

WHOLESALE CLIENT CLASSIFICATION.

**Bell Potter
Securities Limited**

Stockbrokers, Providers of Scaled
Exchange Traded Securities
Advisory, Execution, Clearing &
Settlement Services.

Australian Financial Services
Licence No. 243480
ABN 25 006 390 772

Market, Clearing and Settlement
Participant of the ASX and a
Trading Participant of CHI-X, NSX
& IR Plus.

BELL POTTER

SOPHISTICATED AND WHOLESALE INVESTOR CERTIFICATE OF NET ASSETS/ GROSS INCOME

BELL POTTER

To be applied to all accounts (in their name or as trustee) controlled by individual/company named below.

PURSUANT TO CORPORATIONS ACT SECTIONS 708(8)(c) – OFFERS THAT DO NOT NEED DISCLOSURE AND 761G(c) – MEANING OF RETAIL AND WHOLESALE CLIENT FOR THE PROVISION OF FINANCIAL SERVICES

TO BELL POTTER SECURITIES LIMITED, AUSTRALIAN FINANCIAL SERVICES LICENSEE NO 243480

I,

Full name of Approved Accountant

of, Approved Accountant firm

Name of firm of Approved Accountant

Address of Firm of Accountant

Contact Telephone Number

am a **Qualified Accountant¹** for the purposes of Sections 708(8) (c) ² and Section 761(7)(c)³ of the Corporations Act.

I belong to the following professional body

Name of Professional Body

My membership number and classification from this professional body is

Membership Number

Membership Classification

I comply with this professional body's continuing professional development requirements.

I CERTIFY that the individual/company whose details are set out below has:

Net assets of at least \$2.5 million, or

Gross income for each of the last two financial years of at least A \$250,000 a year.

Name of the individual/Company:

Address of individual/Company:

Signature of Accountant

Print Name

Date

¹ ASIC has declared that members of the following Australian accounting bodies as qualified accountants for the purpose of certifying an investor's assets or incomes:- Chartered Accountants Australia and New Zealand (formerly The Institute of Chartered Accountants in Australia), CPA Australia and the Institute of Public Accountants along with a number of eligible foreign professional bodies who can be confirmed on request.

The Explanatory Statement for ASIC Corporations (Qualified Accountant) Instrument 2016/786 says the preparation of a certificate under subsections 708(8)(c) or 761G(7)(c) of the Corporations Act requires the same type of professional accounting experience and skill as those used when compiling or auditing a financial report.

² s708 (8)(c) provides that an offer of a body's securities does not need disclosure to investors if this Certificate, not more than 2 years old, is provided. Otherwise, any issue of a financial product will be accompanied by a Prospectus or similar disclosure document pursuant to s 705 or a Product Disclosure Statement pursuant to s 1012B (3).

³ s 761G (7)(c) provides that financial products and financial service which is not or is not related to a general insurance product, a superannuation product or an RSA product can be provided to an investor as a wholesale investor if this Certificate, not more than 2 years old, is provided.

Under the Corporations Act Wholesale investors are not required to be provided with a Financial Service Guide, a Statement of Advice, a Warning when providing general securities advice or Confirmation of transactions and the financial services provider is not required to Have a Reasonable Basis of Advice, keep a Record of Advice when further personal advice is given, to make available internal disputes resolution procedures and provide an external disputes resolution scheme.

Notwithstanding these provisions of the Corporations Act it is Bell Potter Company Policy to have a reasonable basis for all personal advice that it provides based on knowledge of the investor client and knowledge of the financial product. Also, at Common Law Bell Potter has an obligation to act in the best interests of its clients, use reasonable skill and care, exercise that degree of competence that a reasonable financial adviser would exercise, and avoid conflicts of interest where they cannot be managed by disclosing them to the client.

EXPLANATION OF THE CLASSIFICATION OF A CLIENT AS A WHOLESALE CLIENT

The Corporations Act, which regulates the provision of financial services provides for the classification of investors in the securities markets as either Retail Clients or Wholesale Clients, with the latter classification made on the basis of the Client being either a Sophisticated Investor or a Professional investor.

The investor protection provisions of the Corporations Act are concentrated on the Retail investor and classification of a Client as a Wholesale Client removes those statutory protections. The initial part of the classification of a Client as a Wholesale Investor as being either Sophisticated or Professional is according to the value of the net assets controlled by the Investor, or in the case of the Sophisticated Investor Client, the investor's annual gross income.

The Sophisticated Investor Client, needs to have either net assets of at least A\$2.5 million, or a gross annual income for each of the last 2 years of at least A\$250,000, evidenced by a Sophisticated Investor Certificate of Net Assets/Gross Income in the form of the attached Certificate, signed by a Qualified Accountant, which is good for 2 years from its date of its issue.

Sophisticated Investor Clients can participate in capital raisings by exchange listed companies without disclosure (i.e. without the availability of a Prospectus which has been lodged with ASIC) enabling them to participate in company Placements, whereas Retail Clients can only participate in capital raisings through a Prospectus, or a similar disclosure document, which has been lodged with ASIC.

While there are a number of bases on which an Investor can qualify as a Professional Investor Client the most common basis is the personal control of at least \$10 million, including any amount held by an associate or under a trust that the Client manages.

Investors who do not qualify as a Wholesale Investor, on the basis of being either a Sophisticated Investor or a Professional Investor, are Retail Investors.

The protections for the Retail Investor are based on the following statutory obligations;

- the provision of a Financial Services Guide,
- the identification of the objectives, financial situation and needs of the Retail Client,

- the identification of the circumstances of the Retail Client relevant to the Advice being sought,
- the issue of Statements of Advice to a Retail Client or the making of Records of Advice provided to a Retail Client,
- acting in the Best Interests of the Retail Client in relation to advice provided to the Retail Client,
- the provision of Appropriate Advice to the Retail Client,
- the provision of a Warning to the Retail Client if the circumstances disclosed by the Retail Client appear incomplete or inaccurate
- the prioritisation of the Interests of the Retail Client, and
- making available to the Retail Client an internal disputes resolution procedure and an external disputes resolution scheme.

One of the upshots of these statutory obligations is that Advisers with Retail Clients pursuing higher risk strategies either by utilising Leverage (via Options or Warrants) or Gearing (via Margin Lending or other Borrowings) or investing in Speculative issues need to be absolutely certain that the pursuit of those strategies are in the Best interests of the Retail Client (that is, likely to leave the Client in a better position) and are appropriate to the Retail Client having regard to the Client's personal and financial situation.

Consequently, the Adviser's enquiry into, and understanding of, the Retail Client's personal and financial situation, in order to identify the circumstances of the Client relevant to the Advice being sought, as well as the appropriateness of the Retail Client's investment objectives and needs, have to be much more penetrating and perceptive than was previously the case.

Notwithstanding that the Wholesale Client does not have access to the abovementioned statutory protections which only benefit Retail Clients, (as noted at the foot of the Company's form of Sophisticated Investor Certificate of Net Assets/Gross Income); Bell Potter Securities Ltd is obliged at Common Law to act in the best interests of its Clients, use reasonable care and skill, exercise a degree of competence that a reasonable financial adviser would exercise and avoid conflicts of interest where they cannot be managed by disclosure.

Also it is Company Policy to have a reasonable basis of advice for all personal advice that is provided to Wholesale Clients, based on the Adviser's knowledge of the Wholesale Client and the financial product recommended and to prioritise the Wholesale Client's interests and avoid potential conflicts of interest where they cannot be managed by disclosure to the Wholesale Client. Also our internal disputes resolution processes are available to Wholesale Clients, as is our external dispute resolution scheme, subject to the prevailing statutory limits.

The other part of the classification of a Client as a Wholesale Client is based on the Client being a Sophisticated Investor Client, is the Client having experience in investing in the securities markets, that is, the exchange traded securities markets which we service. This needs to be confirmed by the Client by detailing reasonable grounds to evidence the existence of this experience, which needs to be confirmed in writing to us by means of the Experience in Investing in Securities Certificate.

The classification of an Account as Wholesale on the basis of the Client being a Sophisticated Investor Client needs to be renewed every 2 years by the production of both a fresh Sophisticated Investor Certificate of Net Assets/Gross Income and an Experience in Investing in Securities Certificate, which we will remind Clients of in advance of the expiry of the classification.

In conclusion, we confirm that the classification of the above Account as a Wholesale Account will entail the Account foregoing the Corporations Act protections available to a Retail Client in relation to capital raisings by means of the availability of a Prospectus which has been lodged with ASIC, as well as the statutory protections available to Retail Clients in relation to advice provided pertaining to those capital raisings and generally in relation to the exchange traded securities markets and rely on the Common Law and Company Policy.

Importantly, all Retail Clients have the option to remain classified as a Retail Client, or after being classified as a Wholesale Client to revert to being classified as a Retail Client, providing prior written notice is provided to the Company, the receipt of which has been confirmed in writing by the Company.