Australian Financial Services Licence

PRIMARY SECURITIES LTD

ABN: 96 089 812 635 Licence No: 224107

was licensed as an Australian Financial Services Licensee pursuant to section 913B of the Corporations Act 2001. The conditions of the licence are hereby varied from the date hereunder. The licensee shall continue to be licensed as an Australian Financial Services Licensee subject to the conditions and restrictions which are prescribed, and to the conditions contained in this licence and attached schedules.

Effective 13 June 2018

Authorisation

(a) provide financial product advice for the following classes of financial products:
  (i) deposit and payment products limited to:
    (A) basic deposit products;
    (B) deposit products other than basic deposit products;
  (ii) interests in managed investment schemes excluding investor directed portfolio services; and
  (iii) securities;

(b) provide general financial product advice for the following classes of financial products:
  (i) derivatives;

(c) deal in a financial product by:
  (i) issuing, applying for, acquiring, varying or disposing of a financial product in respect of the following classes of financial products:
    (A) derivatives;
    (B) interests in managed investment schemes excluding investor directed portfolio services; and
    (C) securities; and
  (ii) applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of the following classes of products:
    (A) deposit and payment products limited to:
      (a) basic deposit products;
      (b) deposit products other than basic deposit products;
    (B) derivatives;
    (C) general insurance products;
    (D) interests in managed investment schemes excluding investor directed portfolio services; and
    (E) securities;

(d) operate the following kinds of registered managed investment schemes (including the holding of any incidental property) in its capacity as responsible entity:
  (i) "Primary Loan Board" scheme (ARSN: 618 038 609),
    (A) a scheme which only holds the following types of property:
      (1) mortgages; and
      (2) financial assets;
  (ii) "Primary Mortgage Board" scheme (ARSN: 618 037 826),
    (A) a scheme which only holds the following types of property:
      (1) mortgages;
  (iii) schemes which only hold the following types of property:
    (A) direct real property;
    (B) financial assets; and
    (C) derivatives;
  (iv) schemes that are promoted to raise funds solely to finance primary

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Effective 13 June 2018

Authorisation

production ventures as an active commercial enterprise limited to:

(A) forestry; and

(e) provide the following custodial or depository services:

(i) operate custodial or depository services other than investor directed portfolio services;

to retail and wholesale clients.

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Effective 13 June 2018

Schedule of Conditions

Key Person Requirements

2. If any of the following officer(s) or key person(s) cease to be officers of the licensee or to perform duties on behalf of the licensee with respect to its financial services business:
   (a) **Robert GARTON SMITH;**
   (b) **Ian Mackenzie MURCHISON;**
   (c) **Toni SMITH;**
   (d) **Scott Anthony VANSON;**
   (e) **David Sydney BUTTERFIELD;**
   (f) **Dean Anthony MINETT; and**
   (g) **Laurence Eugene WINTON;**

   the licensee must notify ASIC in writing within 5 business days of the following matters:
   (h) the date the officer or key person ceased to be an officer of the licensee or to perform duties on behalf of the licensee with respect to its financial services business; and
   (i) the name, address, date of commencement, educational qualifications and experience of any replacement officer or key person the licensee has appointed to perform duties on behalf of the licensee with respect to its financial services business; and
   (j) if the licensee does not have a replacement officer or key person, detailed reasons as to why the licensee has not nominated a replacement; and
   (k) a detailed description of how the licensee will continue to comply with the Act and the conditions of this licence following the officer or key person(s) identified above, or any replacement of such person, ceasing to be an officer of the licensee or to perform duties on behalf of the licensee with respect to its financial services business.

Compliance Measures to Ensure Compliance with Law and Licence

3. The licensee must establish and maintain compliance measures that ensure, as far as is reasonably practicable, that the licensee complies with the provisions of the financial services laws.

Training Requirements for Representatives

4. The licensee must for any natural person who provides financial product advice to retail clients on behalf of the licensee (including the licensee if he or she is a natural person):
   (a) identify the tasks and functions that person performs on behalf of the licensee; and
   (b) determine the appropriate knowledge and skills requirements required to competently perform those tasks and functions; and

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(c) implement procedures for continuing training.

5. The licensee must ensure that any natural person who provides financial product advice to retail clients on behalf of the licensee (including the licensee if he or she is a natural person):
   (a) has completed training courses at an appropriate level that are or have been approved by ASIC in writing that are relevant to those functions and tasks; or
   (b) has been individually assessed as competent by an assessor that is or has been approved by ASIC in writing; or
   (c) in respect of financial product advice on basic deposit products and facilities for making non-cash payments that are related to a basic deposit product, has completed training courses that are or have been assessed by the licensee as meeting the appropriate level that are relevant to those functions and tasks.

6. Condition 5 does not apply in relation to:
   (a) a natural person who is a customer service representative and who provides financial product advice:
      (i) derived from a script approved by a natural person who complies with paragraphs 5(a), (b) and (c) ("qualified person"); or
      (ii) under the direct supervision of a qualified person present at the same location; or
   (b) a natural person who is a para-planner or trainee adviser and who provides advice under the direct supervision of a qualified person who is, in addition to the licensee, responsible for:
      (i) ensuring that any financial product advice that is provided by the para-planner or trainee adviser for which a Statement of Advice must be given, is reflected in a Statement of Advice that has been reviewed by the qualified person before the Statement of Advice is given, to ensure that the Statement of Advice would comply with all the requirements of the Act; and
      (ii) managing and leading any verbal explanation of the financial product advice to the client,

   where the licensee has established procedures to ensure that the natural person does not provide financial product advice to retail clients on behalf of the licensee, other than in the manner specified in this paragraph, and the licensee monitors whether or not those procedures are effective.

7. Condition 5 does not apply in relation to financial product advice:
   (a) given to retail clients in advertising to which section 1018A applies, provided that:
      (i) this licence authorises the provision of financial product advice; and
      (ii) a responsible officer of the licensee approves such advertising before its publication or dissemination to retail clients; or
   (b) for which there is an exemption under the Act from the obligation to hold a licence.

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Notification to Current or Former Representative's Clients

8. Where, under Division 8 of Part 7.6:
   (a) ASIC makes a banning order against a current or former representative of the licensee; or
   (b) the Court makes an order disqualifying a current or former representative of the licensee;

   the licensee must, if directed in writing by ASIC, take all reasonable steps to provide the following information in writing to each retail client to whom the representative had provided personal advice within 3 years prior to the date of the banning order or disqualification order:
   (c) the name of the representative; and
   (d) any authorised representative number allocated to the representative by ASIC; and
   (e) the terms of the banning or disqualification order; and
   (f) contact details of the licensee for dealing with enquiries and complaints regarding the banning or disqualification or the conduct of the representative as a representative of the licensee.

Financial Requirements for Market Participants and Clearing Participants

9. Where the licensee is a market participant, or a clearing participant, conditions 10 to 16 (inclusive) do not apply to the licensee.

Base Level Financial Requirements

10. The licensee must:
    (a) be able to pay all its debts as and when they become due and payable; and
    (b) either:
        (i) have total assets that exceed total liabilities as shown in the licensee's most recent balance sheet lodged with ASIC and have no reason to suspect that the licensee's total assets would currently not exceed its total liabilities; or
        (ii) have adjusted assets that exceed adjusted liabilities calculated at the balance date shown in the licensee's most recent balance sheet lodged with ASIC and have no reason to suspect that the licensee's adjusted assets would currently not exceed its adjusted liabilities; and
    (c) unless the licensee has an authorisation to operate registered managed investment schemes as a responsible entity or an authorisation to operate an IDPS as an IDPS operator or an authorisation to provide custodial or depository services or is a retail OTC derivative issuer, meet the cash needs requirement by complying with one of the following five options:

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(i) Option 1 (reasonable estimate projection plus cash buffer)—refer to definition of "Option 1" under this licence; or

(ii) Option 2 (contingency based projection)—refer to definition of "Option 2" under this licence; or

(iii) Option 3 (financial commitment by an Australian authorised deposit-taking institution (ADI) or comparable foreign institution)—a requirement that an Australian ADI or a foreign deposit-taking institution approved in writing by ASIC as an eligible provider gives the licensee an enforceable and unqualified commitment to pay on demand from time to time an unlimited amount to the licensee, or the amount for which the licensee is liable to its creditors at the time of the demand to the licensee's creditors or a trustee for the licensee's creditors, that the licensee reasonably expects will apply for at least 3 months, taking into account all commercial contingencies for which the licensee should reasonably plan; or

(iv) Option 4 (expectation of support from an Australian ADI or comparable foreign institution)—a requirement that the licensee:

(A) is a subsidiary of an Australian ADI or a corporation approved by ASIC in writing for the purpose of this condition; and

(B) reasonably expects that (based on access to cash from its related bodies corporate) it will have adequate resources (when needed) to meet its liabilities for at least the next 3 months (including any additional liabilities that the licensee might incur during that period), taking into account all adverse commercial contingencies for which the licensee should reasonably plan; and

(C) ensures that a responsible officer of the licensee has documented that the officer has the reasonable expectation for at least the following 3-month period together with the reasons for forming the expectation, the contingencies for which the licensee considers it is reasonable to plan, the assumptions made concerning the contingencies and the basis for selecting those assumptions; or

(v) Option 5 (parent entity prepares cash flow projections on a consolidated basis)—a requirement that the licensee ensures that:

(A) the cash flows of the licensee and each of its related bodies corporate, other than any body regulated by the Australian Prudential Regulation Authority ("APRA") that is not both the holder of a registrable superannuation entity ("RSE") licence and authorised to operate registered managed investment schemes ("licensee group"), are managed on a consolidated basis; and

(B) there is a body corporate within the licensee group of which all members of the licensee group are subsidiaries that is not a body regulated by APRA ("parent entity"); and

(C) the parent entity complies with Option 1 or Option 2 as if it were the licensee, cash flows of any member of the licensee group were cash flows of the licensee and any cash held by a member of the licensee group, other than as trustee or as trustee of a relevant trust, were so held by the licensee; and

(D) a report by the parent entity's auditor that is a registered company auditor is given to ASIC with the licensee's annual audit report under condition 17 of this licence, in relation to each financial year of the licensee and for any other period that ASIC requests, by a date that ASIC requests, with respect to compliance by the parent entity with Option 1 or Option 2 as they would apply in accordance with subparagraph (C), reflecting the report that would be required from the auditor of a licensee, for that period purporting to comply with Option 1 or Option 2; and

(E) either of the following applies:

Alternative A—the parent entity has provided an enforceable and unqualified commitment to pay on demand from time to time an unlimited amount to the licensee or to meet the licensee's liabilities which the licensee reasonably expects will apply for at least the next 3 months taking into account all adverse commercial contingencies for which the licensee should reasonably plan; or

Alternative B—the licensee reasonably expects that (based on access to cash from members of the licensee group) it will have adequate resources to meet its liabilities (including any additional liabilities that the licensee might incur while the commitment applies) for at least the next 3 months taking into account all adverse commercial contingencies for which the licensee should reasonably plan and a responsible officer of the licensee has documented that the officer has the reasonable expectation in respect of at least the following 3 months together with the reasons for forming the expectation, the contingencies for which the licensee considers it is reasonable to plan, the assumptions made concerning the contingencies and the basis for selecting those assumptions; and

(F) the licensee has no reason to believe that the parent entity has not complied with the requirement at subparagraph (C) or has failed to comply in a material respect with its obligations under Chapter 2M or, if the parent entity is not a company, under any other laws (whether law in Australia or not) relating to financial reporting that apply to it.

For 5 years after the end of the last financial year that includes a part of the period to which any document prepared for subparagraph (c)(iv)(C) or Alternative B in subparagraph (c)(v)(E) relates, the licensee must keep the document and give it to ASIC if ASIC requests.

Note: If the requirement in paragraph 10(c) does not apply to the licensee, the licensee may be subject to requirements relating to its cash needs under notional provisions applying under an ASIC legislative instrument. Refer to Class Order 13/760 if the licensee has an authorisation to operate registered managed investment schemes as a responsible entity or an authorisation to operate an IDPS as an IDPS operator; Class Order 13/761 if the licensee has an authorisation to provide custodial or depository services; Class Order 12/752 if the licensee is a retail OTC derivative issuer, and ASIC Corporations (Financial Requirements for CSF Intermediaries) Instrument 2017/339 if the licensee has an authorisation to provide a crowd-funding service—as at the date of this licence and as amended or replaced by any disallowable legislative instrument.

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Financial Requirements for Holding Client Money or Property

11. If at any time the licensee:
    (a) is required to hold money in a separate account under Division 2 of Part 7.8; or
    (b) holds money or other property on trust for a client or is required to do so under subregulation 7.8.07(2) of the Corporations Regulations or otherwise; or
    (c) has the power to dispose of a client's property under power of attorney or otherwise;

    the licensee must ensure that the licensee has at least $50,000 in surplus liquid funds ("SLF"), unless the total value of the money and property for all clients is less than $100,000 excluding:
    (d) money that has satisfied a client's liability on an insurance contract where the licensee is acting under a binder or section 985B applies, or property acquired by investment of that money; or
    (e) the value of property where the licensee merely holds a document of title, and the client has legal title to the property.

Financial Requirements for Licensee Transacting with Clients

12. Unless the licensee is a retail OTC derivative issuer, if the licensee incurs actual or contingent liabilities of the relevant kind by entering into a transaction with a client(s) in the course of providing a financial service to the client(s), the licensee must have adjusted surplus liquid funds ("ASLF") of the sum of:
    (a) $50,000; plus
    (b) 5% of adjusted liabilities between $1 million and $100 million; plus
    (c) 0.5% of adjusted liabilities for any amount of adjusted liabilities exceeding $100 million,

    up to a maximum ASLF of $100 million.

    This condition does not apply to the licensee if:
    (d) the total of:
        (i) the current liabilities that would be included in the calculation of the licensee's adjusted liabilities; and
        (ii) the contingent liabilities that if crystallised would be a current liability and be included in the calculation of the licensee's adjusted liabilities,

        is less than $100,000; or
    (e) the licensee has no:
        (i) liabilities to clients that would be included in calculating its adjusted liabilities; or
        (ii) contingent liabilities to clients which if crystallised would be included in calculating its adjusted liabilities,

        other than under debentures the licensee issued under Chapter 2L.

    For the purpose of paragraphs (d) and (e), the licensee may disregard a liability or a contingent liability that:

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(f) is a contingent liability that is neither a derivative nor a liability from underwriting securities or managed investment products; or

(g) the licensee reasonably estimates has a probability of less than 5% of becoming an actual liability; or

(h) is covered by money or property that the licensee holds in a separate account under Part 7.8 or on trust for clients; or

(i) is adequately secured as defined in paragraphs (a) or (b) of the definition of "adequately secured" under this licence; or

(j) is a liability incurred by entering into a transaction on a licensed market that is to be settled using a clearing and settlement facility, the operation of which is authorised by an Australian CS facility licence; or

(k) is under a foreign exchange contract and the licensee is required to have $10 million of tier one capital under another condition of this licence because the licensee has entered a foreign exchange contract as principal; or

(l) is under a derivative where:

  (i) the licensee does not make a market in derivatives; and

  (ii) the licensee entered into the dealing for the purposes of managing a financial risk; and

  (iii) either the licensee's dealings in derivatives are not a significant part of its business or of the business of it and its related bodies corporate taken together; and

  (iv) the licensee did not enter into the dealing on the instructions of another person; or

(m) is under a foreign exchange contract where the licensee:

  (i) does not make a market in foreign exchange contracts; and

  (ii) entered into the contract for the purposes of enabling a payment in one of the currencies under the foreign exchange contract; and

  (iii) did not enter into the foreign exchange contract on the instruction of another person; or

(n) is under a margin lending facility where the licensee agrees to provide credit to another person, to the extent that any portion of the credit remains undrawn.

In this condition, a reference to a client includes a person who acquires or disposes of financial products in a transaction that the licensee entered into at a price the licensee stated in the course of making a market.

Note: If the licensee is a retail OTC derivative issuer, refer to Class Order 12/752 as at the date of this licence and as amended or replaced by any disallowable legislative instrument.

Reporting Triggers and Requirements for Financial Requirement Conditions of this Licence

13. Unless the licensee is a retail OTC derivative issuer, the licensee must ensure the reporting requirements under conditions 14 and 15 of this licence are met where either paragraph (a) or paragraph (b) applies:

(a) the trigger points described in paragraphs (i) and (ii) below occur:

(i) the licensee has adjusted liabilities of more than $1 million and less than or equal to $100 million; and

(ii) the licensee has ASLF of less than 5.5% of adjusted liabilities; or

(b) the trigger points described in paragraphs (i), (ii) and (iii) below occur:

(i) the licensee has adjusted liabilities of more than $100 million; and

(ii) the licensee does not have $100 million ASLF; and

(iii) the licensee has ASLF that is less than $500,000 above the minimum ASLF required under condition 12 of this licence.

Note: If the licensee is a retail OTC derivative issuer, refer to Class Order 12/752 as at the date of this licence and as amended or replaced by any disallowable legislative instrument.

14. Where the licensee's ASLF is below the trigger points, the licensee must not enter into any transactions with clients that could give rise to further liabilities, contingent liabilities or other financial obligations until the licensee's board or other governing body has certified in writing that, having conducted reasonable enquiry into its financial position, there is no reason to believe that the licensee may fail to comply with its obligations under section 912A.

15. Where the licensee's board or other governing body has made the certification required under condition 14, the licensee must ensure that the licensee's board or other governing body certifies in writing at least monthly that, having conducted reasonable enquiry into its financial position, there is no reason to believe that the licensee may fail to comply with its obligations under section 912A, until the licensee's ASLF continuously exceeds the trigger point for at least one month.

16. The licensee must keep each certification issued by the licensee's board or other governing body under conditions 14 and 15 of this licence for at least 5 years from the date of such certification. The licensee must provide ASIC with a copy of each certification within 3 business days of the date of each certification.

Audit Opinion on Financial Requirements

17. The licensee must, unless the licensee is a limited licensee and does not deal with money to which Division 2 of Part 7.8 applies, lodge with ASIC an opinion by a registered company auditor ("the audit opinion") addressed to the licensee and ASIC for the following periods:

(a) for each financial year, at the same time the licensee is required to lodge a balance sheet under Part 7.8; and

(b) for any period of time that ASIC requests, by the date ASIC requests the audit opinion to be lodged,

that states whether during:

(c) any part of the period for which the licensee:

(i) relied on being a market participant or a clearing participant, on a positive assurance basis, the licensee was a participant in the:

(A) ASX market; or

(B) Chi-X market; or

(C) ASX 24 market, and restricted its financial services business to participating in the ASX 24 market and incidental business; or

(D) licensed CS facility operated by ASX Clear Pty Limited; or

(E) licensed CS facility operated by ASX Clear (Futures) Pty Limited, and restricted its financial services business to participating in the licensed CS facility and incidental business; or

(F) SSX market; and

(ii) relied on being a body regulated by APRA, on a positive assurance basis, the licensee was a body regulated by APRA; and

(d) any part of the period for which the licensee was not authorised to operate registered schemes as a responsible entity or was not authorised to operate an IDPS as an IDPS operator or was not authorised to provide custodial or depository services or was not a retail OTC derivative issuer or was not authorised to provide a crowd-funding service:

(i) in the auditor's opinion:

(A) the licensee complied with all the financial requirements under conditions 10 to 16 (inclusive) of this licence other than paragraph 10(c) of this licence, except for paragraph (e) of the definition of "Option 1" under this licence if the licensee purports to comply with "Option 1"; and

(B) except for any period stated in the report when the licensee purports to comply with subparagraph 10(c)(iii), (iv) or (v), the licensee had at all times a projection (covering at least the following 3 months) that purports to, and appears on its face to comply with, paragraph (a) of the definition of "Option 1" or paragraph (a) of the definition of "Option 2" under this licence (depending on which option the licensee purports to be complying with); and

(C) except for any period stated in the report when the licensee purports to comply with subparagraph 10(c)(iii), (iv) or (v), the licensee correctly calculated the projections on the basis of the assumptions the licensee adopted for the projections described in subparagraph (d)(i)(B) of this condition; and

(D) for any period when the licensee purports to comply with subparagraph 10(c)(iii) of this licence, the licensee has obtained from an Australian ADI or a foreign deposit-taking institution approved in writing by ASIC as an eligible provider an enforceable and unqualified commitment to pay on demand from time to time an unlimited amount to the licensee, or the amount for which the licensee is liable to its creditors at the time of demand to the licensee's creditors or a trustee for the licensee's creditors; and

(E) for any period when the licensee purports to comply with subparagraph 10(c)(iv), following an examination of the documents prepared for subparagraph 10(c)(iv)(C), the licensee complied with subparagraph 10(c)(iv)(A) and subparagraph 10(c)(iv)(C) for the period to which the report relates; and

(F) for any period when the licensee purports to comply with subparagraph 10(c)(v), the licensee complied with subparagraph 10(c)(v)(A) and (B); and

(G) for any period when the licensee purports to comply with Alternative A in subparagraph 10(c)(v)(E), the parent entity has provided an enforceable and unqualified commitment to pay on demand from time to time an unlimited amount to the licensee or to meet the licensee's liabilities; and

(ii) except for any period stated in the report when the licensee purports to comply with subparagraph 10(c)(iii), (iv) or (v), following an examination of the documents the licensee relies on in complying with "Option 1" or "Option 2" as defined under this licence, the auditor has no reason to believe that:

(A) the licensee did not satisfy the requirements of paragraph 912A(1)(h) for managing the risk of having insufficient financial resources to comply with the conditions of this licence; and

(B) the licensee failed to comply with the cash needs requirement using either "Option 1" or "Option 2" as defined under this licence (as applicable) except for:

(1) paragraphs (a), (c) and (e) of the definition of "Option 1" as defined under this licence; or

(2) paragraphs (a) and (c) of the definition of "Option 2" as defined under this licence; and

(C) if the licensee relied on "Option 1" as defined under this licence, the assumptions the licensee adopted for its projection were unreasonable; or

(D) if the licensee relied on "Option 2" as defined under this licence, the basis for the selection of assumptions to meet the requirements for the projection adopted was unreasonable; and

(iii) for any period when the licensee relied on subparagraph 10(c)(iv), following an examination of the documents prepared for subparagraph 10(c)(iv)(C), the auditor has no reason to believe that:

(A) the licensee did not satisfy the requirements of paragraph 912A(1)(h) for managing the risk of having insufficient financial resources to comply with the conditions in this licence; and

(B) the basis for the selection of the assumptions adopted was unreasonable; and

(iv) for any period when the licensee relied on Alternative B in subparagraph 10(c)(v)(E), following an examination of the documents prepared for Alternative B, the auditor has no reason to believe that:

(A) the licensee did not satisfy the requirements of paragraph 912A(1)(h) for managing the risk of having insufficient financial resources to comply with the conditions in this licence; and

(B) the basis for the selection of the assumptions adopted was unreasonable.

18. If during any part of a period referred to in condition 17 the licensee was authorised to operate registered schemes as a responsible entity or was authorised to operate an IDPS as an IDPS operator or was authorised to provide custodial or depository services or was a retail OTC derivative issuer and at the end of the period the licensee was not so authorised or as applicable was not a retail OTC derivative issuer, the licensee must comply with the requirements in respect of a report by an auditor that would have applied to the licensee if the licensee were still so authorised or as applicable was a retail OTC derivative issuer at the end of the period, in respect of that part of the period for which the licensee was so authorised or as applicable was a retail OTC derivative issuer.

    Note: Regarding paragraph 17(d) and condition 18, refer to the following legislative instruments: Class Order 13/760 if the licensee has an authorisation to operate registered managed investment schemes as a responsible entity or an authorisation to operate an IDPS as an IDPS operator at the end of the financial year; Class Order 13/761 if the licensee has an authorisation to provide custodial or depository services at the end of the financial year; Class Order 12/752 if the licensee is a retail OTC derivative issuer at the end of the financial year; and ASIC Corporations (Financial Requirements for CSF Intermediaries) Instrument 2017/339 if the licensee has an authorisation to provide a crowd-funding service at the end of the financial year—as at the date of this licence and as amended or replaced by any disallowable legislative instrument.

Professional Indemnity Compensation Requirements

19. The licensee must maintain an insurance policy covering professional indemnity and fraud by officers that:
    (a) is adequate having regard to the nature of the activities carried out by the licensee under the licence; and
    (b) covers claims amounting in aggregate to whichever is the lesser of:
        (i) $5 million; or
        (ii) the sum of the value of all scheme property of all registered schemes for which it is the responsible entity.

External Disputes Resolution Requirements

20. Where the licensee provides financial services to retail clients, the licensee must be a member of one or more External Dispute Resolution Scheme(s) ("EDRS") which covers, or together cover, complaints made by retail clients in relation to the provision of all of the financial services authorised by this licence.

21. Where the licensee ceases to be a member of any EDRS, the licensee must notify ASIC in writing within 3 business days of the following matters:
    (a) the date the licensee ceased membership of the EDRS(s); and

(b) the reasons the licensee's membership of the EDRS(s) has ceased (including circumstances where the EDRS is no longer operating, failure by the licensee to renew their membership of the EDRS or where the EDRS has terminated the licensee's membership of the EDRS); and

(c) details of the new EDRS(s) the licensee intends to or has joined (including the date the membership commences and the name of the EDRS); and

(d) details that provide confirmation that the licensee is covered by EDRS(s) covering complaints made by retail clients in relation to the provision of all of the financial services authorised by this licence.

Prohibition to Operate an MDA Service

22. The licensee must not provide an MDA service to a retail client except when operating a registered scheme.

Protection of Underlying Land in Primary Production Schemes

23. The licensee must, by the time specified in condition 24, ensure (in relation to each scheme) that an instrument that confers the right, for the purpose of the scheme, to use the land on which any primary production will occur in the operation of the scheme, is lodged for registration under State or Territory land titles law, in the name of:

(a) the members collectively; or

(b) each member in relation to that portion of the land on which the primary production business in which the member has an interest is being conducted; or

(c) the custodian where it holds the interest as trustee for the members; or

(d) the licensee, either:

(i) as trustee for the members; or

(ii) beneficially in the course of and in accordance with its duties as responsible entity; or

(e) any nominee of the members that is entitled to hold scheme property, where it holds the interest as trustee for the members; or

(f) a company, provided that, for the duration of the scheme:

(i) all the issued shares in the company are held by all the members of the scheme; and

(ii) the proportion of shares held by each member is the same as the proportion of interests in the scheme held by that member; and

(iii) the constitution of the company contains provisions that can only be modified by unanimous resolution of members of the company and that prohibit:

(A) disposing of, or otherwise dealing with, the land in whole or part except after the primary production business to which the scheme relates is completed; and

(B) the conduct by the company of any business or activity other than the making of the land available for primary production to occur in the operation of the scheme or any other business or activity that the company may be required to conduct by law; or

(g) the custodian, or another person as agent for the licensee for the purpose of the licensee holding the interest on trust for members.

24. The time specified for the purpose of lodgement under condition 23 is prior to or immediately after the issue of the interest in the scheme.

25. The licensee must use its best endeavours to cause each instrument which is lodged for registration under condition 23 to be registered as soon as possible after lodgement and to be registered in such a way that it cannot be adversely affected by any existing or subsequent mortgagee, secured creditor or transferee (other than in connection with a borrowing or other transaction that is entered into by the licensee in accordance with the constitution of the scheme and its duties as responsible entity).

26. Conditions 23 to 25 do not apply after 30 June 2014 in relation to a registered scheme if the licensee has offered to issue, or invited an application for the issue of, an interest in the scheme to a person as a retail client from 2 January 2014.

Note: Regarding condition 26, refer to Class Order 13/1406 as at the date of this licence and as amended or replaced by any disallowable legislative instrument.

Retention of Financial Services Guides, Statements of Advice and Material Relating to Personal Advice

27. Where the licensee provides or has provided financial product advice to retail clients, the licensee must ensure that copies (whether in material, electronic or other form) of the following documents are retained for at least the period specified:

(a) each Financial Services Guide ("FSG") (including any Supplementary FSG) given by or on behalf of the licensee, or by any authorised representative of the licensee while acting in that capacity - for a period commencing on the date of the FSG and continuing for at least 7 years from when the document was last provided to a person as a retail client; and

Note: Where the same FSG is given numerous times by or on behalf of the licensee, or by any authorised representative of the licensee while acting in that capacity, it will satisfy paragraph (a) if at least one copy of each FSG used by the licensee or authorised representative from time to time is kept together with a record of the period of time during which the FSG was being used.

(b) any record of advice under section 946AA provided by or on behalf of the licensee, or by any authorised representative of the licensee while acting in that capacity - for a period of at least 7 years from the date the document was provided to the client; and

(c) any record of advice required to be kept by the licensee or by any authorised representative of the licensee while acting in that capacity under section 946B(9)—for a period of at least 7 years after the day on which the advice is provided.

Note: Where personal advice was provided to retail clients on or before 30 June 2013, the requirements of the "Retention of Financial Services Guides, Statements of Advice and Material Relating to Personal Advice" condition that were in effect at the time the advice was provided remain applicable.

28. The licensee must establish and maintain measures that ensure, as far as is reasonably practicable, that it and its representatives comply with their obligation to give clients an FSG as and when required under the Act. The licensee must keep records about how these measures are implemented and monitored.

Terms and Definitions

In this licence references to subparagraphs, paragraphs, subsections, sections, Divisions, Parts and Chapters are references to provisions of the Corporations Act 2001 ("the Act") unless otherwise specified. Headings contained in this licence are for ease of reference only and do not affect interpretation. Terms used in this licence have the same meaning as is given to them in the Act (including, if relevant, the meaning given in Chapter 7) and the following terms have the following meanings:

actual or contingent liabilities of the relevant kind means:

(a) an actual or contingent monetary liability; or

(b) an actual or contingent liability under a non-standard margin lending facility, in the circumstances determined under the terms of the facility, to transfer marketable securities to the client.

adequately secured means, in relation to a financial services licensee:

(a) secured by an enforceable security interest over a financial product (other than a financial product issued by the licensee or its associate) if:

(i) the financial product is:

(A) regularly traded on:

(1) a financial market (as defined in subsection 767A(1) and disregarding subsection 767A(2)) operated by a market licensee or a financial services licensee other than the licensee or its associates that in the reasonable opinion of the licensee, produces sufficiently reliable prices to assess the value of the security provided by the security interest; or

(2) an ASIC-approved foreign market under ASIC Regulatory Guide 72 as at the date of this licence; or

(3) a foreign market approved in writing for this purpose by ASIC; or

(B) an interest in a registered scheme for which withdrawal prices are regularly quoted by the responsible entity of the scheme and the licensee believes on reasonable grounds that withdrawal may be effected within 5 business days; and

(ii) the market value of the financial product is:

(A) if the financial product is a debt instrument—at least 109% of the amount owing; or

(B) otherwise—at least 120% of the amount owing; or

(b) secured by a registered first mortgage over real estate that has a fair market valuation at least equal to 120% of the amount owing; or

(c) owing from an eligible provider; or

(d) secured by an enforceable security interest over amounts owing to another financial services licensee which themselves are adequately secured.

adjusted assets means, in relation to a financial services licensee, the value of total assets as they would appear on a balance sheet at the time of calculation made up for lodgement as part of a financial report under Chapter 2M if the licensee were a reporting entity:

(a) minus the value of excluded assets that would be included in the calculation; and

(b) minus the value of any receivable that would be included in the calculation, up to the amount that the licensee has excluded from adjusted liabilities on the basis that there is an enforceable right of set-off with that receivable; and

(c) minus the value of any assets that would be included in the calculation that are encumbered as a security against liability to a person that provides a security bond to ASIC, up to the amount of the bond; and

(d) minus the value of any assets that would be included in the calculation that may be required to be applied to satisfy a liability under a credit facility that is made without recourse to the licensee, up to the amount of that liability excluded from adjusted liabilities; and

(e) plus:

(i) the amount of any eligible undertaking that is not an asset; or

(ii) if the eligible undertaking is for an unlimited amount, an unlimited amount;

provided that if the eligible undertaking is given by a person who is an eligible provider only because of paragraph (b) of the definition of "eligible provider" under this licence, the amount added may be no more than one quarter of the eligible provider's net assets (excluding intangible assets) as shown in the most recent audited financial statements of the provider lodged with ASIC; and

(f) for calculating ASLF, plus the value of any current assets of any trust (other than a registered scheme) of which the licensee is trustee, except to the extent the value exceeds the sum of:

(i) the current liabilities of the trust; and

(ii) any adjustments to ASLF that are a result of current assets, liabilities and contingent liabilities of the trust for accounting purposes being included when calculating adjustments; and

(g) for calculating ASLF, plus the value of the applicable percentage of the value of any current assets that would be acquired in return for paying a contingent liability, except to the extent that this value exceeds the amount which is the applicable percentage of the contingent liability (see paragraphs (c)(i) and (iii) of the definition of "standard adjustments" under this licence).

adjusted liabilities means, in relation to a financial services licensee, the amount of total liabilities as they would appear on a balance sheet at the time of calculation made up for lodgement as part of a financial report under Chapter 2M if the licensee were a reporting entity:

(a) minus the amount of any liability under any subordinated debt approved by ASIC in writing; and

(b) minus the amount of any liability that is the subject of an enforceable right of set-off, if the corresponding receivable is excluded from adjusted assets; and

(c) minus the amount of any liability under a credit facility that is made without recourse to the licensee; and

(d) for calculating ASLF, plus the amount of the total current liabilities of any trust (other than a registered scheme) of which the licensee is trustee; and

(e) plus the value of any assets that are encumbered as a security against another person's liability where the licensee is not otherwise liable, but only up to the lower of:

(i) the amount of that other person's liability; or

(ii) the value of the assets encumbered after deducting any adjustments.

adjusted surplus liquid funds or ASLF means surplus liquid funds minus either:

(a) the standard adjustments (refer to the definition of "standard adjustments" under this licence); or

(b) such other adjustments as ASIC has consented to in writing.

ASX market means the licensed financial market operated by ASX Limited.

ASX 24 market means the licensed financial market operated by Australian Securities Exchange Limited.

Chi-X market means the licensed financial market operated by Chi-X Australia Pty Limited.

clearing participant means a participant as defined in section 761A in relation to a clearing and settlement facility ("CS facility") where that facility is the licensed CS facility operated by:

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(a) ASX Clear Pty Limited, and the licensee is required to comply with, and complies with, the operating rules of ASX Clear Pty Limited that impose financial requirements, taking into account any waiver of those requirements by ASX Clear Pty Limited; or

(b) ASX Clear (Futures) Pty Limited, and the licensee:

  (i) restricts its financial services business to participating in that CS facility and incidental business; and

  (ii) is required to comply with, and complies with, the operating rules of ASX Clear (Futures) Pty Limited that impose financial requirements, taking into account any waiver of those requirements by ASX Clear (Futures) Pty Limited.

CS facility means a licensed clearing and settlement facility operated by ASX Clear Pty Limited or ASX Clear (Futures) Pty Limited.

customer service representative means call centre staff or front desk staff who deal with initial queries from customers.

derivative means "derivatives" as defined in section 761D (including regulation 7.1.04 of the Corporations Regulations) and:

(a) includes “managed investment warrants” as defined in this licence; and

(b) excludes "derivatives" that are "foreign exchange contracts" as defined in this licence.

disallowable legislative instrument means any disallowable legislative instrument within the meaning of the Legislation Act 2003.

eligible provider means:

(a) an Australian ADI; or

(b) an entity (other than a registered scheme of which the licensee or the licensee’s associate is the responsible entity):

  (i) whose ordinary shares are listed on a licensed market or an ASIC-approved foreign exchange under ASIC Regulatory Guide 72; and

  (ii) that had net assets (excluding intangible assets) of more than $50 million, as shown in the most recently audited financial statements of the provider lodged with ASIC; and

  (iii) the licensee has no reason to believe the entity no longer has net assets of at least that amount; or

(c) an Australian government (i.e. the government of the Commonwealth or of a State or Territory) or the government of a country that is a member of the Organisation for Economic Co-operation and Development

("OECD country government"), or an agency or instrumentality of an Australian or OECD country government; or

(d) a foreign deposit-taking institution that is regulated by a regulator approved in writing by ASIC for this purpose; or

(e) a foreign deposit-taking institution approved in writing by ASIC for this purpose; or

(f) CS facility licensee; or

(g) an entity approved by ASIC in writing for this purpose.

eligible undertaking means the amount of a financial commitment that is:

(a) payable on written demand by the licensee (disregarding any amount committed that would be repayable as a current liability or, for calculating NTA, as a liability by the licensee if money were paid), provided by an eligible provider in the form of an undertaking to pay the amount of the financial commitment to the licensee, and that:

  (i) is an enforceable and unqualified obligation; and

  (ii) remains operative (even if, for example, the licensee ceases to hold an Australian financial services licence) until ASIC consents in writing to the cancellation of the undertaking; or

(b) approved in writing by ASIC as an eligible undertaking.

estate management functions has the same meaning as in subsection 601RAC(2).

excluded assets means, in relation to a financial services licensee:

(a) intangible assets (i.e. non-monetary assets without physical substance); and

(b) except when allowed under paragraphs (e) or (f) of this definition, receivables from, or assets invested in, any person who:

  (i) is an associate of the licensee; or

  (ii) was an associate of the licensee at the time the liability was incurred or the investment was made; or

  (iii) became liable to the licensee in connection with the acquisition of interests in a managed investment scheme the licensee operates; and

(c) except when allowed under paragraph (g) of this definition, assets:

  (i) held as a beneficial interest or an interest in a managed investment scheme; or

  (ii) invested in a superannuation product,

  in respect of which the licensee or an associate may exercise any form of power or control; and

(d) except when allowed under paragraphs (e) or (f) of this definition, receivables from a trustee of a trust in respect of which the licensee or an associate may exercise any form of power or control; and

(e) despite paragraphs (b) and (d) of this definition, a receivable is not an excluded asset to the extent that:

(i) it is adequately secured; or

(ii) the following apply:

(A) it is receivable as a result of a transaction entered into by the licensee in the ordinary course of its business on its standard commercial terms applicable to persons that are not associated with the licensee on an arm's length basis; and

(B) no part of the consideration for the transaction is, in substance, directly or indirectly invested in the licensee; and

(C) the value of the receivable (before any discount is applied) is not more than 20% of the assets less liabilities of the licensee; and

(D) for the purposes of calculating ASLF, the amount is further discounted by 10% of the value after any adjustment required by paragraph (a) or (b) of the definition of "adjusted surplus liquid funds" in this licence; or

(iii) the following apply:

(A) it is receivable from an insurance company that is a body regulated by APRA and results from a transaction entered into by the licensee in the ordinary course of its business on its standard commercial terms applicable to persons that are not associated with the licensee on an arm's length basis; and

(B) the licensee has no reason to believe that any amount invested in the licensee would not have been invested if the transaction that caused the receivable had not taken place or was not at the time of the investment expected to take place; and

(C) the licensee has no reason to believe that the recoverability of the receivable will materially depend on the value of an investment by any person in the licensee; and

(D) the total value of the receivables under this subparagraph (iii) before any adjustment required by paragraph (a) or (b) of the definition of "adjusted surplus liquid funds" in this licence is applied is not more than 60% of the adjusted liabilities of the licensee disregarding this subparagraph (iii); or

(iv) ASIC consents in writing to the licensee treating the receivable as not being an excluded asset; and

(f) despite paragraphs (b) and (d) of this definition, the licensee can include a receivable to the extent that it is owing by way of fees from, or under rights of reimbursement for expenditure by the licensee out of property of, a superannuation entity as defined in the Superannuation Industry (Supervision) Act 1993, an IDPS or a registered scheme to the extent that the receivable:

(i) exceeds amounts invested by the entity, IDPS or scheme in, or lent (other than by way of a deposit with an Australian ADI in the ordinary course of its banking business) directly or indirectly by the entity, IDPS or scheme to, the licensee, a body corporate the licensee controls, a body corporate that controls the licensee or a body corporate that the licensee's controller controls; and

(ii) if receivable by way of fees, represents no more than the amount of fees owing for the previous 3 months; and

(iii) if receivable under rights of reimbursement for expenditure by the licensee, has not been receivable for more than 3 months; and

(g) despite paragraph (c) of this definition, the licensee does not have to exclude interests in a managed investment product unless any part of the amount invested is, in substance, directly or indirectly invested in the licensee.

financial asset means cash, cheques, orders for payment of money, bills of exchange, promissory notes, securities, deposit products and interests in managed investment schemes (including where the managed investment scheme invests in direct real property or mortgages) but does not include a derivative.

foreign exchange contracts means "foreign exchange contracts" as defined in section 761A that are financial products and includes "derivatives", as defined in section 761D (including regulation 7.1.04 of the Corporations Regulations), that are foreign exchange contracts.

IDPS means an investor directed portfolio service that has the same meaning as in Class Order 13/763 as at the date of this licence and as amended or replaced by any disallowable legislative instrument.

incidental property means:

(a) assets of any kind which are necessary for, or incidental to, the effective operation of the scheme, the total value of which, and the total liability that may arise from the holding of which, does not exceed 10% of the value of the assets net of liabilities other than liabilities to members as members of the scheme; and

(b) cash (including foreign currency), deposits or current accounts with an Australian ADI or units in a cash management trust that are held for no more than 3 months pending investment in assets to which the scheme relates, or expenditure or distribution to members, and foreign exchange contracts that are not derivatives for section 761D (including regulation 7.1.04 of the Corporations Regulations) held for enabling payment in the foreign currency or receipt in Australian currency of proceeds of receipts in foreign currency; and

(c) derivatives and foreign exchange contracts that are derivatives under section 761D (including regulation 7.1.04 of the Corporations Regulations), where:

(i) the value or amount of the derivative or foreign exchange contract will ultimately be determined, derived or varied by reference to something else for the purposes of paragraph 761D(1)(c), which is related to or may significantly and directly affect the receipts or costs of the fund; and

(ii) the derivative or foreign exchange contract is acquired or disposed of by the licensee as a hedge, which has the primary purpose of avoiding or limiting the financial consequences of fluctuations in, or in the value of, receipts or costs of the fund.

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limited licensee means a licensee with authorisation to provide limited financial services as defined in regulation 7.8.12A of the Corporations Regulations.

managed investment warrant means a financial product:

(a) that is a financial product of the kind referred to in subparagraph 764A(1)(b)(ii) or 764A(1)(ba)(ii); and

(b) would be a derivative to which section 761D applies apart from the effect of paragraph 761D(3)(c); and

(c) that is transferable.

market participant means a participant as defined in section 761A in relation to a financial market:

(a) in the licensed financial market operated by ASX Limited (ASX market) that is required to comply with, and complies with, the rules of the ASIC Market Integrity Rules (ASX Market) 2010 that impose financial requirements, taking into account any waiver by ASIC; or

(b) in the licensed financial market operated by Chi-X Australia Pty Limited (Chi-X market) that is required to comply with, and complies with, the rules of the ASIC Market Integrity Rules (Chi-X Australia Market) 2011 that impose financial requirements, taking into account any waiver by ASIC; or

(c) in the licensed financial market operated by Australian Securities Exchange Limited (ASX 24 market) that:

  (i) restricts its financial services business to participating in the ASX 24 market and incidental business; and

  (ii) is required to comply with, and complies with, the rules of the ASIC Market Integrity Rules (ASX 24 Market) 2010 that impose financial requirements, taking into account any waiver by ASIC; or

(d) in the licensed financial market operated by Sydney Stock Exchange Limited (SSX market) that is required to comply with, and complies with, the rules of the ASIC Market Integrity Rules (APX Market) 2013 that impose financial requirements, taking into account any waiver by ASIC.

MDA service means a service with the following features:

(a) a person ("the client") makes client contributions; and

(b) the client agrees with another person that the client's portfolio assets will:

  (i) be managed by that other person at their discretion, subject to any limitation that may be agreed, for purposes that include investment; and

  (ii) be held legally or beneficially by the client; and

(c) the client and that other person intend that the person will use client contributions of the client to generate a financial return or other benefit for the client (even if no such benefit is in fact generated).

ASIC
Australian Securities & Investments Commission

net tangible assets or NTA means adjusted assets minus adjusted liabilities.

Option 1 means the reasonable estimate projection plus cash buffer basis where the licensee is required to:

(a) prepare a projection of the licensee's cash flows over at least the next 3 months based on the licensee's reasonable estimate of what is likely to happen over this term; and

(b) document the licensee's calculations and assumptions, and describe in writing why the assumptions relied upon are the appropriate assumptions; and

(c) update the projection of the licensee's cash flows when the projection ceases to cover the next 3 months, or if the licensee has reason to suspect that an updated projection would show that the licensee was not meeting paragraphs (d) and (e) of this definition; and

(d) demonstrate, based on the projection of the licensee's cash flows, that the licensee will have access as needed to enough financial resources to meet its liabilities over the projected term of at least the next 3 months, including any additional liabilities the licensee projects will be incurred during that term; and

(e) hold (other than as trustee), or be the trustee of a relevant trust that holds, in cash an amount equal to 20% of the greater of:

  (i) the cash outflow for the projected period of at least the next 3 months (if the projection covers a period longer than 3 months, the cash outflow may be adjusted to produce a 3-month average); or

  (ii) the licensee's actual cash outflow for the most recent financial year for which the licensee has prepared a profit and loss statement, adjusted to produce a 3-month average.

For the purposes of this definition references to the licensee's cash flow include the licensee's own cash flow and any cash flow of a relevant trust, but do not include cash flows of any other trust.

For the purposes of paragraph (e) of this definition, "cash" means:

(A) current assets valued at the amount of cash for which they can be expected to be exchanged within 5 business days; or

(B) a commitment to provide cash from an eligible provider that can be drawn down within 5 business days and has a maturity of at least a month, provided that, if the commitment is given by a person who is an eligible provider under paragraph (b) of the definition of "eligible provider" under this licence, the maximum amount of the commitment that may be counted as cash is one quarter of the eligible provider's net assets (excluding intangible assets) as shown in the most recent audited financial statements of the provider lodged with ASIC,

but does not include any cash in a relevant trust if the licensee has reason to believe that the cash will not be available to meet all of the projected cash flows of the licensee.

Option 2 means the contingency-based projection basis where the licensee is required to:

(a) prepare a projection of the licensee's cash flows over at least the next 3 months based on the licensee's estimate of what would happen if the licensee's ability to meet its liabilities over the projected term (including any liabilities the licensee might incur during the term of the projection) was adversely affected by commercial contingencies, taking into account all contingencies that are sufficiently likely for a reasonable licensee to plan how they might manage them; and

(b) document the licensee's calculations and assumptions, and describe in writing why the assumptions relied upon are the appropriate assumptions; and

(c) update the projection of the licensee's cash flows when the projection ceases to cover the next 3 months, or if the licensee has reason to suspect that an updated projection would show that the licensee was not meeting paragraph (d) of this definition; and

(d) demonstrate, based on the projection of the licensee's cash flows, that the licensee will have access as needed to enough financial resources to meet its liabilities over the projected term of at least the next 3 months, including any additional liabilities the licensee might incur during that term.

For the purposes of this definition references to the licensee's cash flow include the licensee's own cash flow and any cash flow of a relevant trust, but do not include cash flows of any other trust.

participant has the meaning given in section 761A.

relevant trust means, for the purposes of the definitions of "Option 1" and "Option 2" of this licence, a trust:

(a) of which the licensee is trustee; and

(b) through which the licensee carries on substantially all of its financial services business; and

(c) that is not a registered managed investment scheme or a superannuation entity as defined in subsection 10(1) of the Superannuation Industry (Supervision) Act 1993; and

(d) that is not a trust to which a trustee company provides traditional services.

retail OTC derivative issuer means a licensee that:

(a) is authorised to provide the following financial services:

  (i) dealing in a financial product by issuing derivatives; and

  (ii) making a market for derivatives; and

(b) incurs actual or contingent liabilities by issuing derivatives to persons as a retail client; and

(c) is not:

(i) a body regulated by APRA, other than the holder of an RSE licence that is authorised to operate registered managed investment schemes; or

(ii) a market participant; or

(iii) a clearing participant.

standard adjustments means:

(a) discounts as follows:

(i) 8% for the values that reflect obligations to pay the licensee a certain sum maturing beyond 12 months, unless the interest rate applicable is reset to reflect market interest rates at least annually; and

(ii) 16% for the values that reflect any assets other than:

(A) an obligation to pay the licensee a certain sum; or

(B) a derivative; or

(C) an interest in property held in trust by another licensee under Division 3 of Part 7.8 or the rights to money held by another licensee in an account under section 981B; and

(b) 8% of the values that reflect others' obligations to pay the licensee a certain sum, except to the extent that the asset is adequately secured or is a right against another licensee in respect of money or property held by that other licensee in an account under section 981B or held in trust under Division 3 of Part 7.8; and

(c) the following amounts for contingent liabilities and contingent liabilities of any trust (other than a registered scheme) of which the licensee is trustee:

(i) 5% of any contingent liabilities that can be quantified under an underwriting or sub-underwriting of financial products except:

(A) during the 5 business days after the commitment is assumed; and

(B) during any period it is unlawful to accept applications for the financial products to which the underwriting relates (such as under subsection 727(3) or section 1016B) and the period ending 5 business days after the first day on which it becomes lawful to accept applications; and

(C) to the extent that the underwriter holds funds from persons seeking to acquire the financial products subject to the underwriting; and

(ii) 5% of the potential liability of any contingent liabilities that can be quantified under a derivative, other than to the extent there is an offsetting position in:

(A) the "something else" for the purposes of paragraph 761D(1)(c); and/or

(B) another derivative relating to that something else; and/or

(C) a thing that is so similar to the something else as to make the probability of net loss from the liability under the derivative exceeding any increase in the value of the thing less than 5% in the reasonable and documented opinion of the licensee,

except to the extent that the licensee is of the reasonable opinion that the risk that they will become liabilities (or become liabilities to a greater extent than taken into account for the purposes of applying the adjustment) because of a change in the price or value of the something else is trivial; and

(iii) 20% of the potential liability of any contingent liabilities that can be quantified under a guarantee or indemnity; and

(d) the relevant percentage as set out in subparagraphs (c)(ii) and (c)(iii) of the amounts that in the licensee's reasonable opinion is the maximum amount that the licensee may be liable for in relation to a contingent liability referred to in paragraph (c) where the maximum liability cannot be quantified; and

(e) where the licensee has agreed to sell an asset that it does not hold, the amount of the adjustment that would apply if it held that asset is to be applied against adjusted assets.

For the purposes of this definition, the risk that a contingent liability will become a liability may be treated as trivial if the probability that this will occur is reasonably estimated by the licensee as less than 5%.

For the purposes of paragraphs (a) and (b) of this definition, discounts apply against the value of current assets:

(f) used in calculating "adjusted assets"; and

(g) of any trust (other than a registered scheme) of which the licensee is a trustee (see subparagraph (f)(ii) of the definition of "adjusted assets" in this licence); and

(h) that are deducted under paragraph (c) of the definition of "adjusted assets" in this licence; and

(i) that are deducted under paragraph (d) of the definition of "adjusted assets" in this licence as assets to which recourse may be had for a liability of the licensee where the licensee's liability is limited to those assets, but the total discounts applied to those assets shall not exceed any excess of the value of the licensee's assets to which recourse may be taken over the amount of the liability; and

(j) that is the applicable percentage of the current assets that would be acquired in return for paying a contingent liability referred to in subparagraph (c)(i) or (iii) of this definition including rights against a sub-underwriter (see paragraph (g) of the definition of "adjusted assets" in this licence).

The licensee does not have to apply the discounts to the value of amounts payable from a client in the ordinary course of its financial services business for financial products that the client has agreed to buy, if the money is required to be—and in the reasonable estimation of the licensee probably will be—paid no more than 5 business days after the client became liable.

surplus liquid funds or SLF means adjusted assets minus adjusted liabilities:

(a) plus any non-current liabilities that were used in calculating adjusted liabilities and the value of any assets that are encumbered (where the licensee is not liable and the assets do not secure another person's current liability) that were added when calculating the licensee's adjusted liabilities; and

(b) minus any non-current assets that were used in calculating adjusted assets; and

(c) if the licensee is an eligible provider under paragraph (b) of the definition of "eligible provider" under this licence—plus one quarter of the value of the licensee's non-current assets minus any intangible assets and the amount of its non-current liabilities.

SSX market means the licensed financial market operated by Sydney Stock Exchange Limited.

traditional services means "traditional trustee company services" as defined in subsection 601RAC(1) and includes:

(a) performing estate management functions (as defined in section 601RAC(2)); and

(b) preparing a will, a trust instrument, a power of attorney or an agency arrangement; and

(c) applying for probate of a will, applying for grant of letters of administration, or electing to administer a deceased estate; and

(d) establishing and operating common funds; and

(e) any other services prescribed by the Corporations Regulations as traditional trustee company services.

trigger point means either of the trigger points described in condition 13 of this licence.

trustee company has the same meaning as in section 601RAB.

value means, for the purpose of condition 19 of this licence, the aggregate value of assets and other scheme property determined as follows:

(a) in the case of assets that would be recognised in preparing a balance sheet for members under Chapter 2M - their value as if at the time of calculation such a balance sheet was being prepared; and

(b) in the case of any other scheme property its market value at the time of calculation. For the purpose of this calculation, mortgages held by members of a registered mortgage scheme and managed as part of the scheme must be treated as assets of the scheme.