

# direct cash account.

Prospectus No. 8 for the issue of secured notes

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## Disclosures and definitions

### Issuer

Bell Potter Capital Limited ("Bell Potter Capital", the "Company", "we", "us" or "our") – a wholly owned subsidiary of Bell Financial Group Ltd ABN 59 083 194 763 ("Bell Financial Group") is the issuer of the secured notes described in this prospectus. Bell Financial Group is the listed holding company of Bell Potter Capital (the issuer) and guarantees the repayment of principal and accrued interest on Direct Cash Accounts.

### Arrangement with TPP

We issue secured notes pursuant to an arrangement between us and Third Party Platform Pty Ltd AFSL No. 314 341 ("TPP"). TPP offers the secured notes and we will issue secured notes when those offers are accepted. The offer of secured notes is authorised under TPP's Australian financial services licence.

Throughout this prospectus reference is made to "your broker". For the purposes of this prospectus "your broker" means ASX Group Participant TPP which may be dealing with you using another business name.

### Lodgement with ASIC

This prospectus is dated 27 May 2014 and a copy has been lodged with the Australian Securities and Investments Commission ("ASIC"), which takes no responsibility for the content of this prospectus. Secured notes will not be issued on the basis of this prospectus later than 13 months after its date.

### Not a bank account

A Direct Cash Account is not a bank account. Bell Potter Capital is not authorised under the Banking Act, is not supervised by the Australian Prudential Regulatory Authority and the depositor protection provisions in section 13A of the Banking Act will not cover the investment in the Direct Cash Account. There is a risk that investors could lose some or all of their money. However, a Direct Cash Account is represented by secured notes that are secured by a security interest over Bell Potter Capital's assets and are guaranteed by Bell Financial Group.

### Trustee

The Trust Company (Australia) Limited (formerly Permanent Trustee Company Limited) (the "Trustee"), a member of The Trust Company Group has been appointed as trustee in respect of the secured note issue under a trust deed (the "Trust Deed") with Bell

Potter Capital. The Trustee has given and not withdrawn its written consent to be named as Trustee in this prospectus. The Trustee has not authorised or caused the issue of this prospectus. Neither the Trustee nor any member of The Trust Company Group makes any representations as to the truth or accuracy of the contents of this prospectus. The Trustee does not make any representation regarding or accepting any responsibility for any statements or omissions in or from any other parts of this prospectus. The Trustee has relied upon the Company for the accuracy of the content of this prospectus. Neither the Trustee nor any member of The Trust Company Group makes any representations as to the performance of the issue, the maintenance of capital or any particular rate of return.

### General information only

This prospectus has been prepared without taking into account the investment objectives, financial situation and needs of any particular investor. You should read this prospectus in its entirety and in particular, the risks associated with investing in secured notes which are outlined in section 3 of this prospectus. Before deciding whether to invest, you should consider the appropriateness of this investment to your own financial objectives, situation and needs and consult a financial adviser if you are unsure.

No person is authorised to give any information or to make any representation in connection with the offer which is not contained in this prospectus. Any information or representation not contained in this prospectus may not be relied upon as having been authorised by us, our directors, or any other person in connection with the offer.

### No offer outside Australia

This prospectus does not constitute an offer or invitation in any place outside Australia where, or to any person to whom, it would be unlawful to make such an offer or invitation. The distribution of this prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The secured notes have not been and will not be registered under the U.S. Securities Act 1933 and may not be offered or sold in the United States

or to, or for the account of, a U.S. Person (as defined in Regulation S under the U.S. Securities Act 1933) except in transactions exempt from the registration requirements of the U.S. Securities Act 1933

### Exposure Period

The Corporations Act prohibits us from processing applications for secured notes in the period beginning with the lodgement of this prospectus with ASIC and ending seven days after such lodgement, or if that period is extended, the end of the period as extended by ASIC (the "Exposure Period"). During the Exposure Period, this prospectus will be made generally available by being posted on your broker's website and copies will be made available on request by calling 1300 786 299.

### Electronic prospectus

The Direct Cash Account is available to people receiving the electronic prospectus or hard copy prospectus within Australia. If you have obtained this prospectus electronically, you should ensure that you download and read the entire prospectus. A paper copy of this prospectus is available free of charge, simply by contacting your broker on 1300 786 299.

### Definitions

In this prospectus "you" means the person opening a Direct Cash Account, and in the case of a jointly owned Direct Cash Account, "you" means each of you separately and jointly. "You" includes your successors and assigns and any person authorised under a power of attorney to act on your behalf.

### ASIC relief

Bell Potter Capital has been granted ASIC relief that will permit it to refuse inspection of the register of secured note holders or to refuse to provide a copy, unless the person wishes to inspect or copy only that part of the register relating to that person or has provided an undertaking restricting the use of any information obtained.

For any queries, go to your broker's website or call TPP on 1300 786 299.

## 1 Features at a glance

Feature	Facts, Benefits and Risks
Minimum initial investment**	None
Minimum additional investment	None
Minimum withdrawal amount	None
Minimum balance**	None
A competitive interest rate on your entire balance	The current interest rates are available on your broker's website or can be obtained by calling 1300 786 299.
Fees and charges	Bell Potter Capital doesn't impose any fees or charges on basic transactions. We may, however, charge fees where you request that we provide a specific service for you such as a special clearance.
Operates like a traditional at-call account	<p>You do not need any initial investment funds to open your Direct Cash Account. Simply complete the application form that accompanies this prospectus.</p> <p>Your Direct Cash Account has a BSB and account number – which means you can arrange for direct crediting of funds (eg dividends).</p> <p>We also provide you with a B-Pay Biller Code and Reference so you can B-Pay from other cheque and savings accounts.</p> <p>Your Direct Cash Account is not a bank account and does not offer the same depositor protection as a bank account. See section 3 "Risks" for more information.</p>
No minimum or maximum transaction amounts or account balances	You have flexibility to invest funds and withdraw up to your available balance any amount you choose without limit.
Interest calculated daily	You start earning interest from the day you invest cleared funds.
Ready access to Direct Cash Account details	You can access details about your Direct Cash Account (including balance) at any time over the internet at your broker's website. You can also keep track of the details of your Direct Cash Account with your monthly statements.
Links to your trading account with your broker	<p>Your share transactions with your broker are automatically settled to your Direct Cash Account.</p> <p>You can use your account to make application for other financial products (eg managed funds, new floats).</p>
Risks of the Direct Cash Account	An investment in the Direct Cash Account is subject to risks. This includes credit, liquidity and interest rate risk. See section 3 "Risks" for more information. You need to understand these risks and we encourage you to seek professional financial advice if you are unsure of any aspect of this investment.

\*\* When you apply for a Direct Cash Account you are also automatically applying for a \$1 "Foundation Account" secured note. We will give you this \$1 and by maintaining this account, you will not be required to complete further application forms for future investments. See section 5.3 for more details.

## Important Disclosure Re: Regulatory Risk

In April 2013 APRA released its Discussion Paper on Banking Exemption Orders and Section 66 Guidelines containing a number of proposals to strengthen the regulation of Registered Financial Corporations (RFCs) that issue debentures to retail clients, including restricting the ability of RFCs to offer at-call products.

Bell Potter Capital is an RFC and accordingly the proposals would have a significant impact on Bell Potter Capital's future issue of Secured Notes. In particular, the proposals would mean that Bell Potter Capital could not issue at-call secured notes to retail clients.

At the date of this prospectus, APRA has not clarified its final position, nor its proposed timing for the introduction of these proposals. However, Bell Potter Capital is currently developing a new product structure with similar functionality to be offered to secured note clients. We expect this product to be launched during 2014 and following its launch we would expect to discontinue offering at-call secured notes to retail clients.

## 2 About the Offer

### 2.1 Bell Potter Capital business model

Bell Potter Capital is a company set up specifically to provide cash management and margin lending services to clients of the Bell Financial Group and other investors. The funds that are invested by clients with Bell Potter Capital (via the issue of secured notes) are used to fund margin loans provided to other clients.

Margin loans provided to investors are typically secured by listed Australian shares and managed funds. When loans are made they are over-collateralised – in that the maximum we lend against any asset (share or managed fund) is limited, usually to between 40% - 75% of the value of the assets. The secured notes issued by Bell Potter Capital are secured against the assets of the Company and repayment of principal and interest are guaranteed by Bell Financial Group.

Senior management of Bell Potter Capital have 15+ years of experience operating margin lending and cash businesses within stockbroking environments.

Section 3 provides more details about the risks in investing in Bell Potter Capital secured notes.

### 2.2 What type of investment is this?

"Direct Cash Account" is the name given to the cash management facility through which you can apply for and hold secured notes issued by Bell Potter Capital and offered by TPP under this prospectus.

Bell Potter Capital issues other secured notes under a separate prospectus which rank *pari passu* with secured notes issued under this prospectus. This means that all secured notes rank equally in terms of priority for repayment.

The balance of your Direct Cash Account is represented by the issue of secured notes – which are a type of debt security – to you. The secured notes are issued by Bell Potter Capital which is a special purpose company established to provide margin lending and cash management facilities to investors. The notes are secured by a security interest over the assets of Bell Potter Capital and are issued pursuant to the Trust Deed.

Under the law, an issuer can only describe or refer to its product in certain terms, based on the type of security which is given by the issuer. The purpose of this law is to ensure that investors are informed of the risks associated with that security being available and sufficient to repay the investor. We have elected to describe the Cash Account as a secured note because it is secured by a first ranking security interest over all of the assets of Bell Potter Capital, which principally comprise margin loans.

The value of the assets of Bell Potter Capital is sufficient and is reasonably likely to be sufficient to repay the secured notes and any other liabilities that rank in priority to the secured notes. More information about the security interest is contained in section 18 and details of the assets are provided in Benchmark 5. Further information relating to the Company's lending policies is contained in Benchmarks 5 and 6.

The Trustee has been appointed under the Trust Deed to represent the interests of the secured note holders. The terms and conditions of your Direct Cash Account are therefore governed both by that

Trust Deed and this prospectus. Under the Trust Deed, Bell Potter Capital has given undertakings to the Trustee to observe certain borrowing limitations to protect the interests of investors. See section 18 "Material documents and privacy" for more details.

Your investment in a Direct Cash Account is secured against the assets of Bell Potter Capital but, as with all non-bank deposit facilities, is not subject to the depositor protection provisions of the Banking Act. When investing in a Direct Cash Account you should seek advice and ensure that the investment is appropriate for you. See section 3 "Risks" for more details.

The Company has been offering its secured note programme and operating its margin lending facility since May 2006.

The Company has comprehensive policies and procedures which seek to ensure that loans made operate according to facility agreements. For the year to 31 December 2013, the Company issued 91 margin calls. Most margin calls were satisfied in a timely manner. We continually review all loans for impairment. At the date of this prospectus, we expect to recover all amounts and therefore the Company has made no provisions for bad or doubtful debts.

To provide additional funding for its margin lending programme, Bell Potter Capital formed the Bell Potter Margin Loan Trust (BPMLT) in 2007 which is a vehicle by which Bell Potter Capital can obtain funding. Bell Potter Capital will purchase both rated and unrated note investments from BPMLT (see section 18 for more information).

As at 10 April 2014 Bell Potter Capital had lent approximately \$168m under its margin lending facility and has raised \$162m under its secured note issue. Additional funding available through BPMLT totals approximately \$100m and a committed subordinated loan facility of \$15m has been provided from Bell Financial Group (see section 18 for more information).

### 2.3 What can I use the Direct Cash Account for?

The Direct Cash Account is designed to act both as your core cash account for your investment activities with your broker and as a competitive cash investment account.

Your Direct Cash Account operates in a very similar way to a traditional account (although it is not a bank account). You can make investments and withdrawals and earn interest on the balance in your account. The Direct Cash Account pays a competitive rate of interest. In particular, your account can be linked to your trading account with your broker to facilitate investment settlements. It can be linked to external bank accounts to provide for electronic transfer of funds.

### 2.4 Continuous Disclosure

In June 2009 ASIC issued Regulatory Guide 198 ("RG 198") which provided guidelines as to how unlisted disclosing entities such as the Company should comply with continuous disclosure obligations under the Corporations Act 2001.

The Company has a policy to ensure that price sensitive information in relation to the secured notes which is not disclosed in this prospectus is available, in accordance with the continuous disclosure requirements of the Corporations Act, to investors in the Company's secured notes. Consistently with RG198 the Company will comply with its continuous disclosure obligations by posting

continuous disclosure information on the Company's website at [www.bellpotter.com.au](http://www.bellpotter.com.au).

Bell Potter Capital will also post copies of the quarterly report given to the Trustee and ASIC pursuant to s283BF of the Corporations Act on this website.

## 3 Risks

### 3.1 Appropriateness

All investments carry risks and the risks involved in this investment need to be considered as part of your overall financial position. You need to ensure that you understand these risks and that an investment in a Direct Cash Account is consistent with your personal financial objectives. We strongly encourage you to seek professional financial advice if you are unsure about any aspect of this investment.

### 3.2 Credit risk

Credit risk relates to the capacity of the borrower, Bell Potter Capital, to repay your investment and interest. Repayment of capital and interest is guaranteed by Bell Potter Capital's parent, Bell Financial Group. If the borrowers who borrow money from the Company default on their loans, the Company may not have enough money to repay investors' principal and their interest.

If Bell Potter Capital defaults on the secured notes and Bell Financial Group becomes insolvent, investors will rank with other unsecured creditors of Bell Financial Group in enforcing the guarantee and may not recover interest and principal owed on the secured notes.

Investors should be aware that the Direct Cash Account is not a bank deposit and does not offer depositor protection. There is a risk that investors could lose some or all of their money. Bell Potter Capital manages this risk by:

- ensuring that liabilities to investors are adequately covered by total tangible assets; and
- ensuring that the assets of the Company are well managed, protecting both the amounts invested and the income.

The assets of the Company will consist of:

- a portfolio of short and medium term loans secured by charges over listed equities and units in managed funds; and
- a portfolio of short-dated bank bills and bank deposits;
- a portfolio of rated and unrated note investments in the Bell Potter Margin Loan Trust; and
- units in the Bell Potter Margin Loan Trust.

Risk limits are set and approved by the Board to ensure that the assets are well diversified and the exposure to any one party or security is limited.

There is a risk that a borrower under the margin lending programme may default. We manage this risk by seeking to ensure that:

- the loan portfolio and the underlying security remain well diversified; and
- loans are adequately secured with appropriate margins.

The approved securities under the margin lending programme will generally be listed securities of Australian companies or units in Australian domiciled managed funds. If the value of the security held by Bell Potter Capital falls and a borrower from Bell Potter Capital defaults, Bell Potter Capital may not realise enough from the sale of the security to repay that borrower's loan.

This risk is managed actively through monitoring borrowers' collateral relative to their loan. The principal method through which sufficient security coverage is maintained is the making of margin calls. The Company may also choose to seek alternative commercial arrangements subject to management approval.

The monies owed to investors under the secured note programme are secured by a security interest over all of the assets of Bell Potter Capital. In the event that Bell Potter Capital is wound up, investors would rank behind any prior ranking secured bank facilities but would rank ahead of all other creditors (except those given preference by law).

Bell Potter Capital intends to limit any bank facilities that rank in priority to the secured note holders to \$30m. These facilities are designed to provide liquidity to the secured note holders and to facilitate growth in the margin lending book. As at 29 April 2014, the Company has no bank facilities that rank in priority to the secured note holders.

Information about the Company's level of Equity Capital is provided at Benchmark 1, page 8 and in the Balance Sheet on page 22.

The Company is obliged to provide the Trustee with regular reports, including but not limited to, copies of its financial reports, details of the secured notes on issue and of the Company's assets and liabilities.

### 3.3 Liquidity risk

Liquidity risk relates to the ability of the Company to liquidate its assets promptly in order to repay your investment when required. Bell Potter Capital meets that risk by maintaining a portion of our investments in liquid assets such as short-dated bank bills and cash deposits.

### 3.4 Interest rate risk

Interest rates fluctuate according to changes in economic conditions and monetary policy. These changes are reflected in the interest rates you receive on your Direct Cash Account.

Interest rates paid on at-call accounts will vary over time according to changes in underlying interest rates.

## 4 Benchmark disclosure for retail investors

This prospectus seeks to comply with the requirements of ASIC Regulatory Guide 69 "Debentures and notes – Improving disclosure for retail investors" dated February 2012. ASIC has developed eight Benchmarks (of which six are relevant to note issues such as this one, and the other two are relevant only to property-based note issues) on which all note issuers are required to comment, on an 'if not, why not' basis. This means that we need to state either:

1. that we meet the benchmark; or
2. that we do not meet the benchmark and explain how and why we deal with the business factor or issue underlying the benchmark in another way.

A full copy of Regulatory Guide 69 can be obtained from the ASIC website: [www.asic.gov.au](http://www.asic.gov.au).

The Company does not provide disclosure in relation to the two property related benchmarks - "Valuations" and "Lending Principles - loan-to-valuation ratios" - as these benchmarks are not relevant to our business.

Set out below are the six benchmarks relevant to our secured note issue and a summary of Bell Potter Capital's disclosure against the benchmarks. If you have any questions on these benchmarks please contact Bell Potter Capital on 1800 061 327.

We also encourage potential investors to consider the ASIC guide entitled "Investing in Unlisted Debentures and Unsecured Notes" which is available from ASIC's MoneySmart website or on our website at [www.bellpotter.com.au](http://www.bellpotter.com.au)

Benchmark	Do we meet the benchmark?	Explanation
<b>1. Equity capital</b> Issuers to maintain a minimum of 8% equity, Issuers to disclose comparative equity ratio from prior year.	No	<p>If the issuer has less equity invested in the business, there might be no safety margin to tide things over if the business runs into financial difficulties. It could also mean that the issuer has less incentive to operate the business prudently and responsibly because less of its own money is at risk.</p> <p>Using ASIC's definition of Equity Capital, Bell Potter Capital's level of equity as at 31 December 2013 was:</p> $\frac{\text{total equity}}{\text{total liabilities} + \text{total equity}} = 3.57\% \text{ equity (2012:2.93\% )}$ <ul style="list-style-type: none"> <li>■ Bell Potter Capital is required under the Trust Deed to maintain Committed Capital of 2% of total tangible assets or \$15m, whichever is higher.</li> <li>■ Bell Potter Capital is also required under its AFSL to maintain NTA of at least \$5m. NTA as at 31 December 2013 was \$7.5m (Dec 2012:\$5.6m)</li> <li>■ 'Committed Capital' as defined in the Trust Deed is not the same as ASIC's definition of 'Equity Capital' and in particular, Committed Capital pursuant to the Trust Deed includes subordinated debt. Currently Bell Financial Group (the listed parent of Bell Potter Capital) has provided a committed subordinated debt facility of \$15m and accordingly the level of Committed Capital as at 31 December 2013 was \$22.5m (Dec 2012:\$20.6m). If ASIC's definition of "Equity Capital" included committed subordinated debt, Bell Potter Capital's level of equity would be 10.33% (Dec 2012: 10.31%). More details about the subordinated debt facility are at section 18.3.</li> <li>■ In addition, Bell Financial Group has guaranteed the repayment of principal and interest (more details in section 18.4).</li> <li>■ We consider the level of capital required in our Trust Deed and our NTA sufficient for the business. The assets of Bell Potter Capital that constitute security for the security interest given in favour of the Trustee are sufficient and are reasonably likely to be sufficient to meet the repayment of all other liabilities:               <ul style="list-style-type: none"> <li>(i) that have been made or incurred; and</li> <li>(ii) that rank in priority to or equally with that liability</li> </ul> </li> </ul>

<b>2. Liquidity</b> All issuers: 1. Have cash flow estimates for next 3 months; and 2. Ensure they have on hand cash or cash equivalents to meet projected cash needs for next 3 months	Yes	<p>Liquidity is an important measure of the short-term financial health of an issuer or business. If the issuer has insufficient cash or liquid assets, it might be unable to meet its short-term obligations (e.g. to run the business properly, pay interest, or pay investors their money back at the end of the term).</p> <ul style="list-style-type: none"> <li>■ The assets supporting our secured note issue are margin loans, which are repayable on demand and are mostly at-call – thus there is inherent liquidity in our business (ie. our current liabilities [repaying secured note holders] are closely matched by our current assets [at-call loans to margin lending clients]).</li> <li>■ We produce high level cash flow expectations on a monthly basis for the next 2 years, with detailed cashflow measurements produced every day for the following 3 days (to take into account the settlement of trades in the margin lending book).</li> <li>■ In preparing our cashflow estimates, we do not assume any fixed term secured notes are rolled over, and we do not rely on rollovers of these notes to meet our forecasts.</li> <li>■ In preparing our forecasts, we assume that the growth in margin loans will be matched by the growth in cash investments. In the event that margins loans grow at a faster rate, Bell Potter Capital has a committed funding line sufficient to meet its forecast requirements.</li> <li>■ In aggregate, the total cash book approximately equals the total margin loan book. Bell Potter Capital is not obliged to accept more margin loans.</li> <li>■ We are, subject to terms and conditions, able to raise funds from the BPMLT. For more information see section 18.5.</li> <li>■ If our level of secured notes held on an at call basis over the next three months dropped by 20% we would have sufficient cash on hand to meet our needs, or could draw down from the BPMLT.</li> </ul>
Benchmark	Do we meet the benchmark?	Explanation
<b>3. Rollovers</b> All issuers to clearly disclose their approach to rollovers, including what process is followed at the end of the investment term and how they inform those rolling over of any current prospectus and continuous disclosure announcements.	Yes	<ul style="list-style-type: none"> <li>■ Bell Potter Capital does not issue fixed term notes under this prospectus.</li> <li>■ Under the relevant prospectus, client funds are held at-call unless a client specifically requests a fixed term account. If a fixed term account is requested, then on maturity the fixed term account will be credited to your at-call account and will therefore be available at call, unless you specifically instruct us to the contrary.</li> <li>■ A reminder is sent to all clients prior to fixed term maturity, seeking instructions. As part of that notice, clients are encouraged to review the current prospectus and any continuous disclosure notices on the internet.</li> </ul>
<b>4. Debt Maturity</b> All issuers to disclose: a) an analysis of the maturity profile of interest-bearing liabilities b) the interest rate or average interest rates applicable to their debts	No	<ul style="list-style-type: none"> <li>■ We are required under this benchmark to provide an analysis of the maturity profile of our interest bearing liabilities and the average interest rate applicable to the liabilities. Current interest rates for our cash account are available on our internet site <a href="http://www.bellpotter.com.au">www.bellpotter.com.au</a>. We consider that as a company with a narrow range of products – the provision of cash accounts and margin lending facilities – sufficient information is available in our accounts for our investors. To provide more detailed information would be commercially disadvantageous.</li> </ul>

## 4 Benchmark disclosure for retail investors cont.

<p><b>5. Loan portfolio</b></p> <p>Issuers who on-lend funds should disclose the current nature of their loan portfolio, their policies on these issues and explanations about security taken in relation to the loans</p>	No	<p>Is the issuer's loan portfolio heavily concentrated into a small number of loans, or loans to a small number of borrowers? If so, there is a higher risk that a single negative event affecting one loan will put the overall portfolio (and investors' money) at risk.</p> <ul style="list-style-type: none"> <li>■ Funds lent to Bell Potter Capital by secured note holders are predominantly on-lent to clients as margin loans. All margin loans are made on a secured basis only and Bell Potter Capital holds a mortgage over all the assets used as security for its margin loans. Security for the loans is usually ASX listed Australian shares and managed funds. We do not extend margin loans until we have control of, and good title to, the underlying shares and managed funds.</li> <li>■ We are required under this benchmark to provide an analysis of the maturity profile by term and value of our loan portfolio and the average interest rates applicable to the assets. We consider our investors have sufficient information in this prospectus and our accounts, and to provide this level of detail would be commercially disadvantageous. All margin loans have a maturity of less than 1 year, and the vast majority are at call. All loans are repayable on demand.</li> <li>■ All risk policies are established and governed by the Bell Financial Group Credit Committee which has established a series of limits, including maximum loan size. The Credit Committee regularly reviews concentrated exposures and aggregate exposures to individual stocks.</li> <li>■ The average gearing of the margin loan book as at 10 April 2014 is 28.34%. The median level of gearing is 37.03%.</li> <li>■ As at 10 April 2014 we have 695 active margin lending clients to whom we have extended \$168m in loans.</li> <li>■ As at 10 April 2014 the value of the collateral securing those loans is \$583m.</li> <li>■ Loans are extended to clients from across Australia and we also have a small number of clients who reside overseas. The vast majority of our clients have a Bell Potter Securities adviser.</li> <li>■ At 10 April 2014 there were no margin loans in arrears. No impairment provision has been made at the date of this prospectus and recoverability is monitored and assessed on an ongoing basis.</li> <li>■ As at 10 April 2014 no loans are subject to legal proceedings.</li> <li>■ In aggregate we have lent \$41.5m to the top 10 borrowers as at 10 April 2014. Our policy is that no loan should exceed 10% of the total loan book, except with appropriate authorisation. Our largest loan as at 10 April 2014 was \$8.3m (4.9% of the loan book). This loan has been approved in accordance with the Company's lending policy and has operated according to the facility agreement at all times.</li> </ul>
<p><b>6. Related party transactions</b></p> <p>Issuers to disclose their approach and policies in relation to related party transactions</p>	Yes	<p>The risk with related party transactions is that they may not be made with the same rigour and independence as transactions made on an arm's-length commercial basis. There is a greater risk of the loans defaulting and, therefore, investors' money is at greater risk if:</p> <ul style="list-style-type: none"> <li>■ The issuer has a high number of loans to related parties, and</li> <li>■ The assessment and approval process for these loans is not independent.</li> </ul> <p>Bell Potter Capital provides all margin loans on commercial, arm's length terms. We do not extend loans to our parent, nor to any other company in the Bell Financial Group. Some margin loans have been made to senior staff including directors. These loans have all been made on standard commercial terms and are subject to the same risk management scrutiny including impairment assessment as all other loans. In aggregate, we have made 82 loans to staff totalling \$18.3m (10.9% of total loan book) and \$0.4m (1 loan) to related entities.</p>



## 5 Opening a Direct Cash Account

### 5.1 Application form

You can open a Direct Cash Account by completing the online application form that accompanies this prospectus and by following the instructions specified. Prospectuses can be obtained by downloading from your broker's website.

You must provide all of the information in the application form that is required. The Direct Cash Account is available in Australia to any person or persons including individuals, companies, superannuation entities and trustees. Where applications are made jointly, we accept a maximum of three parties.

### 5.2 Tax File Numbers

It is not compulsory for you to provide your Tax File Number details. However, if you do not do so, Bell Potter Capital is required to deduct withholding tax from interest earned unless you are in an exempt category and provide relevant details as specified in the application form. A further explanation of this and of other tax implications of your investment is set out in Section 15 "Taxation". Bell Potter Capital will preserve the confidentiality of your tax file number, collection of which is authorised by tax laws.

### 5.3 Foundation account

When you first apply for a Direct Cash Account, you are also automatically applying for a \$1.00 "Foundation Account" secured note. As long as you retain your Foundation Account, you will not need to complete another application form when you make additional investments to your Direct Cash Account.

We will give you the \$1.00 to establish your Foundation Account. No interest is payable on your Foundation Account and it will not form part of the regular reporting to you.

The Foundation Account represents your initial investment and is sufficient to open your Direct Cash Account. Further funds can then be added to your Direct Cash Account either electronically or from share settlements.

There will be an administrative charge of \$1.00 levied when you close the Foundation Account.

### 5.4 Confirmation of account opening

Once Bell Potter Capital has processed your completed application form, your broker will notify you that your Direct Cash Account has been activated and provide you with details of your account. You will be provided with a BSB, account number and B-Pay reference number that can be used to electronically transfer funds into your Direct Cash Account.

### 5.5 At-call accounts

Cleared funds invested at-call will generally be available within one business day.

The interest rate payable on at-call accounts is variable during the term of the investment and determined by Bell Potter Capital. Current available interest rates can be obtained at any time by calling 1300 786 299 during business hours or by visiting your broker's website. The interest rate will vary periodically with changes in underlying economic and market conditions. See section 3.4 "Interest rate risk".

We encourage you to look at our current interest rates when you apply for an account. As the funds are at-call, they can be withdrawn at any time.

If the interest rate which you acknowledge during the application process is incorrect, we will open your Direct Cash Account at the current interest rate. We will notify you of the error and provide you with the correct interest rate. You may request that you withdraw your application within one month after we notify you, in which case we will close your Direct Cash Account and refund money that you have invested (if any).

6 Making investments and withdrawals

**Investments** – to make an 'investment' into your Direct Cash Account is to invest in a Bell Potter Capital secured note or to increase the amount we owe you under your secured note.

You can make investments into your Direct Cash Account in a variety of ways, as shown in the table below. Your BSB, Account number, B-Pay biller code and reference number will be provided to you once your Direct Cash Account is established.

FEATURE	DETAILS
Direct credit	Transfer funds via a direct crediting arrangement eg to receive dividends. You will need to complete a "direct credit" form from the participating registry.  Quote <b>BSB 013-986</b> and your account number.
B-Pay	B-Pay cleared funds into your account and start earning interest immediately. Contact your participating Bank, Credit Union or Building society and quote <b>Biller Code 253104</b> and your reference number.
Electronic funds transfer	Instruct another financial institution with whom you have funds to transfer them to your Direct Cash Account.  Quote <b>BSB 013-986</b> and your account number.  For over-the-counter banking contact us for additional details.
Internet banking	Transfer funds into your Direct Cash Account from a bank account held with another financial institution.  Quote <b>BSB 013-986</b> and your account number.
Automatically invest proceeds of share transactions into your Direct Cash Account	Your broker will settle all share and derivative sales to your Direct Cash Account as required by the terms of your agreement with your broker.

**Withdrawals** – to make a 'withdrawal' from your Direct Cash Account is to redeem a Bell Potter Capital secured note or to reduce the amount which we owe you under your secured note.

You can make withdrawals from your account in a number of ways, as shown in the table below. Details of the BSB and your account number will be provided to you once your Direct Cash Account is established.

FEATURE	DETAILS
Automatically draw from your Direct Cash Account to settle share purchases	Your broker will settle all share and derivative purchases from your Direct Cash Account as required by the terms of your agreement with your broker.
Online Funds Transfer	To withdraw funds from you Direct Cash Account you will be required to login to your broker website and lodge a request through the My Account page.

## 7 Keeping you informed

After processing your application and establishing your Direct Cash Account, your broker will provide you:

- your BSB and account number; and
- your B-Pay biller code and reference

You can access your Direct Cash Account through your broker's website 24 hours a day, 7 days a week. Your broker's website provides account details and current interest rates. You can also download your transaction history at any time from the website. You can also call 1300 786 299 from 8am – 7pm EST Monday to Friday.

We will send statements to you at the end of each month, which show all transactions on your Direct Cash Account for that month. When you receive your statement, please check the entries on it carefully and report any error or unauthorised transaction to your broker as soon as possible.

The first statement you receive after the end of the taxation year will provide you with details of interest paid on the Direct Cash Account for the previous taxation year ended 30 June.

Each quarter we are required to send a quarterly report to the trustee and ASIC pursuant to s283BF of the Corporations Act. We will publish this report on the Bell Potter Capital website at [www.bellpotter.com.au](http://www.bellpotter.com.au).

New, replacement and supplementary prospectuses will be made available on the Bell Potter Capital website at [www.bellpotter.com.au](http://www.bellpotter.com.au).

TPP will acknowledge receipt of your issue within 48 hours, and will let you know the process and the timing it will follow to resolve your issue.

## 9 Interest payments

The current interest rate for your Direct Cash Account can be confirmed by going to your broker's website or by calling 1300 786 299. Since the interest rates will vary from time to time to reflect competitive market rates, interest details are included in your monthly statements.

Interest is calculated daily on the end-of-day balance of your Direct Cash Account. This includes the day we receive your cleared funds for investment but excludes the day of withdrawal.

Interest is credited to your Direct Cash Account on the last Business Day in each month and on the day your Direct Cash Account is closed. Interest credited to your Direct Cash Account on the last Business Day of each month is available for your use on the next Business Day.

## 8 Resolving your issues

We are committed to handling any of your queries, issues or complaints quickly, fairly and in the strictest of confidence.

We encourage you to raise any issues directly with your broker. If your issue is not resolved to your satisfaction, please write to:

Complaint Manager – Third Party Platform Pty Ltd  
GPO Box 1630  
Sydney NSW 2001

The first statement you receive after the end of the taxation year will provide you with details of interest paid on the Direct Cash Account and any tax withheld for the previous taxation year ended 30 June

## 10 Terms and conditions of your Cash Account

By applying for a Direct Cash Account on the accompanying application form, you agree to be bound by the terms and conditions set out in this section. Bell Potter Capital has the right to refuse to accept any application.

### 10.1 Opening an Account

#### With more than one signatory

Where there is more than one signatory, both signatories are required to operate the account.

#### Account in the name of a trust

If you wish to open an account in the name of, or including a trust, you will need to provide us with a copy of the trust deed.

### 10.2 Giving us instructions

Generally, you will give instructions (eg funds transfer requests) via your broker's website.

For any other instructions which must be in writing, your instruction must be clear and unambiguous and signed by an authorised person.

Where we are not clear on the instruction, or do not have sufficient information to process the instruction, or are not able to process the instruction, we, or your broker, will attempt to contact you to resolve the issue. It is important therefore that you maintain up to date contact details with us. Bell Potter Capital is not liable to you for transactions that it cannot process due to inaccurate, ambiguous or incomplete instructions.

You agree Bell Potter Capital can delay, block, or refuse to effect a transaction if Bell Potter Capital believes on reasonable grounds that the transaction may breach any law and Bell Potter Capital is not liable to you if it does so.

### 10.3 Settlement authority

Signing the application form constitutes a 'standing instruction' and, subject to satisfaction of all obligations, we will continue to settle transactions to and from your Direct Cash Account unless and until an instruction to revoke it is received.

### 10.4 Withdrawals by Online Funds Transfer

If you wish to transfer funds from your Direct Cash Account by giving instructions via Online Funds Transfer, you must have previously nominated an external bank account, by providing the following details in writing:

- the name of the account;
- BSB; and
- account number.

### 10.5 Cut-off times for receipt of instructions

Cut-off times for receiving instructions to allow for same-day processing will be published from time-to-time on your broker's website or you can obtain current cut-off information by calling 1300 786 299.

## 11 Fees and charges

Bell Potter Capital does not charge you fees to operate your Direct Cash Account. There is a \$1 termination fee (GST inclusive) levied when you close your Account. This fee can be paid by redeeming your Foundation Account note.

Government transaction charges do not presently apply to your Direct Cash Account.

Bell Potter Capital may charge fees where you request that we provide a specific service for you (eg for a special clearance). We or your broker will let you know if any fees apply to a requested service.

## 12 Right of set-off

You acknowledge our right, at any time and without notice, to set off the balance of your Direct Cash Account with any other money you may owe us unless this would breach any law. Bell Potter Capital will promptly inform you if it has done this but need not do so in advance.

## 13 Suspension of withdrawals

If Bell Potter Capital places a stop on your Direct Cash Account, you will not be able to access or transact on your Direct Cash Account until the stop is lifted. We may place a stop on your Account if:

- we are required to do so by law or by a Court order;
- you die;
- an overdrawn balance on your Direct Cash Account is not rectified;
- we have received returned mail or email;
- you have not provided us with mandatory details; or
- we become aware of a dispute involving Account holders.

## 14 Changing terms and rates

### 14.1 Amending these terms and conditions

You acknowledge that Bell Potter Capital can change any of these terms and conditions. Where the change may have a material or adverse effect on you, we will give you, at least 30 days beforehand:

- a summary of the proposed change; and
- an opportunity to read the detail of the change which we will make available by posting details of the change on our website or, if you ask us, by mailing a copy of the change to you.

### 14.2 Interest rate changes

You agree that a change in interest rates is deemed not to be an adverse change to you and you agree to notification of changes in interest rates from time to time by placing these details on your broker's website and including details of current interest rates in your monthly statement. You can also check current interest rates by calling 1300 786 299.

## 15 Taxation

Investing in your Direct Cash Account will have taxation implications. The effect of taxation will vary according to your personal circumstances. You should seek independent professional advice having regard to your personal circumstances. You must satisfy yourself as to the tax implications of this investment.

The following is a guide to the tax implications of this investment:

- Interest income earned on your account will be assessable income. Generally, you will include the interest in your assessable income in the financial year in which it is received or credited.
- However, if you hold your account as part of a business conducted by you, it may be more appropriate to recognise the interest on an accruals basis. This will depend on your individual circumstances.
- The first statement you receive after the end of the taxation year will provide you with details of interest paid on your account for the previous taxation year ended 30 June.
- If you are an Australian investor, you must quote your TFN, ABN (if your investment is made through an enterprise) or relevant exemption to Bell Potter Capital. If an ABN, TFN or exemption is not quoted, Bell Potter Capital must deduct tax from any interest income paid at the highest marginal rate plus Medicare levy. However, amounts withheld can be claimed as a credit against your tax liability in your income tax return.
- Please advise if you are or become a non-resident, as we are required to deduct withholding tax from all interest paid to you.

## 16 Important information

### 16.1 About the issuer

Bell Potter Capital is a wholly owned subsidiary of Bell Financial Group and a related company of TPP. Bell Financial Group guarantees repayment of principal and accrued interest on your Bell Potter Direct Cash Account.

Bell Potter Capital has been formed as a special purpose company to provide margin lending and cash management facilities to investors. The Trustee is appointed to represent the interests of the secured note holders. The secured notes are secured by a security interest over all the assets of Bell Potter Capital.

The Board of Bell Potter Capital comprises:

**Rowan G Fell** joined Bell Potter Securities as Director of Investment Services in October 2005 to establish in-house Margin Lending and Cash facilities for clients of the firm. Rowan has worked in financial services since 1979, developing experience in a broad range of activities, including senior management roles in Margin Lending and other investment services, equities research, portfolio trading, derivatives and quantitative analysis. Prior to joining Bell Potter Securities, Rowan was a partner at Goldman Sachs JBWere, where he was responsible for a broad range of investment services. Rowan has Honours in Pure Mathematics from Australian National University and is a Fellow of the Financial Services Institute of Australia.

**Colin M. Bell** founded Bell Commodities in 1970 after working with the International Bank for Reconstruction and Development in Washington DC, USA. Mr Colin Bell is the Executive Chairman of Bell Financial Group and oversees the business development of the group. He has a Bachelor of Economics (Hons.) degree from Monash University.

**Andrew G. Bell** joined the Bell Financial Group in 1978 after working in merchant banking in Melbourne and London with Australia United Corporation Ltd., S.G. Warburg & Co Ltd. and Capel Court Corporation Ltd. Mr Andrew Bell is an Executive Director of Bell Potter Securities. He has a Bachelor of Commerce degree and an MBA from Melbourne University.

**Lewis M. Bell** joined the Bell Financial Group in 1980 after working in management positions with Australian industrial companies. Mr Lewis Bell is an Executive Director of Bell Potter Securities Limited and is responsible for the Bell Financial Group's compliance function. He has an LLB degree from Melbourne University and an MBA from the Wharton School of Finance and Commerce at the University of Pennsylvania.

**Alastair Provan** joined the Bell Financial Group in 1983 and was appointed Group Managing Director in 1992. Mr Provan is the Managing Director of Bell Financial Group and is in charge of the operating and daily administration of Bell Potter Securities Limited.

**Craig Coleman** has been a Senior Adviser with Wyllie Group since 2006, and is also a non-executive director of the Wyllie Group. He is also a non-executive director of Bell Financial Group. Previously, he was managing director and a non-executive director of Home Building Society Limited. Prior to joining Home Building Society, Craig held a number of senior executive positions and Directorships with ANZ, including managing director – Banking Products; managing director – Wealth Management and non-executive director of E\*Trade Australia Limited. He is also Chairman of Rubik Financial Ltd. He is a member of the Bell Financial Group's Risk and Audit and Remuneration Committees. Craig has a Bachelor of Commerce degree from the University of Western Australia.

**Dean A Davenport** joined the Bell Financial Group in 1995. He is a chartered accountant with over 17 years financial services industry experience. He is currently the Chief Financial Officer and Chief Operating Officer for the Bell Financial Group and has held these positions for over 10 years and is also an Executive Director of Bell Potter Securities. Dean previously worked for KPMG Melbourne for 5 years. He has a Bachelor of Business degree from Swinburne University.

### 16.2 Directors' consents

Mr Rowan Fell, Mr Colin Bell, Mr Andrew Bell, Mr Lewis Bell, Mr Alastair Provan, Mr Craig Coleman and Mr Dean Davenport as directors of Bell Potter Capital each have consented:

- to being named in this prospectus as directors and have not withdrawn their consent as at the date of this prospectus; and
- to the lodgement of this prospectus with ASIC.

### 16.3 Other consents

The following persons have consented to being named in this prospectus in the manner detailed below and have not withdrawn their consent as at the date of this prospectus:

- KPMG as Auditors of Bell Potter Capital;
- Ashurst Australia as Legal Advisers to Bell Potter Capital;
- The Trust Company (Australia) Limited as Trustee;
- Bell Financial Group Ltd as the ultimate holding company, provider of subordinated loan finance, and provider of guarantee; and
- TPP as the offeror of the secured notes.

No entity referred to above has made any statement that is included in this prospectus or any statement on which a statement made in this prospectus is based, except as stated above. Each of the entities and persons referred to above expressly disclaims and takes no responsibility for any statements in or omissions from this prospectus, except to the extent where consent is given above. No entity or person referred to above makes any representation as to the performance of the issue, the maintenance of capital or any particular rate of return.



## 16.4 Interests

### How we and our staff are remunerated

Representatives of Bell Potter Capital do not receive any remuneration directly related to providing the Direct Cash Accounts. They do however receive a fixed salary for their assistance in the administration of the Direct Cash Accounts and may receive a bonus related to their overall performance.

### Commissions

If permitted by law, TPP may receive a trailing commission of up to 4.0% per annum calculated on the daily balance in the Direct Cash Account.

### Trustee remuneration

The Trust Company (Australia) Limited has agreed to act as Trustee in relation to the secured notes. Bell Potter Capital has paid or agreed to pay approximately \$60,000 in relation to the total issue of secured notes issued under this and any related prospectuses, to the date of this prospectus. Further amounts will be payable to the Trustee at the rate agreed by Bell Potter Capital with the Trustee from time to time. This fee is payable by Bell Potter Capital.

### Lawyer remuneration

Ashurst Australia (formerly known as Blake Dawson) has acted as legal adviser to Bell Potter Capital in connection with the offer. An amount not exceeding \$6,500 will be paid to Ashurst Australia in accordance with its usual time-based charge-out rates.

### Auditor remuneration

KPMG has audited the consolidated accounts of Bell Potter Capital and was paid \$63,000 for this service.

### Directors

The directors of Bell Potter Capital, other than Craig Coleman, are employees of Bell Potter Securities, a related entity of Bell Potter Capital and are shareholders in the parent company of Bell Potter Capital, Bell Financial Group Ltd.

The directors may participate in employee remuneration arrangements of Bell Potter Securities and Bell Financial Group Ltd. As at 1 January 2013, the directors each have interests in shares in Bell Financial Group Ltd as set out below:

	Direct interest	Direct and indirect interest
Mr Colin Bell	0.99%	13.03%
Mr Andrew Bell	0.39%	9.69%
Mr Lewis Bell	0.64%	12.69%
Mr Alastair Provan	0.93%	12.97%
Mr Rowan Fell	0.23%	0.23%
Mr Craig Coleman	0.02%	0.68%
Mr Dean Davenport	0.07%	0.07%

Other than disclosed in this prospectus, there are no interests that any director holds or has held at any time in the last two years in:

- the formation or promotion of Bell Potter Capital;
- property acquired or proposed to be acquired by Bell Potter Capital in connection with its formation or promotion or the offer of the secured notes; or
- the offer of the secured notes.

Other than disclosed in this prospectus, no director or other person named in this prospectus has received a payment or benefit:

- to induce them to become a director; or
- for services in connection to the formation or promotion of Bell Potter Capital or the offer of the secured notes.

## 17 Financial position

The following financial information is an extract from the audited accounts of the Company as at 31 December 2013 and at 31 December 2012. The accounts show the consolidated position of Bell Potter Capital, including the Bell Potter Margin Loan Trust.

BALANCE SHEET	31 DECEMBER 2013 \$	31 DECEMBER 2012 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	38,390,211	44,265,301
Loans and advances	171,695,623	147,120,420
Trade and other receivables	1,086,275	1,117,277
Prepayments	158,070	2,750
<b>Total current assets</b>	<b>211,330,179</b>	<b>192,505,748</b>
<b>Total assets</b>	<b>211,330,179</b>	<b>192,505,748</b>
<b>CURRENT LIABILITIES</b>		
Deposits and other borrowings	200,548,463	183,768,270
Derivatives	45,084	58,319
Trade and other payables	3,008,461	2,944,134
Provisions	185,000	92,500
<b>Total current liabilities</b>	<b>203,787,008</b>	<b>186,863,223</b>
<b>Total liabilities</b>	<b>203,787,008</b>	<b>186,863,223</b>
<b>Net assets</b>	<b>7,543,171</b>	<b>5,642,525</b>
<b>EQUITY</b>		
Contributed equity	3,000,000	3,000,000
Cash flow hedge reserve	(45,084)	(58,319)
Retained earnings	4,588,255	2,700,844
<b>Total equity</b>	<b>7,543,171</b>	<b>5,642,525</b>

The following financial information is an extract from the audited accounts of the Company as at 31 December 2013 and at 31 December 2012. The accounts show the consolidated position of Bell Potter Capital including the Bell Potter Margin Loan Trust.

INCOME STATEMENT	31 DECEMBER 2013 \$	31 DECEMBER 2012 \$
<b>REVENUE</b>		
Finance income	12,367,628	13,437,510
Finance costs	(5,578,788)	(7,909,084)
Total finance income	6,788,840	5,528,426
Other income	3,660	4,567
<b>Total revenue</b>	<b>6,792,500</b>	<b>5,532,993</b>
Management expenses	(1,184,732)	(1,389,707)
System expenses	(418,706)	(401,818)
Professional expenses	(146,328)	(159,184)
Commission paid	(2,009,656)	(1,335,264)
Other expenses	(336,776)	(298,903)
<b>Profit before income tax</b>	<b>2,696,302</b>	<b>1,948,117</b>
Income tax benefit/(expense)	(808,891)	(584,435)
<b>Profit for the period attributable to members of the parent entity</b>	<b>1,887,411</b>	<b>1,363,682</b>

The Company commenced operating in May 2006. The Trust Deed requires that the Company maintains committed funds (defined as total of shareholders funds and subordinated liabilities) of not less than \$15m or 2% of total tangible assets, whichever is the greater. The parent company, Bell Financial Group, has provided a committed subordinated debt facility of \$15m, which is subject to the terms of the Trust Deed. As at 31 December 2013 and at the date of this prospectus this facility was drawn to \$8m.

The future earnings of the Company following the date of this prospectus will depend on its ability to promote its margin lending facility and to raise funds through this secured note issue.

Bell Potter Capital provides services for the Bell Potter Margin Loan Trust for which it earns fees.

## 18 Material documents and privacy

### 18.1 The Trust Deed

Secured notes are issued under a Trust Deed dated 11 May 2006 made between Bell Potter Capital and The Trust Company (Australia) Limited (formerly known as Permanent Trustee Company Limited) as the Trustee.

The Trust Deed contains terms upon which Direct Cash Account investments are accepted and contains a number of provisions binding on Bell Potter Capital for your protection. The Trustee monitors compliance by Bell Potter Capital with these provisions.

The Trust Deed has been lodged with ASIC and is incorporated by reference into this prospectus. Holders of secured notes are bound by the provisions of the Trust Deed.

As at the date of this prospectus, Bell Potter Capital fully complies with its obligations under the Trust Deed. A copy of the Trust Deed can be obtained by telephoning Bell Potter Capital on 1800 061 327. The Trust Deed may be amended by Bell Potter Capital and the Trustee if the amendment is taken by the Trustee not to be prejudicial to investors' interests or if approved by a special resolution of investors.

An outline of the key provisions of the Trust Deed is set out below.

#### Committed capital

The Company must maintain committed funds of not less than \$15 million or 2% of total tangible assets, whichever is the greater.

#### Security Interest

All secured notes issued under this prospectus are secured by a first-ranking floating security interest in favour of the Trustee over:

- (a) all of the present and future undertakings, tangible and intangible assets and rights of Bell Potter Capital that are located in Victoria, ACT, the Northern Territory or outside of Australia;
- (b) all of the future undertakings, tangible and intangible assets and rights of Bell Potter Capital that are located in:
  - (i) Western Australia, Queensland, New South Wales and Tasmania, excluding any land in the first 12 months; and
  - (ii) South Australia.

The security interest will crystallise and become a fixed security interest on the occurrence of particular events such as:

- on a demand by the Trustee of Bell Potter Capital to pay secured money (which demand can be made on an event of default); or
- on an insolvency event, such as the appointment of a liquidator to Bell Potter Capital; or
- on a breach of a negative pledge.

The Trustee holds this security interest on behalf of, and for the benefit of, the holders of secured notes from time to time.

The security interest ranks in priority to all interests except a permitted security interest. Except with the Trustee's consent, Bell Potter Capital must not create a permitted security interest that exceeds \$30 million or 10% of the total tangible assets, whichever is the greater.

#### Events of default

It is an event of default under the Trust Deed if, for example:

- (a) Bell Potter Capital fails to pay or repay an amount outstanding within a specified timeframe;
- (b) Bell Potter Capital fails to comply with the Trust Deed and that failure is not remediable or is not remedied within a specified period;
- (c) a security interest, judgment or other process of a government agency in an amount exceeding the greater of \$250,000 and 5% of the total tangible assets of Bell Potter Capital becomes enforceable;
- (d) Bell Potter Capital becomes insolvent;
- (e) there is a capital reduction without the authorisation of the Trustee; or
- (f) the borrowing limitation is breached.

On default, the security interest will crystallise, the amounts owing under the secured notes become due and payable and the Trustee has all powers to act in relation to the security interest over the assets of Bell Potter Capital.

#### Application of money by the Trustee

When the security interest crystallises, the Trustee must apply money recovered in the following manner:

- (a) first, in payment of all amounts which, to the extent required by law, have priority;
- (b) second, in payment of all costs of Trustee, attorney or receiver incurred in or incidental to the exercise of any right, power, authority, discretion or remedy conferred by the Trust Deed or applicable law;
- (c) third, in payment of any other outgoings the Trustee, attorney or receiver thinks fit to pay;
- (d) fourth, in payment to the receiver of its remuneration;
- (e) fifth, any security interests of which the trustee, attorney or receiver is aware and which have priority to the charge;
- (f) sixth, in payment to the Trustee towards satisfaction of money received by or payable to the Trustee;
- (g) seventh, other security interests which the Trustee, attorney or receiver is aware and which are due and payable in accordance with their terms; and
- (h) eighth, payment of any surplus.

## 18.2 The Trustee

The Trustee's duties are set out in the Trust Deed and the Corporations Act.

The Trustee is subject to an indemnity in respect of actions, proceedings, claims, damages, losses, liabilities, costs and expenses incurred in performance of its duties under the Trust Deed. Subject to the Corporations Act, the Trust Deed limits the Trustee's liability.

The Trustee must exercise reasonable diligence to ascertain whether the property of Bell Potter Capital that is or should be available will be sufficient to repay the amount invested or lent when it becomes due. The Trustee will also exercise reasonable diligence to ascertain when Bell Potter Capital has committed any breach of the Trust Deed or the Corporations Act.

The Trustee is entitled to be paid a fee agreed with Bell Potter Capital and to be paid for all costs, charges and expenses.

The Trustee may retire on no less than 60 days' notice.

## 18.3 Subordinated loan facility

There is an agreement between Bell Financial Group and Bell Potter Capital dated 11 May 2006 which provides that Bell Financial Group provides to Bell Potter Capital access to a facility of up to \$15m. Bell Potter Capital pays interest on the amount that it accesses under the facility and must repay the amount to Bell Financial Group in such a manner as agreed by the parties from time to time, subject to the terms of the Trust Deed.

The terms of the agreement are supported by a deed poll between the Trustee and Bell Financial Group dated 30 November 2007. Under the deed poll, Bell Financial Group agrees for the Trustee's benefit to comply with the subordinated loan agreement and to not amend this agreement without the Trustee's consent whilst any notes are on issue under the Trust Deed.

## 18.4 Guarantee

Bell Financial Group has given a guarantee to the Trustee of all amounts outstanding (being all amounts owing by Bell Potter Capital by way of principal, interest, fees, costs and expenses under the Trust Deed) and the performance of Bell Potter Capital's other obligations under that Deed. If amounts owing by Bell Potter Capital are not paid when due, Bell Financial Group must immediately on demand from the Trustee pay those amounts to the Trustee. Bell Financial Group indemnifies the Trustee for claims, losses and expenses relating to the failure by Bell Potter Capital to perform an obligation under the Trust Deed. The liability of Bell Financial Group under the guarantee must be released by the Trustee if Bell Potter Capital requests, but only if the Trustee receives an auditor's opinion that the release will not result in a breach of the financial covenants in the Trust Deed. The liability of Bell Financial Group will also cease if as a result of a change of ownership of shares in Bell Potter Capital, Bell Potter Capital ceases to be a subsidiary of Bell Financial Group and Bell Potter Capital gives a director's certificate stating that the cessation of the guarantee would not result in a breach of the financial covenants in the Trust Deed.

## 18.5 Bell Potter Margin Loan Trust

The Bell Potter Margin Loan Trust (BPMLT) was established on 12 December 2007 to provide an additional source of finance for margin loans offered by Bell Potter Capital. The framework which establishes BPMLT follows well accepted commercial and legal principles. Bell Potter Capital may offer to transfer loans to BPMLT and it receives the full amount outstanding of those loans as consideration. Bell Potter Capital continues to service the loans in BPMLT and BPMLT is fully consolidated into Bell Potter Capital's financial accounts. Bell Potter Capital invests in both subordinated and senior notes in BPMLT and is paid interest on those notes. In addition, Bell Potter Capital receives fees and any residual income from BPMLT. BPMLT finances the margin loans that it purchases by a combination of bank borrowing and the potential to issue notes to the wholesale capital markets. Borrowings by BPMLT have no recourse to Bell Potter Capital.

The BPMLT is funded by a bank facility with a limit of \$100m and as at 10 April 2014 was drawn to \$18m. That facility is an ongoing facility which is reviewed each six months. Each review extends the facility for 12 months.

The funding arrangements with BPMLT are subject to a range of terms and conditions. If the arrangements were to become unavailable, it would require margin loans within the BPMLT to be repaid or refinanced. The Company is not required to repay those borrowings and they do not rank in priority to note holders.

## 18.6 Agreement with TPP

Bell Potter Capital has entered into a services agreement with TPP. Under the agreement, TPP is obliged to provide a number of services, including the following services:

- make offers to people to arrange for the issue, variation or disposal of financial products by Bell Potter Capital;
- handle and administer instructions from you in relation to Direct Cash Accounts and provide you with information about your Direct Cash Account; and
- handle, administer and resolve your complaints.

In return, TPP is paid a fee as outlined in section 16.4 of this prospectus.

## 18 Material documents and privacy cont.

### 18.7 Privacy

We respect your privacy. Any personal details provided to Bell Potter Capital (whether by you, your broker or otherwise) will be used to administer and report on your application for secured notes. By way of example, we will use your information to assess and process your application and provide you with relevant information.

Tax and company law requires some of the information to be collected in connection with your application. If you do not provide the information requested, your application may not be able to be processed efficiently or at all.

The Company may disclose your personal information for purposes related to your investment. Such people may include your broker, advisers, agents, government regulators, custodians, mailing houses, administrators and auditors or as otherwise authorised under the Privacy Act 1988 (Cth).

Where any of these persons are located outside Australia, your personal information may be disclosed to such overseas recipients.

If you become a secured note holder, your information may also be used or disclosed from time to time to inform you about the Company's products or services that the Company thinks may be of interest to you. If you do not want your personal information to be used for this purpose, you should contact:

Bell Potter Capital  
PO Box 4718  
Melbourne VIC 3001

The information may also be disclosed to your broker, to members of the Bell Financial Group of companies and to their agents and service providers on the basis that they deal with such information in accordance with Bell Potter Capital's privacy policy.

The Company's privacy policy contains information about how you may access your personal information that is held by the Company and seek correction of such information. Our privacy policy contains information about how you may complain about a breach of the Australian Privacy Principles (as set out in the Privacy Act 1988 (Cth)) that bind the Company, and how we will deal with such a complaint.

If you would like a copy of the Company's privacy policy, free of charge, please call us on 1800 061 327.

# Corporate

For further information, or a copy of this prospectus, please contact your broker.

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## Third Party Platform Pty Ltd

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### Postal Address

GPO Box 1630  
Sydney NSW 2001

### Telephone

1300 786 299

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## Bell Potter Capital Limited

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### Registered office

Level 29, 101 Collins St  
Melbourne VIC 3000

### Postal address

PO Box 4718  
Melbourne VIC 3001

### Telephone

1800 061 327  
8am – 5pm EST  
– toll free within Australia

### Fax

03 9256 8765

### Website

[www.bellpotter.com.au](http://www.bellpotter.com.au)

### Email

[cash@bellpotter.com.au](mailto:cash@bellpotter.com.au)

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## Trustee

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The Trust Company (Australia) Limited  
Level 3, 530 Collins Street  
Melbourne VIC 3000

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## Auditor

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KPMG  
147 Collins Street  
Melbourne VIC 3000

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## Legal Advisers

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Ashurst Australia  
225 George Street  
Sydney NSW 2000