

Financial Services Guide

About this Financial Services Guide

In this Financial Services Guide ("FSG"), when the terms "we", "our" or "us" are used, it means ETRADE Australia Securities Ltd ("E*TRADE Australia") (ACN 078 174 973), ETRADE Australia Nominees Pty Limited (ACN 080 523 217) and ETR Nominees Pty Limited (ACN 101 455 207) together, and each of them separately, unless otherwise specified.

This FSG is being provided to you as a result of the implementation of the Financial Services Reform Act which requires E*TRADE Australia to publish and distribute FSGs to retail clients to whom it provides financial services.

E*TRADE Australia provides limited financial services to you as a client of another Australian Financial Services Licensee (referred to in this FSG as your "Authorised Agent") that utilises the execution, settlement and CHES sponsorship services of E*TRADE Australia. This FSG will therefore only cover those services. Your Authorised Agent provides all other services for you and you must communicate your account and market-related instructions direct to your Authorised Agent, who will then on-forward those instructions to us. Your Authorised Agent will be providing you with its own FSG covering the services it provides to you.

This FSG contains general advice that has been prepared without taking into account your objectives, financial situation or needs. Accordingly, you should seek the advice of your Authorised Agent and consider the appropriateness of the advice having regard to your particular circumstances.

Purpose of the Financial Services Guide

The FSG is an important document. We have designed this FSG to assist you in deciding whether to use any of the financial services we offer. This FSG must provide you with information about:

- Our name and contact details;
- The financial services we are authorised to provide and the products to which those services relate;
- The cost of any services we provide;
- Any remuneration, commissions or other benefits that we, or any relevant person, may be paid in relation to the financial services we offer;
- Any relationships we have with any other organisations affiliated with us or with product issuers, which might influence us in providing the services; and
- Details of our internal and external complaints handling procedures and how you access these.

Other documents you may receive from us

When we provide you with a financial service, we may also have to provide you with a Product Disclosure Statement. A Product Disclosure Statement ("PDS") is a document that provides you with information about a financial product and the entity that issues the financial product (the Issuer). We must provide you with a PDS about a financial product when:

- We recommend that you acquire the financial product; or
- We offer to issue, or to arrange to issue, the financial product to you.

The PDS must contain information about the financial products so that you can make an informed decision whether or not to acquire it. A PDS about a financial product must state, amongst other things:

- The name, license number and contact details of the Issuer;
- The significant benefits and risks associated with holding the financial product;
- The fees, expenses or other costs associated with holding the financial product;
- Commission or other payments that may reduce any return from the financial product;
- Other significant characteristics of the financial product;
- The rights, terms, conditions and obligations of the financial product;
- Dispute resolution procedures covering complaints in relation to the financial product, and how you can process these dispute resolution procedures; and
- General information about the significant taxation implications (if any) of a financial product.

A PDS is not required to be issued by E*TRADE Australia where you are dealing in ASX-listed equity securities and warrants. Your Authorised Agent will be responsible for providing you with a PDS in relation to financial products.

Provider of the financial services

ETRADE Australia Securities Ltd (ACN 078 174 973) and its representatives are the providers of the financial services offered below. E*TRADE Australia is authorised by the Australian Financial Services Licence (No 238277) issued under the Corporations Act to provide these services to you.

E*TRADE Australia is a wholly owned subsidiary of ETRADE Australia Ltd (ACN 003 042 082) and a Participant of the Australian Stock Exchange Limited Group. E*TRADE Australia is authorised to:

- Provide financial product advice and deal in the following financial products:
 - Basic deposit products;
 - Derivatives;

- Foreign exchange contracts;
- Debentures, stocks or bonds;
- Interests in managed investment schemes including the Investor Directed Portfolio Service (known as "The ETRADE Australia Managed Funds Service");
- Securities; and
- Miscellaneous financial investment products limited to managed investment warrants.
- Underwrite interests in managed investment schemes, or issues of securities; and
- Provide and operate custodial and depository services.

As previously mentioned in this FSG, E*TRADE Australia provides you solely with execution, settlement and sponsorship services.

Providing Entity (Provider of Advice)

E*TRADE Australia does not provide financial product advice to you. Your Authorised Agent may, however, do so.

Fees payable for each service provided

E*TRADE Australia has an agreement with your Authorised Agent, under which the Authorised Agent determines the rate at which we will charge you brokerage on any trades (which we will deduct, from the settlement proceeds, the bank account nominated by you or the bank account which E*TRADE Australia opens as trustee for you). Please contact your Authorised Agent if you require further information on the rates to be charged. In addition to the brokerage we charge you, you will pay E*TRADE Australia the amounts set out in Appendix A.

E*TRADE Australia retains part of the brokerage and pays the balance to your Authorised Agent. It is not possible to ascertain the amount which E*TRADE Australia will retain. The amount retained by E*TRADE Australia varies depending on a number of matters which will be set out in the agreement with your Authorised Agent. These may include:

- The number of contract notes prepared for your Authorised Agent's clients during the month. Commonly, the more contract notes prepared for your Authorised Agent's clients, the lower the fee received by E*TRADE Australia and;
- The size of a trade.

Part 1 of Appendix A details the current list of other fees and charges that you may pay to us directly for our services.

How we are paid for services provided

E*TRADE Australia is remunerated by the brokerage we charge you. With certain products (such as margin lending products) we are also remunerated in the form of commissions (including trailing commissions) by product providers. Refer to Appendix A for more details.

How to use our services

If you wish to execute transactions using our execution, settlement and sponsorship services, you must provide your instructions to your Authorised Agent or by arrangement with your Authorised Agent. The method by which E*TRADE Australia will accept your or your Authorised Agent's instructions will be subject to the terms and conditions of trading between your Authorised Agent,

E*TRADE Australia and you (available from your Authorised Agent), and your authorisation for your Authorised Agent to open an account with E*TRADE Australia (which will result in us opening a bank account in our name, as trustee, which identifies you as a beneficiary). To use our sponsorship services, you will need to enter into a CHES Sponsorship Agreement with E*TRADE Australia (which forms part of your account opening documentation with your Authorised Agent). If you require advice, please contact your Authorised Agent directly.

Associations with product providers

E*TRADE Australia may provide you with financial products and services from either related or non-related product providers, including Australia and New Zealand Banking Group Limited ("ANZ"). ANZ owns approximately 35% of our parent company, ETRADE Australia Limited.

E*TRADE Australia may receive a commission payment from product providers where you invest in one of their products or services. Refer to Part 2 of Appendix A for more details.

Complaints

You may advise of any complaint or dissatisfaction with the service provided to you by E*TRADE Australia. You should contact your Authorised Agent direct if you have any complaints about the advice or other services it provides to you. If you have any complaints in relation to E*TRADE Australia's execution, settlement or sponsorship services which could not be resolved by your Authorised Agent, the following dispute resolution procedure is in place to ensure that your enquiries and complaints are handled efficiently.

Contact E*TRADE Australia and advise us of your complaint. A representative of E*TRADE Australia will attempt to resolve your complaint and will notify you of any proposed resolution.

Call us on 02 8274 5577 or
Write to us at:
ETRADE Australia Securities Ltd
Reply Paid 1346
ROYAL EXCHANGE NSW 1224

If your complaint is not resolved to your satisfaction, please send a written complaint addressed to:

Compliance Manager
ETRADE Australia Securities Ltd
Level 1, 10 Bridge Street,
Sydney NSW 2000.

If you are still not satisfied with the resolution of any complaint, you may complain in writing to the Financial Industry Complaints Service Ltd (FICS), of which E*TRADE Australia is a member.

The FICS can be contacted as below:

Financial Industry Complaints Service Ltd
PO Box 579 Collins Street West
Melbourne Vic 8007

Telephone: 1300 780 808
Facsimile: (03) 9621 2291
Email: fics@fics.asn.au
Internet: www.fics.asn.au

This FSG is dated 4 May 2004.

APPENDIX A

Financial Services Guide – Fees, Charges, Benefits and Commissions

The current list of fees and charges that you may be required to pay to us directly for using our services, in addition to brokerage at a rate determined by your Authorised Agent are detailed below. Any fees and charges relating to specific products can be found in the relevant Product Disclosure Statement.

All fees and charges include GST unless stated otherwise.

Commissions and benefits that may be paid to E*TRADE Australia are detailed in Part 2 of this Appendix.

PART 1 – STANDARD FEES AND CHARGES

1. EXECUTION, SETTLEMENT AND SPONSORSHIP SERVICES.

1.1. Fees on Options

- All Exchange Traded Option trades incur an ACH fee of \$1.12 per contract traded, in addition to any brokerage we charge you.
- Where an Exchange Traded Option is exercised, you will incur an ACH exercise fee of \$0.55 multiplied by the number of contracts exercised, in addition to any brokerage we charge you.

2. OTHER SERVICES

2.1. Banking Service Charges

Cash Withdrawal requests, where our manual intervention is involved	\$5.00
<i>Bank Statement Reprint</i> When a Bank Statement Reprint is requested, we will pass on any bank charges incurred	Nil
<i>Audit requests</i> When a Bank Audit Confirmation is requested, we will pass on any bank charges incurred	Nil
<i>Telegraphic Transfers</i> When a telegraphic transfer request is received, E*TRADE may charge you a processing fee of \$5.00 per transfer request, together with any bank	\$5.00

charges incurred. As a guideline the fees currently charged by the banks are:

- Your E*TRADE ANZ account to another ANZ account - Nil
- Your E*TRADE ANZ account to another bank account - \$28.00
- Your E*TRADE ANZ account to an overseas bank account - \$30
- Your E*TRADE Macquarie Bank account to any account - \$35

Dishonor fee

When a cheque deposited to your E*TRADE Australia bank account is dishonored or a direct debit against your nominated bank account is dishonored, we will pass on to you any bank charges incurred. As a guideline the current bank charges are:

Cheque deposit is dishonoured - \$9.00

Direct Debit is dishonoured - \$5.00

Nil

2.2 Fail Fees

Fail fees

Sell transactions

When stock is not available to meet our market settlement obligation, we will pass on to you the daily ASX fail fee, which is calculated at 0.1% of settlement consideration, subject to a minimum of \$50.00 and maximum \$2000 per day (GST exclusive) for each failed settlement.

Any other fees or charges incurred by us and advised to you.

Buy transactions

- If you have insufficient funds in your E*TRADE Australia bank account, to meet our market settlement requirements, we will charge you a fail fee of \$25.00 per day until the account is brought back into credit, and pass

Nil

As advised to you

\$25.00 per day

on any overdraft interest charged by the relevant bank.

- If your account is approved to be settled on a DVP basis, and your custodian does not provide funds to enable us to settle our market obligations, the higher of \$50 per day or 10.72% per annum on funds not received by us relating to that market settlement obligation.

Higher of \$50 per day or 10.72% p.a. on funds owed by client

2.3 Transfers of Financial Products

Off Market Transfers	\$20.00
Request lost SRN	\$16.50
CHESS Statement reprints	\$5.00

2.4 Contract Note Delivery

SMS alert	\$0.55
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PART 2 – COMMISSIONS AND BENEFITS PAID TO E*TRADE AUSTRALIA

E*TRADE Australia receives commissions or other benefits from a number of institutions in respect of or attributable to the provision of financial services, which it may share with your Authorised Agent:

- Up to 0.30% per annum commission on the average daily balance of the bank account which E*TRADE Australia has opened as trustee, identifying you as the beneficiary, from the relevant bank;
- Between 0.25% and 0.55% per annum of the balance or loan balance of some margin lending loan accounts, from the provider of the margin loan;
- Up to 6% of an investment in an initial public offering or other offering of financial products and ongoing fees of up to 2% (of the initial investment), from the company undertaking the initial public offering, issuing the financial products or underwriter;
- Up to 1.1% of the amount of any instalment warrants that are rolled over by the issuer of the instalment warrants; and
- Up to 50% of the cost of amounts paid to research and/or education providers, from the research and/or education providers.

We may receive a commission from warrant issuers as part of trading promotions, or from product providers with whom we have an association, where you invest in one of their products or services. We may rebate these commissions to you or share these commissions with your Authorised Agent.

This FSG is dated 4 May 2004.

SPONSORSHIP AGREEMENT

This Agreement applies when a person or entity ("The Client") agrees to be sponsored by ETRADE Australia Securities Limited (ACN 078 174 973; AFLS No. 238277) in the Clearing House Electronic Subregister System ("CHESS")

1. INTERPRETATION

- 1.1. Any term used in this Agreement which is defined in the ASTC Settlement Rules ("the Rules") has the meaning given in the Rules.
- 1.2. In this Agreement, ETRADE Australia Securities Limited is referred to as the "Participant" and the Client is referred to as the "Participant Sponsored Holder". These terms are defined in the ASTC Settlement Rules.
- 1.3. In this Agreement, the entity which acts as the Participant Sponsored Holder's agent in placing order or settlement instructions with the Participant, on the Participant Sponsored Holder's behalf, is referred to as the "Authorised Agent".

2. APPOINTMENT

The Participant Sponsored Holder appoints the Participant to provide, and the Participant agrees to provide, transfer and settlement services as the Participant Sponsored Holder's agent in relation to Sponsored Holdings identified by the HIN notified to you in writing after the date of this Agreement, on the terms and conditions of this Agreement. The Participant Sponsored Holder authorises the Participant as its agent to do any act under CHESS, relating to its Sponsored Holdings.

3. PARTICIPANT AND PARTICIPANT SPONSORED HOLDER'S RIGHTS

3.1. PARTICIPANT RIGHTS

- 3.1.1. Where the Participant Sponsored Holder or its Authorised Agent authorises the Participant to buy Financial Products, the Participant Sponsored Holder will pay for those Financial Products within three (3) Business Days of the date of purchase.
- 3.1.2. Subject to Clause 3.1.3, the Participant is not obliged to Transfer Financial Products into the Participant Sponsored Holding, where payment for those Financial Products has not been received, until payment is received.
- 3.1.3. Where a contract for the purchase of Financial Products remains unpaid, after the Participant has made a demand of the Participant Sponsored Holder or its Authorised Agent to pay for the Financial Products, the Participant may sell those Financial Products that are the subject of that contract at the Participant Sponsored Holder's risk and expense and that expense will include brokerage and stamp duty.

- 3.1.4. Where the Participant claims that an amount lawfully owed to it has not been paid by the Participant Sponsored Holder, the Participant has the right to refuse to comply with the Participant Sponsored Holder's Withdrawal Instructions, but only to the extent necessary to retain Financial Products of the minimum value held in a Participant Sponsored Holding (where the minimum value is equal to 120% of the current market value of the amount claimed).

3.2. PARTICIPANT SPONSORED HOLDER'S RIGHTS

- 3.2.1 Subject to Clauses 3.1.3 and 3.1.4 the Participant will initiate any Transfer, Conversion or other action necessary to give effect to Withdrawal Instructions within two (2) Business Days of the date of the receipt of the Withdrawal Instructions.
- 3.2.2 The Participant will not initiate any Transfer or Conversion into or out of the Participant Sponsored Holding without the express authority of the Participant Sponsored Holder.
- 3.2.3 The regulatory regime which applies to the Participant is the regime established under the Corporations Act and Corporations Regulations, and rules of the Australian Stock Exchange Limited Group, including the ASX Market Rules, the ASTC Settlement Rules and the ACH Clearing Rules. The Participant Sponsored Holder can obtain information as to the status of the Participant from the relevant regulatory authorities, including the Australian Securities and Investments Commission ("ASIC"), the Australian Stock Exchange Limited ("ASX"), ASX Settlement and Transfer Corporation Pty Ltd ("ATSC") and Australian Clearing House Pty Ltd ("ACH").

- 3.2.4 The Participant Sponsored Holder may lodge a complaint against the Participant with ASIC, ASX, ASTC, ACH or the Financial Industry Complaints Service Limited ("FICS"). The Participant Sponsored Holder may lodge any claim for compensation with the Participant in the first instance, and if not satisfied with the Participant's response, may refer the claim to FICS. The Participant Sponsored Holder may lodge any claims in relation to the National Guarantee Fund with the Securities Exchange Guarantee Corporation Limited.

4. OTHER RIGHTS AND DUTIES

4.1. SUPPLY OF INFORMATION

- 4.1.1 The Participant Sponsored Holder will supply all information and supporting documentation which is reasonably required to permit the Participant to comply

with the registration requirements, as are in force from time to time, under the ASTC Settlement Rules.

4.2. EXCHANGE TRADED OPTIONS, PLEDGING AND SUB-POSITIONS

4.2.1. Where the Participant Sponsored Holder or its Authorised Agent arranges with ACH to lodge Financial Products in a Participant Sponsored Holding as cover for written positions in the Australian Options Market, and informs the Participant of the arrangement, the Participant Sponsored Holder authorises the Participant to take whatever action is reasonably required by ACH in accordance with the Rules to give effect to that arrangement.

4.2.2. Where the Participant Sponsored Holder or its Authorised Agent arranges with any person to give a charge or any other interest in Financial Products in a Participant Sponsored Holding, the Participant Sponsored Holder authorises the Participant to take whatever action is reasonably required by the person in accordance with the Rules to give effect to that arrangement.

4.2.3. The Participant Sponsored Holder acknowledges that where, in accordance with this Agreement and/or the Participant Sponsored Holder's instructions, the Participant initiates any action which has the effect of creating a sub-position over Financial Products in the Participant Sponsored Holding, the right of the Participant Sponsored Holder or its Authorised Agent to transfer, convert or otherwise deal with those Financial Products is restricted in accordance with the terms of the Rules relating to sub-positions.

4.2.4. Nothing in this Agreement operates to override any interest of ACH in the Financial Products.

4.3. FEES

4.3.1. The Participant Sponsored Holder will pay all Brokerage fees and associated transactional costs within the period prescribed by the Participant.

5. NOTIFICATIONS AND ACKNOWLEDGMENTS

5.1. The Participant Sponsored Holder acknowledges that if the Participant is not a Participating Organisation of ASX, neither ASX nor any Related Party of ASX has any responsibility for supervising or regulating the relationship between the Participant Sponsored Holder and the Participant, other than in relation to the Rules relating to Sponsorship Agreements.

5.2 The Participant Sponsored Holder acknowledges that if a Transfer is taken to be effected by the Participant under Section 9 of the ASTC Settlement Rules and the Source Holding for the Transfer is a Participant Sponsored Holding under the Sponsorship Agreement, then:

- (a) the Participant Sponsored Holder may not assert or claim against ASTC 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; and

- (b) unless the Transfer is also taken to have been effected by a Participating Organisation of ASX or a Clearing Participant of ACH, the Participant Sponsored Holder has no claim arising out of the Transfer against the National Guarantee Fund under Part 7.5, Division 4 of the Corporations Regulations.

5.3. In the event that the Participant breaches any of the provisions of this Agreement, the Participant Sponsored Holder may refer that breach to any regulatory authority, including ASTC.

5.4. In the event that the Participant is suspended from CHES participation, subject to the assertion of an interest in Financial Products controlled by the Participant, by the liquidator, receiver, administrator or trustee of that Participant:

- (a) the Participant Sponsored Holder has the right, within twenty (20) Business Days of ASTC giving Notice of suspension, to give notice to ASTC requesting that any Participant Sponsored Holdings be removed either:

- (i) from the CHES Subregister; or

- (ii) from the control of the suspended Participant to the control of another Participant with whom they have concluded a valid Sponsorship Agreement pursuant to Rule 12.19.10; or

- (b) where the Participant Sponsored Holder does not give notice under clause 5.4(a), ASTC may effect a change of Controlling Participant under Rule 12.19.11, and the Participant Sponsored Holder will be deemed to have entered into a new Sponsorship Agreement with the substitute Participant on the same terms as the existing Sponsorship Agreement. Where a Participant Sponsored Holder is deemed to have entered into a Sponsorship Agreement, the new Participant must enter into a Sponsorship Agreement with the Participant Sponsored Holder within ten (10) Business Days of the change of Controlling Participant.

5.5. The Participant Sponsored Holder acknowledges that before the Participant Sponsored Holder executed the Sponsorship Agreement, the Participant provided the Participant Sponsored Holder or its Authorised Agent

with an explanation of the effect of the Sponsorship Agreement and that the Participant Sponsored Holder or its Authorised Agent understood the effect of the Sponsorship Agreement.

- 5.6. The Participant Sponsored Holder acknowledges that in the event of the death or bankruptcy of the Participant Sponsored Holder, a Holder Record Lock will be applied to all Participant Sponsored Holdings in accordance with the ASTC Settlement Rules, unless the Participant Sponsored Holder's legally appointed representative or trustee elects to remove the Participant Sponsored Holdings from the CHESSE Subregister.
- 5.7. The Participant Sponsored Holder acknowledges that in the event of the death of the Participant Sponsored Holder, this Sponsorship Agreement is deemed to remain in operation, in respect of the legally appointed representative authorised to administer the Participant Sponsored Holder's estate, subject to the consent of the legally appointed representative, for a period of up to three calendar months after the removal of a Holder Record Lock applied pursuant to Clause 5.6.

FOR JOINT HOLDINGS ONLY

- 5.8. The Participant Sponsored Holder acknowledges that in the event of the death of one of the Holders, the Participant will transfer all Holdings under the joint Holder Record into new Holdings under a new Holder Record in the name of the surviving Participant Sponsored Holder/s, and that this Sponsorship Agreement will remain valid for the new Holdings under the new Holder Record.
- 5.9. The Participant Sponsored Holder acknowledges that in the event of the bankruptcy of one of the Holders the Participant will:
- (a) unless the legally appointed representative of the bankrupt Participant Sponsored Holder elects to remove the Participant Sponsored Holdings from the CHESSE Subregister, establish a new Holder Record in the name of the bankrupt Participant Sponsored Holder, transfer the interest of the bankrupt Participant Sponsored Holder into new Holdings under the new Holder Record and request that ASTC apply a Holder Record Lock to all Holdings under that Holder Record; and
 - (b) establish a new Holder Record in the name(s) of the remaining Participant Sponsored Holder(s) and Transfer the interest of the remaining Participant Sponsored Holder(s) into new Holdings under the new Holder Record.

6. CHANGE OF CONTROLLING PARTICIPANT

- 6.1 If the Participant Sponsored Holder receives a Participant Change Notice from the Controlling Participant of the Participant Sponsored Holding and the Participant Change Notice was received at least twenty (20) Business Days prior to the date proposed in the Participant Change Notice for the change of Controlling Participant, the Participant Sponsored Holder is under no obligation to agree to the change of Controlling Participant, and may choose to do any of the things set out in clauses 6.2 or 6.3.
- 6.2 The Participant Sponsored Holder may choose to terminate the Agreement by giving Withdrawal Instructions under the SCH Business Rules to the Controlling Participant, indicating whether the Participant Sponsored Holder wishes to:
- (a) transfer its Participant Sponsored Holding to another Controlling Participant; or
 - (b) transfer its Participant Sponsored Holding to one or more Issuer Sponsored Holdings.
- 6.3 If the Participant Sponsored Holder does not take any action to terminate the agreement in accordance with clause 6.2 above, and does not give any other instructions to the Controlling Participant which would indicate that the Participant Sponsored Holder does not agree to the change of Controlling Participant then, on the Effective Date, the Agreement will have been taken to be novated to the New Controlling Participant and will be binding on all parties as if, on the Effective Date:
- (a) the New Controlling Participant is a party to the Agreement in substitution for the Existing Controlling Participant;
 - (b) any rights of the Existing Controlling Participant are transferred to the new Controlling Participant; and
 - (c) the Existing Controlling Participant is released by the Participant Sponsored Holder from any obligations arising on or after the Effective Date.
- 6.4 The novation in clause 6.3 will not take effect until the Participant Sponsored Holder has received a notice from the New Controlling Participant confirming that the New Controlling Participant consents to acting as the Controlling Participant for the Participant Sponsored Holder. The Effective Date may as a result be later than the date set out in the Participant Change Notice.
- 6.5 The Participant Sponsored Holder will be taken to have consented to the events referred to in clause 6.4 by the doing of any act which is consistent with the novation of the Agreement to the New Controlling Participant (for

example by giving an instruction to the New Controlling Participant), on or after the Effective Date, and such consent will be taken to be given as of the Effective Date.

6.6 The Agreement continues for the benefit of the Existing Controlling Participant 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 in clause 6.3 not binding or effective on the Effective Date, then the Agreement will continue for the benefit of the Existing Controlling Participant until such time as the novation is effective, and the Existing Controlling Participant will hold the benefit of the Agreement on trust for the New Controlling Participant.

6.7 Nothing in this clause 6 will prevent the completion of CHESS transactions by the Existing Controlling Participant where the obligation to complete those transactions arises before the Effective Date and the Agreement will continue to apply to the completion of those transactions, notwithstanding the novation of the Agreement to the New Controlling Participant under this clause 6.

7. CLAIMS FOR COMPENSATION

7.1 With respect to compensation arrangements applying to the Participant Sponsored Holder, the Participant will rely, to the extent possible, on the cover which it has under the professional indemnity insurance policy relating to its activities as an Australian Financial Services licensee and as a Participant of the Australian Stock Exchange Limited.

7.2 If the Participant breaches a provision of this Agreement and the Participant Sponsored Holder makes a claim for compensation pursuant to that breach, the ability of the Participant to satisfy that claim will depend on the financial circumstances of the Participant.

7.3 If a breach by a Participant of a provision of this Agreement falls within the circumstances specified under Part 7.5, Division 4 of the Corporations Regulations, a Participant Sponsored Holder may make a claim on the National Guarantee Fund for compensation.

(For more information on the circumstances in which a Participant Sponsored Holder may make a claim on the National Guarantee Fund or for information on the National Guarantee Fund generally, contact the Securities Exchange Guarantee Corporation Limited).

8. TERMINATION

8.1. Subject to the ASTC Settlement Rules, this Agreement will be terminated upon the occurrence of any of the following events:

- (a) by notice in writing from either the Participant Sponsored Holder or the Participant to the other party to the Agreement;
- (b) upon the Participant becoming insolvent;
- (c) upon the termination or suspension of the Participant; or
- (d) upon the giving of Withdrawal Instructions by a Participant Sponsored Holder to a Controlling Participant in accordance with Rule 7.1.10(c).

8.2. Termination under Clause 8.1(a) will be effective upon receipt of Notice by the other party to the Agreement.

9. RENOUNCEABLE RIGHTS

If any Renounceable Rights arise in relation to a Sponsored Holding, they will be held, renounced and transferred on the same basis under this Agreement as the Financial Products in the Sponsored Holding, with any modifications which the circumstances require.

10. VARIATION

10.1 Should any of the provisions in this Agreement be inconsistent with the provisions in the ASTC Settlement Rules, the Participant will, by giving the Participant Sponsored Holder not less than seven (7) Business Days written Notice, vary the Agreement to the extent to which in the Participant's reasonable opinion is necessary to remove any inconsistency.

10.2 Subject to clause 10.1, the Participant reserves the right to vary this Agreement at any time by giving the Participant Sponsored Holder not less than five (5) Business Days notice of the variation, in writing or by electronic communication.

EXPLANATION OF CHESSE SPONSORSHIP AGREEMENT

* EXPLANATION OF CHESSE SPONSORSHIP AGREEMENT. This explanation of the terms of the CHESSE Sponsorship Agreement provides you and your Authorised Agent with an outline of the main terms of the CHESSE Sponsorship Agreement. Please also read the Chess Sponsorship Agreement. It is important that you read this document and understand its contents before signing the Agreement. However if there is anything you do not understand after reading this explanation and the Agreement, we encourage you to ring E*TRADE Australia on 1300 658 355. To be able to use CHESSE to facilitate settlement of your trades and to maintain details of your holdings on an ongoing basis, you need to be sponsored in CHESSE by a broker. Only certain persons may control Financial Products in CHESSE. E*TRADE Australia falls within this category. E*TRADE Australia (also referred to as we or us) must be your sponsoring broker in respect of those Financial Products you wish to trade through us. We are also happy to sponsor you in relation to Financial Products not originally purchased through us. To do this, please complete the CHESSE Sponsorship Transfer section of the client application. As a result of us being appointed as your sponsoring broker, only we can give instructions to CHESSE in relation to your holdings and the settlement of your trades for the Financial Products traded through us. We may also transfer Financial Products in and out of holding accounts to facilitate settlement of your dealings. Within CHESSE, your financial products are identified by your Holding Identification Number (HIN). E*TRADE Australia reserves the right to pass on any costs associated with your sponsorship instructions. You need to make sure that all information you have given to us is accurate and that you advise us if there are any changes. We are allowed to use this information in certain circumstances. If a client fails to settle a Financial Product buy transaction within the period specified on the contract note issued to the client, E*TRADE Australia is entitled to sell sufficient of the Financial Products relating to that transaction, to reimburse it for the amount owing. Renounceable rights that relate to the financial products in your HIN will be treated in the same manner as the financial products themselves. You can give us instructions at any time to withdraw your financial products from those CHESSE holdings. Provided you have met all your obligations, we will comply with your instructions. If you have not met all your obligations to pay money to us, we can retain your financial products to a maximum value of 120% of the amount owing. Either of us can terminate the CHESSE Sponsorship Agreement by notice in writing. Termination of the Agreement will be effective upon receipt of Notice by the other party to the Agreement. If we breach the Agreement, you can refer the breach to a regulatory authority. You also have certain rights if we are suspended from CHESSE participation. Our ability to meet any claim you make on us will depend, amongst other things, on our financial circumstances at the time the claim is made. You may be entitled to make a claim on the National Guarantee Fund. The Agreement also sets out what happens in the event of the death or bankruptcy of the account holder, or one of the account holders if the account is in joint names. Under the Agreement, we are entitled to charge you the fees that CHESSE charges us or for information we obtain at your request. The terms of the Agreement can be varied by us giving notice to you in writing or by Electronic Communications. The Agreement is subject to the ASTC Settlement Rules. The terms of the Agreement can be varied by us on seven days' notice to remove any inconsistency between the Agreement and these Rules. Should you require further explanation relating to the effect of the Sponsorship Agreement, please contact our customer services staff on 1300 658 355. Version March 2004

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E*TRADE AUSTRALIA DIRECT DEBIT SERVICE AGREEMENT

This agreement sets out the terms on which you have authorised E*TRADE Australia to arrange for amounts owing to E*TRADE Australia, to be made by deduction from your account at the [approved financial institution](#).

1. You will need to complete the *Direct Debit Request* (DDR-Form) set out in the Application Form to use the E*TRADE Australia trading facility provided by us (the 'Service').
2. By the *Direct Debit Request*, you authorise us to arrange for amounts that become payable to E*TRADE Australia under the Service, to be made by deduction from your account at [the approved financial institution's](#) written on your DDR-Form.
3. Your *Direct Debit Request* allows us to arrange for payment to us for the amounts on the trade day or other nominated times, as required by the E*TRADE Australia terms and conditions ('Conditions') of the Service including all amounts in relation to your trading instructions or your advisors trading instructions to us.
4. You can cancel your *Direct Debit Request* by calling us on 1300 363 241 8am to 7pm EST weekdays, for the cost of a local call. We will require 6 working days to process your cancellation request (in some cases, we will also need your written confirmation). You or your advisor cannot, however, vary, defer or suspend it, or stop or suspend an individual debit from taking place under it.
5. Once you have asked us to cancel your *Direct Debit Request*:
 - We will cancel any outstanding buy orders that have been approved on the basis of accessing funds via direct debit;
 - We can still use the Direct Debit Request to process any filled, but unsettled, buy orders for another 6 working days; and
 - You will not be able to give further buy orders without cleared funds in your E*TRADE Australia ANZ bank account or until we have received a replacement *Direct Debit Request*.
6. Debits will be processed in accordance with the Conditions of the Service. If a due date for a debit falls on a weekend or public holiday, the debit will be processed on the next settlement day. Please contact us if you are uncertain when a debit will be processed to your account.
7. You must ensure that you have sufficient [cleared funds](#) available in the nominated account by the due date to permit the payments under the *Direct Debit Request* as required by the Conditions of the Service.

***IMPORTANT Information:** The funds will be drawn on trade day. Please ensure that when placing an at limit order that cleared funds are maintained in the account at the [approved financial institution](#), during the entire life of the order. Insufficient cleared funds in your nominated bank account e.g an uncleared cheque deposit will result in the drawing being unsuccessful.*
8. If a drawing is unsuccessful:
 - Either you or your advisor will need to transfer [cleared funds](#) to the E*TRADE ANZ cash management account by T+3; and
 - you, will be charged the scheduled fail fee of \$25 of trade value for each day a contract remains unsettled.

***IMPORTANT Information:** If you deposit a cheque or some other uncleared funds into the ANZ CMT and it does not clear in time to meet settlement the scheduled failed fees will apply.*
9. Please contact E*TRADE Australia on 1300 363 241 if you have any questions about your *Direct Debit Request*, such as concerns about a debit that we make under it. We will reply to you within seven (7) days.
10. We can vary this Service Agreement at any time after giving you 14 days notice of the changes.
11. We will keep information about your financial institutions account confidential, except to the extent necessary to resolve any claim you might make relating to a debit which you claim has been made incorrectly.

12. Please ensure that your [approved financial institution](#) allows direct debits on your nominated account.

APPROVED FINANCIAL INSTITUTIONS

Adelaide Bank	AMP Banking	ANZ	Bank of Melbourne
Bank of SA	BankWest	Bendigo Bank	Challenger Bank
Citibank Limited	Colonial	Commonwealth Bank	HSBC Bank
Macquarie Bank	St George Bank	Suncorp Metway	National Australia Bank
Westpac Banking			

CLEARANCE OF FUNDS

Type of Deposit	Clearance of funds	Cost
Telegraphic Transfer	Same Business Day	\$30 plus#
<p>Funds need to be transferred prior to 2:00 pm</p> <p>To do this transfer to your ANZ ETRADE Cash Management Account you will need to quote the ANZ BSB 012012 and the ANZ E*TRADE Bank Account number;</p>		
BPAY	Next Business Day	Free
<p><i>Funds need to be transferred prior to 2:00 pm</i></p> <p>For ANZ E*TRADE Bank Accounts, you will need to enter:</p> <ol style="list-style-type: none"> 1. Our Biller Code, which is 6437 for all ANZ E*TRADE customers; 2. Your Reference Number, which is the ANZ BSB of 012-012 followed by the ANZ E*TRADE Bank Account number; 3. The amount you wish to transfer. 		
Special Cheque Clearance	Next Business Day	\$15
Bank Cheque Mailed to ETRADE	3 Business Days from receipt	Free
Bank Cheque Delivered to ETRADE	3 Business Days	Free
Cheque Mailed to ETRADE	3 Business Days from receipt	Free
Cheque Delivered to ETRADE	3 Business Days	Free

At a rate determined by the bank you use.