP Contracts and any dealings between them concerning Derivatives CCP Contracts are subject to, and are bound by the Corporations Act, the operating rules of ASX Clear ("Rules"), the relevant Market Operator's operating rules and the procedures, customs, usages and practices of ASX Clear, the Market Operator, and their related entities, as amended from time to time, in so far as they apply to Derivatives CCP Contracts ("Options").

## 2. WHERE THE CLIENT IS MORE THAN ONE PERSON

If more than one person constitutes the Client, then they are jointly and severally bound by these Additional Terms. If the Client is a trustee, the trustee is bound in its capacity as trustee and personally. Your successors and assigns are bound by these Additional Terms. We are entitled to act on the instructions of any one of the persons constituting the Client in addition to any persons nominated as authorised to deal on your account.

## 3. EXPLANATORY BOOKLET

You have received and read a copy of the current explanatory booklet published by ASX in respect of each ASX Option product and any other documents required to be given to you under Section 7.1.1(b) of the Rules. We do not warrant the accuracy or completeness of information in any ASX explanatory booklet.

## 4. RISK DISCLOSURE STATEMENT

You have read and understood the Risk Disclosure Statement (contained in Part 1 of the Options PDS). You acknowledge that dealing in Options incurs a risk of loss as well as a potential for profit.

## 5. DISCLOSURE OF YOUR INVESTMENT NEEDS AND FINANCIAL POSITION

When you disclose your investment objectives, financial situation and particular needs (your "relevant personal circumstances") to us, you do so in order to assist us to provide personal advice or make



recommendations suitable to your investment objectives, personal circumstances, financial situation and needs (“Personal Advice”). You agree to promptly notify us of any changes to your relevant personal circumstances. You warrant that any information that you provide to us is true and correct.

You acknowledge that:

- (a) full disclosure of your relevant personal circumstances will or has been requested by us;
- (b) if you do not give all the details requested by us in relation to your relevant personal circumstances, or fail to promptly notify us of changes in relation to your relevant personal circumstances then:
  - (i) we can only give you limited advice which may not suit you. Limited advice may be based on incomplete or inaccurate information relating to your personal circumstances and because of this, you should, before acting on the advice, consider the appropriateness of the advice having regard to your relevant personal circumstances;
  - (ii) this may impair your rights under the Corporations Act;
- (c) you undertake as primary obligor all obligations with respect to the execution of any Order;
- (d) if you do not provide us with your relevant personal circumstances, you acknowledge and agree that we will only provide you with general advice, meaning that we have not taken into account any of your investment objectives, personal circumstances, financial situation or needs. When we provide general advice, you must consider the appropriateness of the advice, having regard to your objectives, financial situation and needs and you must read the relevant disclosure document or Product Disclosure Statement in full and consider it before making any decision. Further, you should make your own decision on whether the Financial Product suits your needs;
- (e) in circumstances where we have only provided you with general advice, you have given consideration to your relevant personal circumstances and have formed the opinion that dealing in Options is suitable for your purposes; and
- (f) we will treat information we possess concerning you as confidential and in accordance with clause 29 of Part B of this DMS Guide. You acknowledge we may provide your information to ASX, ASX Clear, ASX Settlement or related entities in the ASX Group as required by the rules of these groups.

## 6. AUTHORITY

You acknowledge, represent and warrant that you act either:

- (a) as principal; or
- (b) as an intermediary for someone else and you are specifically authorised to transact the Options, by the terms of:
  - (i) a licence held by you;
  - (ii) a trust deed (if you are a trustee); or
  - (iii) an agency contract.

## 7. NATURE OF OUR OBLIGATIONS

Notwithstanding that Morgan Stanley Wealth Management or your Market Participant, may act in accordance with your instruction, or for your benefit, you acknowledge that any Derivatives CCP Contract arising from any order submitted to the relevant Market

Operator, is entered into by the relevant Market Participant as principal. Upon registration of a Derivatives Market Transaction with ASX Clear in our name, you acknowledge that we incur obligations to ASX Clear as a principal, even though the Derivatives Market Transaction may have been entered into on your instructions.

## 8. LIMITATION ON YOUR RIGHTS

You acknowledge that any benefit or right obtained by us is on registration of a Derivatives Market Transaction with ASX Clear by novation under the Rules or any other legal result of registration is personal to Morgan Stanley Wealth Management and the benefit of that benefit, right or legal result does not pass to you. You have no rights, whether by way of subrogation or otherwise, against the relevant Market Operator or ASX Clear in relation to any transactions by you (or any other Participant or Market Participant in Derivatives Market Transactions). We are not required to act in accordance with your instructions, where to do so would constitute a breach of the Rules, the operating rules of a relevant Market Operator or the Corporations Act.

## 9. CANCELLATION

You acknowledge that we are entitled to cancel or reverse a trade and any confirmation without notice to you where the ASX Group or ASIC has recommended or required cancellation for market integrity reasons, or where the market was operating under an error, or where the cancellation or reversal is permitted under the Rules.

## 10. DEALING AS PRINCIPAL

You acknowledge that we may, in certain circumstances be permitted under the Corporations Act and the Rules or the operating rules of a relevant Market Operator, take the opposite position in a Derivatives Market Transaction in Options, either acting for another client or on our own account and we may charge you brokerage at the normal or agreed rate.

## 11. PAYMENT AND DELIVERY

We may call for payment of money or the provision of other security which we consider, in our absolute discretion, appropriate in connection with the obligations incurred by us in respect of Derivatives CCP Contracts entered into for your Account including any fees, fines or additional costs incurred by us as a result of any failure by you to pay any money or provide security (“Payments”). The time by which you must pay any amount called or provide security is of the essence and you must pay the amounts, or provide the relevant security, within 24 hours of the call for Payment and if the 24 hour period expires on a non-Trading Day, you must make Payment or provide security by 10 a.m. the next Trading Day. Notwithstanding this clause, we may notify you orally or in writing of a shorter period for Payment or delivery. You irrevocably direct and authorise us to withdraw funds or realise security from any account held by us or our related entities for your benefit in order to satisfy your Payment obligations under these Terms of Use, including, without limitation to pay to ASX Clear any amount which we are liable to pay to ASX Clear in connection with dealings for you in Options.

## 12. SETTLEMENT ON EXERCISE OF OPTIONS

You must make such arrangements for transfer of Financial Products or Payment of amounts on exercise or assignment of Options held on your account as we reasonably require and notify to you.

**13. COMMISSION AND FEES**

You must pay to us commissions, brokerage, fees ("Fees") and taxes including GST and charges in connection with your dealings in Derivatives Market Transactions for you at the rates determined by us from time to time and notified to you in writing.

**14. DEFAULT**

If:

- (a) you fail to pay, or provide security for, amounts payable to us; or
- (b) you fail to complete, under the Rules, a contract for the transfer of Underlying Securities following the exercise of an Option; or
- (c) you fail to perform any obligation arising pursuant to the exercise or settlement of a Derivatives CCP Contract; or
- (d) liquidation or winding-up procedures have been commenced against you; or
- (e) a guarantee lodged by you or other security provided by you is withdrawn or becomes ineffective and other replacement security acceptable to us is provided; or
- (f) you become insolvent or bankrupt or if the Client is a company, a receiver or manager is appointed to it or liquidation or winding-up procedures have commenced; or
- (g) you are not capable of giving us instructions or fulfilling your responsibilities to make Payments or pay our Fees and no person is legally appointed to act on your instructions or fulfil your responsibilities; or
- (h) we consider that we require instructions from you in relation to Options registered in your name and we have been unable to contact you for a period of 24 hours; or
- (i) any representation made by you is untrue at the time it was made; or
- (j) you breach any other material provision of these Terms; we may, in addition to any other rights we may have against you, without giving you prior notice, take any action or not take action, which we consider reasonable in the circumstances in connection with Options registered in your Account (including without limitation, Options and other financial products arising from those contracts transacted) and, without limitation, we may:
  - (i) enter into one or more transactions to effect the close out of one or more Options in accordance with the Rules;
  - (ii) exercise one or more Options in accordance with the Rules and; or
  - (iii) exercise any other rights conferred by the Rules, the operating rules of a relevant Market Operator, or this Agreement or perform any other obligations arising under the Rules, the operating rules of a relevant Market Operator or this Agreement in respect of those Derivatives Market Transactions; or
  - (iv) sell (in the manner determined by us) any financial products or other property held by, or under control, of us (including, without limitation, all securities and other property lodged at ASX Clear in respect of your Account, even where this is not owned by you) and set off the proceeds of sale and any other amounts owed to us against any amounts owed by us to you; and you must account to us as if those actions were taken

on your instructions and, without limitation, you are liable for any deficiency and are entitled to any surplus which may result.

**15. POWER OF ATTORNEY**

You appoint us, including our related entities and their officers, employees and agents (each an "Attorney") to do anything which in the opinion of the Attorney, would give effect to a right, power or remedy of ours, on our behalf and in your name under the power of Attorney, granted by you in the DMS Application Form. You agree to ratify anything done by an Attorney under this power of attorney. An Attorney may delegate its powers (including the power to delegate) to any person for any period. The Attorney may revoke the delegation.

**16. INDEMNITY**

To the fullest extent permitted by law, you and each guarantor, release, discharge and indemnify and agree to keep us, our agents and delegates, our affiliates, the Nominee and our affiliates' and our Nominees' agents and delegates and any of our or their employees, officers or directors (each an "Indemnified Person") indemnified from and against all sums of money, actions, proceedings, suits, Claims, demands, Losses and any other amounts which any Indemnified Person may suffer or incur directly or indirectly as a result of, or in connection with:

- (a) any default, whether by act or omission, of yours or your guarantors under the Agreement, an Order, a Transaction of any other instruction which has been effected by or for you or any guarantor;
- (b) anything lawfully done by the Indemnified Person in accordance with or pursuant to this Agreement;
- (c) any request, instruction or direction given by you (or any person purporting to act on your behalf);
- (d) any inaccuracy in or breach of any of the representations, warranties, declarations or undertakings that you or a guarantor give;
- (e) our entry into any hedging or option arrangements to preserve the value of the collateral, after you or a guarantor become subject to a moratorium on the payment of your debts or an administrator is appointed;
- (f) any omission made by you or a guarantor in any certificate or declaration delivered or any oral or written statement made by you or a guarantor, whether prior to entering into this Agreement or pursuant to any of the terms of it;
- (g) a fixed rate loan being repaid on any date other than its maturity date;
- (h) any other amount under this Agreement not being paid on its due date;
- (i) any breach by you (or any person purporting to act on your behalf) or any guarantor of this Agreement, the Rules or any applicable law including the Corporations Act;
- (j) any representation or warranty made or given by you or any guarantor under this Agreement proving to be untrue or incorrect;
- (k) you pre-paying any loan (whether or not permitted by this Agreement);
- (l) any error, omission, fraud, malfeasance, negligence, misappropriation or criminal act or omission by you (or any person purporting to act on your behalf) or any guarantor;

(m) any failure of any of your or any of your guarantor's computer or electronic systems or networks or any telecommunications service used by you or your guarantor to perform, be available or successfully transmit data to the Indemnified Person, or any error or inadequacy in the data or information input into such systems or networks by you or any guarantor;

(n) any delay or error in the transmission or execution of any Order, Transaction or instructions given or placed by or for you or any guarantor, except in respect and to the extent of any gross negligence, fraud or dishonesty by us or any claim under any Applicable Law;

(o) the Indemnified Person complying with any direction, request or requirement of:

(i) the ASX Group, an Approved Market Operator, any applicable law including the Corporations Act, ASIC, a court of law or any other regulatory, statutory or judicial body;

(ii) any other person who either has or proposes to commence proceedings or investigations (including private matters pertaining to your or any guarantor's personal or business affairs) on your behalf, on your guarantor's behalf or on behalf of another person; and

(p) the Indemnified Person acting in good faith on instructions we think have come from you, any guarantor or an authorised representative via fax, telephone or electronic messaging;

This is a continuing indemnity and will survive the termination of this Agreement. The Indemnified Person holds the benefit of this indemnity for itself and on trust for each of its officers, employees, agents and representatives.

#### 17. LIMITATION OF LIABILITY

Morgan Stanley Wealth Management does not exclude or limit the application of any statute where to do so would contravene that statute or cause any part of this Agreement to be void. Morgan Stanley Wealth Management excludes all conditions, warranties or terms implied by statute, general law or custom except to the extent that such exclusion would contravene any statute or cause this clause 17 to be void. Morgan Stanley Wealth Management's liability for a breach of any provision implied by law which cannot be excluded is limited to supplying of the services again.

#### 18. TAPE RECORDING OF CONVERSATIONS

You acknowledge that we may record our telephone conversations with you and if there is a dispute, you may listen to any such recordings in respect of that dispute. Telephone tapes are generally retained for a short period and may be reviewed for quality purposes by us.

#### 19. YOU TO PROVIDE INFORMATION

You will take all reasonable steps to deliver information or documentation to us, or cause information or documentation to be delivered to us concerning Derivatives Market Transactions which are requested by a person having a right to request such information or documentation. We are authorised to produce the information or documentation to the person making the request.

#### 20. APPOINTMENT AS AGENT

You irrevocably appoint severally the ASX Clear, and every director, manager and assistant manager for the time being of the ASX Clear, at the option of the ASX Clear (as applicable) to do all

acts and execute all documents on your behalf for the purpose of exercising the powers conferred on the ASX Clear under Rule 15.

Note: ASX Clear has broad powers to deal with positions held by the Participant if the Participant commits an event of default under Rule 15.1. The powers of ASX Clear are set out in Rule 15.2.

#### 21. HOW WE END THESE ADDITIONAL TERMS

We may change, and either of us may terminate these Additional Terms, by giving at least seven Business Days notice in writing to the other party, subject to all outstanding obligations under these Additional Terms being completed. Any notice given or demand made by either party, or correspondence or confirmation issued by us, are deemed to have been received on the **third Business Day** following the issue or posting the notice, demand, confirmation or correspondence.

#### 22. EFFECTS OF TERMINATION

Termination does not affect your or our existing rights and obligations prior to termination. On termination of this Agreement we will close out all Derivatives CCP Contracts held by us for your Account, unless, in accordance with your direction, the registration of those contracts is transferred to another Participant in accordance with the Rules or the operating rules of the Market Operator.

Clauses 14, 15 and 16 continue to apply after termination of the Agreement in relation to Options entered into before termination.

#### 23. REVISED TERMS PRESCRIBED BY ASX CLEAR

If ASX Clear prescribes amended minimum terms for a Client Agreement for Options for the purposes of the Rules ("New Terms"), to the extent of any inconsistency between these minimum Terms and the New Terms, the New Terms will override the terms of these Additional Terms and apply as if we had entered into an agreement comprising the New Terms with you.

#### 24. COPY OF CHANGES

We will send to you a copy of the New Terms, as soon as practicable after ASX Clear prescribes the New Terms.

#### 25. CLIENT FUNDS AND PROPERTY

We must deal with any money and property paid or given to us in connection with our relationship with you in accordance with the Corporations Act and the Rules. You acknowledge that your monies and the monies of other clients of ours may be combined and deposited by us in a trust account or clients' segregated account. You acknowledge that all monies credited to the clients' segregated account maintained by us may be used by us to meet the default of any of our clients.

#### 26. CHANGE OF PARTICIPANT

If you receive a Participant Change Notice from us and the Participant Change Notice was received at least 20 Business Days prior to the date proposed in the Participant Change Notice for the change of Participant, you are under no obligation to agree to the change of Participant, and may choose to do any of the things set out below. You may choose to terminate this Agreement in accordance with clause 21 or by giving instructions to us, indicating that you wish to transfer your Derivatives CCP Contracts to another Participant. If you do not take any action to terminate this Agreement and do not give any other instructions to us which would indicate that you do not agree to the change of Participant then, on the Effective Date, this Agreement will have been taken to be novated

to the new Participant and will be binding on all parties as if, on the Effective Date:

- the new Participant is a party to the Agreement in substitution for the existing Participant;
- any rights of the existing Participant are transferred to the new Participant; and
- the existing Participant is released by you from any obligations arising on or after the Effective Date. The novation under this clause 26 will not take effect until you have received a notice from the new Participant confirming that the new Participant consents to acting as the Participant for you. The Effective Date may as a result be later than the date set out in the Participant Change Notice. You will be taken to have consented to the events referred to in this clause 26 by the doing of any act which is consistent with the novation of this Agreement to the new Participant (for example by giving an instruction to the new Participant), on or after the Effective Date, and such consent will be taken to be given as of the Effective Date. This Agreement continues for our benefit in respect of any rights and obligations accruing before the Effective Date and, to the extent that any law or provision of any agreement makes the novation not binding or effective on the Effective Date, then the Agreement will continue for our benefit until such time as the novation is effective, and we will hold the benefit of the Client Agreement on trust for the new Participant. Nothing in this clause 26 will prevent the completion of DVP transactions and Derivatives CCP Contracts by us where the obligation to complete those transactions arises before the Effective Date and this Agreement will continue to apply to the completion of those transactions, notwithstanding the novation of this Agreement to the new Participant under this clause 26.

## 27. INTERPRETATION

Words and expressions defined in the Rules will unless otherwise defined or specified in this Agreement have the same meaning in this Agreement. In the event of any inconsistency, the definitions in this Agreement prevail. This Agreement is governed and construed in accordance with the law of New South Wales and the parties submit to the non-exclusive jurisdiction of the courts of New South Wales.

## 28. APPLICATION

The Terms of Use (including the Terms of Business (including the Allocation Policy) and the Sponsorship Agreement) applying to your DMS account as set out in this Part 4 of the DMS Guide apply to transactions in Derivatives CCP Contracts.

# Part E Definitions

## 1. DEFINITIONS AND INTERPRETATION

**1.1** These words and expressions have these special meanings in this Agreement:

this **Agreement** means Parts A, B, C, D and E contained in this Part 4 and the Application Form, power of attorney, any confirmation letter or any other document (including any transaction entered into under or in connection with any of those documents) contemplated by and executed in connection with this Agreement.

**Application Form** means the application form attached to or accompanying this Agreement or otherwise required by us from time to time.

**Approved Market Operator** has the meaning set out in the ASX Settlement Operating Rules.

**approved security** means any share, stock, unit in a trust or other security that is notified to you by us as being acceptable to us for the purposes of the facility.

**ASX** means the Australian Securities Exchange Limited (ABN 98 008 624 691).

**ASX Automated Trading System** means the automated system of transfer and settlement processes used for ASX transactions.

**market integrity rules** means the market rules of the ASIC Market Integrity (ASX Market) Rules.

**ASX Settlement** means ASX Settlement Pty Ltd (ABN 49 008 504 532).

**ASX settlement operating rules** means the rules of ASX Settlement.

**availability period** means the period for which we decide to make the facility available to you, as set out in the confirmation letter or as otherwise notified by us to you in writing. The availability period will expire at 3 p.m. (Sydney time) on the last day of the availability period.

**bankrupt** means being in a state of “bankruptcy” as that term is defined in the ASX settlement operating rules.

**break costs** means those costs payable by you if you seek to repay the facility early or to terminate your options early. These costs consist of costs associated with:

- terminating the facility;
- interest;
- unwinding of your portfolio;
- unwinding of any options you hold;
- unwinding of our hedging position; or
- administration.

The amount of the break costs calculated by us is at our sole discretion. The amount of the break costs will be notified to you before you terminate the facility.

**business day** means a week day in which the banks and the ASX are open for business in Sydney.



**call option** means any call option that you write to us under Part C.

**CCP** means Central Clearing Party.

**certificate** means a share certificate or other document evidencing title for a security.

**certificated security** means a security, title to which is evidenced by a certificate.

**CHESS** stands for Clearing House Electronic Subregister System and has the meaning in the ASX settlement operating rules. It is a computerised system of registering securities.

**CHESS subregister** has the meaning in the ASX operating settlement rules. Generally, it means that part of a register of securities that is administered by the securities clearing house.

**confirmation letter** means each letter forwarded by us to you setting out those terms prescribed in this Agreement as being set out in the confirmation letter.

**costs** includes:

(a) charges and expenses (including stamp duty and other government charges); and

(b) costs, charges and expenses in connection with legal and other advisers on a full indemnity basis.

**distribution** means an amount paid or declared in respect of securities as a dividend or other income distribution, unless we determine in our absolute discretion that it is not a distribution.

**Exchange Traded Option** means an option traded on an exchange.

**exercise price** means the price indicated in the confirmation letter for an option.

**expiry date** means the expiry date of an option as specified in the confirmation letter.

**facility** means the facility provided to you by us subject to the terms of this Agreement if your application is approved by us.

future security means:

(a) securities that are acquired wholly or partly with the proceeds of the facility and which are registered in the name of the Nominee on your behalf (or on behalf of a guarantor) or in your name (or the name of a guarantor) in accordance with the sponsorship agreement;

(b) securities which are registered in your name (or the name of a guarantor) which after this Agreement has been executed, are identified in the register of members of the company, or other register of holders of such securities, by a holder identification number assigned by the Nominee in accordance with the sponsorship agreement;

(c) securities that you or a guarantor transfer to us or to the Nominee after this Agreement was entered into, whether pursuant to the terms of this Agreement or otherwise;

(d) securities which are issued to you (or a guarantor) pursuant to a dividend re investment plan and which then form part of the collateral; and

(e) any money held in the DMS Cash Account from time to time.

**holder record** has the meaning in the ASX settlement operating rules. Generally, it means the details recorded by securities clearing house in CHESS for the purpose of operating one or more holdings.

**holder record lock** has the meaning in the ASX settlement operating rules. Generally, it means the facility in CHESS for preventing securities from being deducted from a holding.

**holding** has the meaning in the ASX settlement operating rules. Generally, it means a holding of securities by a person.

**including** when introducing an example does not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

A person is **insolvent** or in **insolvency** if insolvent or an insolvent under administration or it has a controller appointed (each as defined in Corporations Act), bankrupt, in receivership, in receivership and management, in liquidation, in provisional liquidation, under administration, wound up, subject to any arrangement, assignment or composition.

**market value** means, in respect of:

(a) an approved security that is listed on the ASX, the lower of the most recent sale price or bid price for that approved security on the ASX Automated Trading System;

(b) an approved security that is a unit in an unlisted unit trust, the price quoted by the manager or trustee of that trust as the price at which the trustee is prepared to redeem units in that trust;

(c) the DMS Cash Account, the amount standing to the credit of the DMS Cash Account; and

(d) any other thing, the amount determined by us in our absolute discretion.

**new rights** means any present or future rights in connection with the collateral:

(a) in all allotments, offers, benefits, privileges, rights, bonuses, securities, stock, debentures, distributions or rights to take up securities;

(b) consequent on any takeover, reconstruction, conversion, redemption, substitution, cancellation, reclassification, forfeiture, consolidation or subdivision;

(c) consequent on a reduction of capital, liquidation or scheme of arrangement (but it does not include dividends); or

(d) arising from any other event which we determine to be of similar effect to paragraphs (a), (b) and (c).

**nominated approved security** means those approved securities, consented to by us, which you nominate to write options over in accordance with Part B.

**Nominee** means Bow Lane Nominees Pty Ltd (ABN 94 005 734 145), or any other nominee of ours as appointed by us from time to time.

**option** means an Exchange Traded Option.

**order** means any order placed by you with us to purchase or sell or otherwise deal in securities.

**payable** in relation to an amount means an amount that is currently payable or will be payable in the future.

**person** includes an individual, a firm, a body corporate, an unincorporated association and an authority.

**related entity** has the meaning it has in the Corporations Act.

**security** means:

- (a) a security that is quoted or admitted to trading status by the ASX;
- (b) a security or other interest in an unlisted collective investment scheme;
- (c) options to purchase, subscribe for or acquire any of the above;
- (d) other securities within the meaning of section 92(1) of the Corporations Act;
- (e) anything that is notified to you or a guarantor by us as being acceptable to us for the purposes of the facility;
- (f) for the purpose of the sponsorship agreement, has the meaning in the ASX settlement operating rules; and
- (g) any other financial product or property, including money on deposit, that we, in our absolute discretion, designate as falling within this definition.

**security interest** means:

- (a) a security interest that is subject to the PPSA;
- (b) any other mortgage, pledge, charge, lien, trust or power; or
- (c) any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property.

**security value** means, at any time, an amount equal to the sum of the collateral value of all of the collateral (without double-counting at that time).

**scheduled time** has the meaning given in the ASX settlement operating rules. The scheduled time varies depending on the act to which it relates.

**settlement date** means the date specified as such in the confirmation letter or otherwise, the date on which the options settle after they have been exercised.

**sponsoring participant** means the broker or other participant that sponsors your participation in the CHES system of registration of security holdings.

**sponsorship agreement** means the Agreement between the sponsoring participant and you setting out the terms of sponsorship of securities under CHES.

**subposition** has the meaning given in the ASX settlement operating rules. Generally, it means an arrangement under which activity relating to the securities may be restricted and access to the securities given to a person other than your normal sponsor.

**taxes** means taxes, levies, imposts, duties and other charges whenever imposed by a governmental authority (for example, goods and services tax or any similar tax, stamp duties, financial institutions duties and debits tax).

**transfer**, as used in the sponsorship agreement, has the meaning in the ASX settlement operating rules. Generally, it means a transfer of securities to or from a holding on CHES.

**us, Morgan Stanley Wealth Management, we or our** means Morgan Stanley Wealth Management Australia Pty Ltd (ABN 19 009 145 555), as dealer and broker (and from time to time, CHES sponsor) and also includes:

(a) any body of which Morgan Stanley Wealth Management is the successor or transferee;

(b) if Morgan Stanley Wealth Management is reconstituted or amalgamated with another body—the new person formed; and

(c) a person to which some or all of Morgan Stanley Wealth Management's business, including its right to receive the amount owing, is transferred or assigned.

**withdrawal instructions** has the meaning in the ASX settlement operating rules. Generally, it means the instructions by a person who is sponsored on CHES for the withdrawal of securities from the sponsored holdings.

**you or your** means the person(s)/legal entity named in the Application Form as the applicant and includes, where the content permits, any person authorised to operate or provide instructions (however, broad or limited the authorisation may be) in relation to the account. If there are more than one, you means each of them separately and every two or more of them jointly and includes your successors and assignees.

## 1.2 In this Agreement:

(a) Unless the context indicates a contrary intention and a gender includes other genders:

(i) words expressed in the singular include the plural and vice versa;

(ii) where a word or phrase is defined in this Agreement, other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;

(iii) the word "person" includes a company, partnership, joint venture, association, corporation or other body corporate and any governmental agency;

(iv) a reference to any statute, rule or other law, or to any sections or provisions thereof includes any statutory modification or re-enactment or any statutory provision substituted therefore and all ordinances, by-laws, regulations and other statutory documents issued thereunder;

(v) a reference to a document (including this Agreement or the Rules), deed or agreement includes an amendment or supplement to, or replacement or novation of, that document;

(vi) a reference to anything (including, without limitation, any amount) is a reference to the whole or any part of it and a reference to a group of persons is a reference to any one or more of them;

(vii) a monetary amount means that amount in Australian currency;

(viii) a reference to a party to a document includes that party's successors and permitted assigns;

(ix) a reference to a month is a reference to a calendar month; and

(x) headings are inserted for convenience only and do not affect the interpretation of this Agreement.

(b) Unless otherwise defined or specified in this Agreement, words and expressions defined in the Corporations Act, Rules, procedures, appendices and schedules have the same meaning as in this Agreement. In the event of any inconsistency, the definitions in this Agreement prevail.

## Part 5

## Nominee Agreement – Terms and Conditions

The client (“you”) and Morgan Stanley Wealth Management Australia Pty Ltd ABN 19 009 145 555 (“Morgan Stanley,” “we,” “our” or “us”) agree to the following additional terms:

### 1. NOMINEE SERVICES

**1.1** You understand and agree that the terms under this Nominee Agreement are in addition to the Terms and Conditions, as amended from time to time, in Part A of Part 4 of the DMS Guide (“Terms”) and that unless the contrary intention appears, any capitalised term in this Nominee Agreement will have the meaning ascribed to it in the Terms. Any reference to a clause in the Terms shall be taken to be a reference to that clause as amended from time to time.

**1.2** You agree that all Financial Products (defined in the Terms) and any other assets, rights or products that may not come within the definition of Financial Product (“Other Products”) that you or we nominate to be held in custody on your behalf, shall be purchased and held by us through our nominee, being “Morgan Stanley Nominees” (as defined in clause 1.3 below). You further agree that we will act as nominee for the purpose of this Nominee Agreement, and will hold on your behalf any Financial Products and Other Products that you or we nominate to be held in custody. We may do this by engaging sub-nominees. On reasonable request by you we will provide you with written confirmation of the manner in which we hold the Financial Products and Other Products.

**1.3** Morgan Stanley Nominees means either Bow Lane Nominees Pty Ltd (ABN 94 005 734 145), or any other nominee of Morgan Stanley Wealth Management as appointed by us from time to time, in which case we will provide you with prior written notice of the identity and contact details of the other nominee entity. Where practicable, we will provide you with prior written notice before arranging for another nominee entity to be appointed to hold your Financial Products and Other Products.

**1.4** You acknowledge that Morgan Stanley Nominees may be an Authorised Representative (as defined in the Corporations Act) of Morgan Stanley Wealth Management under its Australian financial services licence. Morgan Stanley Wealth Management means Morgan Stanley Wealth Management Australia Pty Ltd (ABN 19 009 145 555) and any body of which Morgan Stanley Wealth Management is the successor or transferee; the new person formed if Morgan Stanley Wealth Management is reconstituted or amalgamated with a new body; and any person to which some or all of Morgan Stanley Wealth Management’s business, including its right to receive the amount owing, is transferred or assigned.

**1.5** You authorise Morgan Stanley Wealth Management on your behalf to collect or otherwise receive all principal, dividends, interest, other amounts and entitlements relating to Financial Products or Other Products held in custody on your behalf and Morgan Stanley Wealth Management must account to you in respect thereof.

**1.6** You further authorise Morgan Stanley Wealth Management to credit any of your accounts with any monies received by it on your behalf, and to open accounts in its name with any Australian ADI and to deposit monies held for you in such accounts.

**1.7** We, Morgan Stanley Nominees and any other nominee under this agreement (“Principal Nominee”) may appoint sub-nominees or sub-custodians to hold any Financial Products or Other Products on behalf of the Principal Nominee, and to perform such other functions of the nominee as the Principal Nominee considers necessary or desirable. Where practicable, we will provide you with prior written notice before arranging for a sub-nominee to be appointed to hold your Financial Products and Other Products. In any event, we will provide you with prior written notice of the identity and contact details of any sub-nominee appointed under this clause. Persons appointed or engaged by the Principal Nominee under this agreement may be related to, or associated with, the Principal Nominee and may be paid and receive their normal fees or commissions.

## 2. INSTRUCTIONS

**2.1** Subject to clause 16 of the Terms, Morgan Stanley Wealth Management is entitled to act in relation to:

- (a) the Financial Products or Other Products held in custody on your behalf; and
- (b) any matter to which the terms and conditions of this Nominee Agreement relate,

on electronic, written or verbal instructions from you or from any other person you have authorised to issue instructions on your behalf. You authorise each Morgan Stanley Nominee to provide instructions on your behalf.

**2.2** If you are a company within the meaning of the Corporations Act, Morgan Stanley Wealth Management may act on electronic, written or verbal instructions given by your director or secretary or any other person recognised as your director, officer or agent.

**2.3** If Morgan Stanley Wealth Management requests instructions and no instructions are received by the time stipulated in the request, then Morgan Stanley Wealth Management is not obliged to and may not take any step or other action in connection with, or relating to, Financial Products or Other Products held in custody on your behalf.

**2.4** If Morgan Stanley Wealth Management cannot exercise a discretion on your behalf, or in the absence of an instruction from you or given on your behalf to reinvest or redeem any Financial Products or Other Products held in custody, Morgan Stanley Wealth Management will return the funds (representing the value of the Financial Product or Other Products at the relevant date) to you by cheque or in accordance with your usual nominated settlement instructions.

## 3. NOTICES

**3.1** In respect of documents which require action, such as proposed rights issues, dividend reinvestment plans or takeover offers and proxy or other votes or forms of agreement to proposed company or fund manager actions, Morgan Stanley Wealth Management will act under the power of attorney conferred under the MDA Contract.

**3.2** Any notice or other communication by Morgan Stanley Wealth Management to you is deemed to have been provided to you (whether or not actually received by you) if delivered or mailed or sent by telex, electronically or to your facsimile number or address as set out in the Application Form, or such other address of which Morgan Stanley Wealth Management has been notified by you.

## 4. VOTING

**4.1** Neither Morgan Stanley Wealth Management nor Morgan Stanley Nominees are obliged to request your instructions or attend meetings of corporations or other entities in which the Financial Products or Other Products are held in custody on your behalf, or vote in respect of any of those Financial Products or Other Products. However, subject to clause 25.3 of the MDA Client Agreement in Part 3 of the DMS Guide, wherever practicable, Morgan Stanley Wealth Management will use reasonable endeavours to cause Morgan Stanley Nominees to exercise, if instructed by you or another person authorised to issue instructions on your behalf, the voting rights attached to Financial Products or Other Products held in its custody on your behalf.

## 5. CERTIFICATES/HOLDING STATEMENTS

**5.1** Unless Morgan Stanley Wealth Management otherwise agrees, all certificates, holding statements and other documents or evidence of title relating to your Financial Products or Other Products held in custody on your behalf will be retained by Morgan Stanley Nominees, its sub-nominee or a Morgan Stanley Wealth Management Authorised Representative.

## 6. NO MORTGAGES

**6.1** You must not mortgage or otherwise encumber the Financial Products or Other Products held in custody without the prior written approval of Morgan Stanley Wealth Management.

## 7. UNAUTHORISED DEALINGS

**7.1** You warrant and represent that you:

- (a) have not and will not assign, charge, declare a trust over or otherwise grant a security over the cash in your DMS Cash Account (or any other bank account nominated by you), any bank bills, Financial Products or Other Products that you or we nominate to be held in custody;

- (b) will not create or allow a third party or any other agent to agree to an assignment, charge, declaration of trust over or otherwise grant a security over the cash in your DMS Cash Account (or any other bank account nominated by you), any bank bills, Financial Products or Other Products you or we nominate to be held in custody.

## 8. FEES AND EXPENSES

**8.1** You must pay Morgan Stanley Wealth Management’s rates of brokerage, commission and other fees agreed or advised from time to time for any transaction undertaken by Morgan Stanley Wealth Management or its sub-nominee in respect of the Financial Products or Other Products held in custody on your behalf.

**8.2** You must also, upon request from Morgan Stanley Nominees, pay all the costs, fees, taxes, losses, damages and liabilities (“Losses and costs”) incurred by Morgan Stanley Nominees for acting in accordance with this Nominee Agreement.

**8.3** Morgan Stanley Wealth Management may debit any account maintained on your behalf with:

- (a) all fees and other monies payable to Morgan Stanley Wealth Management by you under this Nominee Agreement, the Terms, the DMS Guide or otherwise; and
- (b) any call or other monies owing or paid in respect of any Financial Product or Other Product held on your behalf in custody.



**8.4** If any amount payable by you to Morgan Stanley Wealth Management on any account is not paid by the due date for payment then, without prejudice to any other rights of Morgan Stanley Wealth Management under this Nominee Agreement, the Terms or at law, Morgan Stanley Wealth Management may sell any Financial Products or Other Products held by it in custody for you without being responsible for any loss or damage incurred and may apply the proceeds in reduction of your liability to Morgan Stanley Wealth Management.

**8.5** Morgan Stanley Wealth Management may, by not less than 30 days written notice to you, revise all or any of the fees. You must pay these revised fees to Morgan Stanley Wealth Management from the date specified on the notice.

**8.6** Morgan Stanley Nominees may apply any money held by it as your nominee, whether or not in the DMS Cash Account, in or towards satisfaction of any amount owing by you to us or Morgan Stanley Nominees.

**8.7** Notwithstanding any other term of this Nominee Agreement, Morgan Stanley Nominees may not take or grant a charge, mortgage, lien or other encumbrance over, or in relation to, the assets held under this Nominee Agreement unless the charge, mortgage, lien or other encumbrance is:

(a) for expenses and outlays made within the terms of this Nominee Agreement (other than our unpaid fees); or

(b) in accordance with your written instructions (which may be contained in the terms of this Nominee Agreement or in any other agreement between you and us from time to time, including any amendments thereto).

## 9. POWER OF ATTORNEY

**9.1** You irrevocably appoint Morgan Stanley Wealth Management and each director and secretary of Morgan Stanley Wealth Management severally as your attorney to sign, seal, deliver, execute and do on your behalf and in your name or otherwise as the attorney thinks fit all instruments, writings, matters, acts and things which the attorney may think necessary or desirable to assign or transfer all Financial Products or Other Products held in custody to you or otherwise to give effect to your obligations under these terms and conditions. You ratify and confirm and agree to ratify and confirm whatsoever the attorney does or purports to do by virtue of that power of attorney.

## 10. INDEMNITY

**10.1** You indemnify Morgan Stanley Nominees against, and must therefore pay Morgan Stanley Nominees on demand, all Losses and costs suffered or incurred or arising out of, or in connection with, either directly or indirectly, it acting as your nominee, except when such Losses and costs are caused by the wilful misconduct, fraud or gross negligence of Morgan Stanley Nominees. Morgan Stanley Wealth Management holds the benefit of this indemnity on trust for Morgan Stanley Nominees and may enforce this indemnity on its behalf.

**10.2** Subject to clause 27 of the Terms, you indemnify Morgan Stanley Wealth Management from and against all sums of money, actions, claims, suits, costs, demands, liabilities, proceedings, damages, expenses and any other amounts whatsoever ("Losses") incurred or arising out of or in connection with, either directly or indirectly from:

(a) any default, whether by act or omission, of yours of these terms; or

(b) anything lawfully done by Morgan Stanley Wealth Management in accordance with, pursuant or incidental to these terms; or

(c) compliance by Morgan Stanley Wealth Management with any direction, request or requirement of the ASX, ASIC or other regulatory authority or law.

**10.3** Morgan Stanley Wealth Management does not exclude or limit the application of any statute where to do so would contravene that statute or cause any part of these Terms to be void. Morgan Stanley Wealth Management excludes all conditions, warranties or terms implied by statute, general law or custom except to the extent that such exclusion would contravene any statute or cause this clause 10.3 to be void. Morgan Stanley Wealth Management's liability for a breach of any provision implied by law which cannot be excluded is limited to supplying of the services again. Notwithstanding anything else in this Nominee Agreement, Morgan Stanley Wealth Management will be liable to you if you suffer a loss due to our failure (or our nominee's or sub-nominee's failure) to:

(a) comply with our duties under this Nominee Agreement or other agreement between us relating to holding the Financial Products and Other Products; or

(b) observe reasonable standards generally applied by providers of custodial or depository services for holding Financial Products and Other Products of the kind contemplated by this Nominee Agreement, provided that Morgan Stanley Wealth Management shall not be liable if the loss results from a failure of our nominee or any sub-nominee where that nominee or sub-nominee is insolvent, so long as Morgan Stanley Wealth Management has taken reasonable care in engaging and monitoring compliance by that nominee or sub-nominee.

## 11. GUARANTEE

**11.1** If you are a company, you will on request by Morgan Stanley Wealth Management procure a guarantee and indemnity in a form approved by Morgan Stanley Wealth Management, in respect of your company's liabilities and obligations to Morgan Stanley Wealth Management from such of its directors or any other persons Morgan Stanley Wealth Management may nominate.

## 12. INTEREST

**12.1** You agree to pay interest on any amount under this Nominee Agreement which is not paid to Morgan Stanley Wealth Management on the due date for payment. The interest accrues daily from (and including) the due date, and the rate of interest applying to each daily balance is calculated at the 90-day Bank Bill Swap Rate.

## 13. CHANGES IN ADDRESS OR RESIDENCY

**13.1** You must immediately notify Morgan Stanley Wealth Management in writing of any change in your address, telephone or facsimile number or your residency for taxation purposes of the beneficial owners of the Financial Products or Other Products held in custody.

## 14. INTEREST AND TAXES

**14.1** Morgan Stanley Wealth Management is entitled to deduct or withhold, from any dividend, interest or other amount payable to you, all withholding and other taxes, duties and imposts required

to be deducted or withheld by law and pay the amount so deducted or withheld to the appropriate taxing or other authority.

**14.2** Goods and Services Tax (“GST”) will be imposed on taxable supplies we make. Any estimates given and prices quoted in this Nominee Agreement do not include any allowance for GST. If we reasonably decide that we are liable to pay GST on any supply that we make to you in connection with this Nominee Agreement, then you agree to pay us an additional amount equal to the consideration payable for the supply multiplied by the prevailing GST rate. The additional amount is payable at the same time and in the same manner as the consideration for the supply to which the additional amount relates.

## 15. DOCUMENTATION

**15.1** If you are an agent, corporation, trustee, executor or administrator, you must deliver to Morgan Stanley Wealth Management (unless previously sighted by it) the relevant Power of Attorney, Constitution, Certificate of Incorporation, Trust Deed, Letters of Administration or Probate or other relevant document (as the case may be).

## 16. PERSONAL PROPERTY SECURITIES (PPS) LAW

**16.1** Where transactions under this Nominee Agreement may give rise to a Security Interest, the following clauses are intended to protect any interest that Morgan Stanley Wealth Management (or its nominee), as the secured party with a Security Interest, has in:

- (a) the financial products;
- (b) the cash that may be held by Morgan Stanley Wealth Management (or its nominee) in a deposit account, a Cash Account or any other account (“ADI Account”) with an Authorised Deposit-taking Institution (“ADI”);
- (c) the collateral;
- (d) the agreed approved security, (collectively, the “Security Assets”).

**16.2** Where cash or collateral is held by Morgan Stanley Wealth Management (or its nominee) in an ADI Account with an ADI, you agree that, at all times until the termination of this Nominee Agreement, when sums are due to Morgan Stanley Wealth Management (or its nominee), it may direct disposition of funds from the ADI Account without reference to you, the third party and any of your authorised agents (collectively, “Authorised Agents”);

**16.3** You acknowledge and agree that at all times until the termination of this Nominee Agreement:

- (a) Morgan Stanley Wealth Management (or its nominee), as the secured party with a security interest over Secured Assets may initiate or control sending instructions in relation to the transfer of, or other dealings relating to the Secured Assets;
- (b) to the extent that Morgan Stanley Wealth Management (or its nominee) has a Security Interest in any of the Security Assets, you must do anything (including executing any document, obtaining any consent or agreement or giving any notice) that Morgan Stanley Wealth Management (or its nominee) requires to enable Morgan Stanley Wealth Management (or its nominee) to perfect and protect any Security Interest provided for by this Nominee Agreement;
- (c) Security Interests arising out of this Nominee Agreement of the transactions contemplated by this Nominee Agreement, are first ranking Security Interests, and if a default under this Nominee Agreement occurs, Morgan Stanley Wealth Management

(or its nominee), in addition to any other right that it may have, may severally enforce its Security Interest provided for by this Nominee Agreement;

(d) Morgan Stanley Wealth Management (or its nominee) may register one or more financing statements in relation to its Security Interest. If permitted by the PPSA, you waive your right under section 157 of the PPSA to receive notice of any verification statement or any related financial change statement;

(e) to the extent that any affiliate of Morgan Stanley Wealth Management (or its nominee) holds a Security Interest under this Nominee Agreement, it may do so as trustee or agent on behalf of any other affiliate;

(f) none of the provisions of the PPSA specified in paragraphs (a) to (r) inclusive of section 115 of the PPSA will apply in relation to any collateral the subject of a PPSA Security Interest established under or contemplated by this Nominee Agreement, to the extent that this is permitted by the relevant paragraph of section 115 of the PPSA in relation to that provision. For the avoidance of doubt, terms and expressions defined in the PPSA shall have the same meaning when used in this Nominee Agreement;

(g) you will not to disclose information of a kind mentioned in section 275(1) of the PPSA, except in circumstances required by section 275(7)(b) to (e) of the PPSA. You agree that you will only authorise the disclosure of information under section 275(7)(c) or request information under section 275(7)(d), if Morgan Stanley Wealth Management approves such disclosure. Nothing in this clause (g) will prevent any disclosure by Morgan Stanley Wealth Management if it believes such disclosure is necessary to comply with its other obligations under the PPSA.

**16.4** If a term used in this clause 16 has a particular meaning in the PPSA, it has the same meaning in this clause.

## 17. CONFIDENTIALITY

**17.1** Morgan Stanley Wealth Management and you must treat as confidential (both during and after the termination of our relationship) any information learned about the other, its investment strategy, holdings, products or services in the course of our relationship and shall not disclose the same to any third party except on the other's instructions or with the other's written consent.

**17.2** Neither party may disclose this Nominee Agreement to any person except:

- (a) to any professional or other adviser consulted by it in relation to any of its rights or obligations under this Nominee Agreement;
- (b) in connection with the enforcement of its rights under this Nominee Agreement;
- (c) to any of its affiliates, agents or other authorised representatives where the disclosure is made on the basis that the recipient of the information will comply with this clause in the same way that the party is required to do;

(d) where the information is already in the public domain, or where the disclosure would not otherwise breach any duty of confidentiality;

(e) if required by law in Australia or elsewhere; to any state, national or international regulatory, enforcement, exchange body or court anywhere in the world as required or allowed by applicable law or regulation anywhere in the world or at such person's request;

(f) to any other person as required or allowed by applicable law or regulation anywhere in the world; or

(g) otherwise with the prior written consent of the non-disclosing party.

## 18. RECORDS AND REPORTING

**18.1** Records of your Financial Products or Other Products held in custody by us, including any transactions relating to those Financial Products or Other Products (including how, by whom and when they were authorised), are maintained electronically, and will be made available to you on reasonable request.

**18.2** Morgan Stanley applies verification procedures for the reconciliation and checking of your Financial Products or Other Products held in custody by us.

**18.3** Statements or confirmations of your Financial Products or Other Products held in custody by us will generally be provided to you periodically (depending on what kind of Financial Products or Other Products we hold for you), or otherwise on reasonable request.

## 19. BUSINESS CONTINUITY

**19.1** Morgan Stanley Wealth Management has and maintains arrangements designed to enable us to continue to provide the services contemplated by this Nominee Agreement in any contingency.

## 20. FORCE MAJEURE

**20.1** A failure by Morgan Stanley Wealth Management in respect of the performance of its obligations to you does not give rise to any right of action or claim against Morgan Stanley Wealth Management if the failure or omission arises from any cause beyond its control.

## 21. COMPLIANCE WITH APPLICABLE LAWS

**21.1** You warrant and represent that you:

(a) will comply in all respects with all applicable laws, rules, regulations, policies and practices applicable to you, including but not limited to, the relevant provisions of the ASX Market and ASX Clear Operating Rules, the ASX Settlement Operating Rules, Australian Federal Privacy Act (1988), the Corporations Act and all other laws in respect of the Financial Products and Other Products held in custody including the giving of any substantial shareholding notice; and

(b) will not cause Morgan Stanley or the Morgan Stanley Nominees to breach any of the rules or laws in sub-clause (a).

**21.2** You authorise Morgan Stanley Wealth Management and Morgan Stanley Nominees to disclose any information in relation to you and the Financial Products and Other Products held in custody as may be required by law, the ASX Market or Listing Rules, ASX Settlement Operating Rules or the constituent documents of the corporation or other entity in which those Financial Products or Other Products are held.

## 22. TERMINATION

**22.1** This appointment may be terminated in accordance with clause 11 of the MDA Client Agreement in Part 3 of the DMS Guide. You must pay all fees outstanding at the date of termination.

**22.2** On termination, Morgan Stanley Wealth Management will transfer (subject to being paid all amounts due to it) all Financial Products or Other Products held in custody to you, or as otherwise

lawfully directed by you, within a reasonable period of time. You are responsible to register any transfer (unless attended to by Morgan Stanley Wealth Management at your cost and expense) and to pay all stamp and other duties and taxes in respect thereof.

## 23. VARIATION OF TERMS AND CONDITIONS

**23.1** Morgan Stanley Wealth Management may vary the terms and conditions of this Nominee Agreement by not less than 14 days written notice to you and thereafter these terms and conditions as varied by that notice will apply and take effect as if originally incorporated in this document.

## 24. TAX FILE NUMBER ("TFN")

**24.1** You understand that pursuant to clause 14 of this Agreement, that Morgan Stanley Wealth Management is entitled to deduct or withhold from any amounts payable to you in respect of Financial Products or Other Products held in custody on your behalf, all withholding and other taxes, duties and imposts required to be deducted or withheld by law and pay the amount so deducted or withheld to the appropriate taxing or other authority. You acknowledge that if you do not provide your TFN to us that we may deduct any such taxes, duties or imposts at the top marginal rate from any Financial Products or Other Products that we hold in nominee for you.

## 25. GENERAL

**25.1** You warrant to Morgan Stanley Wealth Management that all information provided by you to Morgan Stanley Wealth Management regarding the Financial Products or Other Products held or to be held in custody or any other matter relating to or incidental to the subject matter of this document is or will be, when given, complete, accurate and not misleading in any respect. In the event of any material change in such information you agree to promptly notify Morgan Stanley Wealth Management.

**25.2** It is a condition of this Agreement that you acknowledge that you have read, understood and agree to be bound by the Terms in addition to these terms.

**25.3** To the extent of any inconsistency, the terms of this Agreement shall prevail over the Terms.

**25.4** You must not provide any instructions to us or Morgan Stanley Nominees that are inconsistent with this Agreement.

**25.5** Termination of Morgan Stanley Nominees' appointment does not affect any rights or obligations accrued up and until the time of termination.

**25.6** These terms and conditions bind you and your legal personal representatives and successors.

**25.7** In these terms and conditions references in the singular include the plural and vice versa.

**25.8** This Agreement is governed by the laws of New South Wales. Each of the parties irrevocably submits to the non-exclusive jurisdiction of the courts of New South Wales and the courts of appeal from them.

## 26. COMPLIANCE WITH CLASS ORDER

**26.1** To the extent that a provision of this Nominee Agreement is inconsistent with Class Order 04/194 and as relevant is capable of being read down or severed, that provision must be read down or severed.

**26.2** This Nominee Agreement is deemed to contain the provisions which it must contain in order for the nominee to obtain the relief in Class Order 04/194.

**26.3** This clause 26 applies only during such period that the nominee (and any sub-nominee acting on behalf of the nominee) relies on Class Order 04/194 in respect of the services provided by the nominee, unless the nominee determines otherwise.



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