

Thank you for requesting this Product Disclosure Statement from Funds Focus.

Fee Reduction

As highlighted within our offers page, most margin loans typically pay an adviser a trail commission of between 0.3%-0.7%pa. Applications lodged through Wealth Focus receive a rebate enhancing the interest rate you pay.

How to Apply

Please have a read through the PDS and if you would like to invest the application pages can generally be found towards the back of the document. You will only need to send the application section back with a cheque payable direct to the investment company (not ourselves). You should take note of any minimum investment amounts that may apply.

Then mail the completed application directly to us.

We will then check to ensure your form is completed correctly before forwarding your document on to the investment provider on your behalf.

Wealth Focus Pty Ltd
Reply Paid 760
Manly
NSW 1655

Please note that we are unable to track applications mailed directly to the product provider and therefore cannot guarantee that your discounts have been applied in these instances.

Should you wish to take advantage of our free annual valuation and tax report for all your investments you should complete our broker nomination form for The Wealth Focus Investment Service.

Regards

Suliman Ravell
Managing Director



Requirements for verifying your identity under the new Anti Money Laundering (AML)/Counter Terrorism Financing (CTF) Act

The new AML/CTF Act came into effect on the 12th December 2007. All financial planning and fund management companies are now required to collect, verify and store specific customer information before arranging certain services such as managed investments for a client. It is designed to prevent, detect and protect Australian business from money laundering and the financing of terrorist activities.

We are currently in a transition phase and as such whilst most companies will not accept any new business without a person identity being verified, there are a number that still do not. To avoid confusion, we request that all new applications are sent with 'certified documentation'.

We've found that the easiest way to provide the required documentation is to have a copy of your driving licence or passport certified by Australia Post or a Justice of the Peace (please see following page for a full list of individuals that can certify documentation).

Once this has been completed, under the current requirements we will not require you to send identification again.

What you need to do

You will need to enclose a certified piece of photographic evidence or one piece of primary non-photographic evidence and one piece of secondary evidence (please refer to the Identification Form for document requirements), with your application form and post to us at the following address

Wealth Focus Pty Ltd

Reply Paid 760

Manly

NSW 1655

Please do not send us original driving licences or passports as these can very easily get lost in the post. Copies of documents can be certified by an authorised individual, they will need to sight and verify that the copy is a 'certified true copy', sign, date, print their name and list their qualification.

ANTI-MONEY LAUNDERING REQUIREMENT FOR NEW APPLICATIONS
IDENTIFICATION FORM
INDIVIDUALS & SOLE TRADERS

GUIDE TO COMPLETING THIS FORM (MUST BE INCLUDED WITH ALL NEW APPLICATIONS)

- Complete one form for each applicant. Complete all applicable sections of this form in **BLOCK LETTERS**.
- Please contact us on 1300 55 98 69 if you have any queries.
- If you wish to apply in the name of a super fund, trust or company, please contact us for an alternative identification form.

SECTION 1A: PERSONAL DETAILS

Surname

Date of Birth dd/mm/yyyy

Full Given Name(s)

Residential Address (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

COMPLETE THIS PART IF INDIVIDUAL IS A SOLE TRADER

Full Business Name (if any)

ABN (if any)

Principal Place of Business (if any) (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

Who can verify customer identity documents?

Please find below a list of all the Approved Individuals that can certify documents:

- **A Justice of the Peace**
- **An agent of the Australian Postal Corporation** who is in charge of an office supplying postal services to the public, or a permanent employee with more than two years continuous service (who is employed in an office supplying postal services to the public)
- A notary public (for the purposes of the Statutory Declaration Regulations 1993)
- A person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described)
- A judge, magistrate, registrar or deputy registrar of a court
- A chief executive officer of a Commonwealth Court
- A police officer
- An Australian consular or diplomatic officer (within the meaning of the Consular Fees Act 1955)
- An officer or finance company officer with two or more continuous years of service with one or more financial institutions (for the purposes of the Statutory Declaration Regulations 1993)
- An officer with, or authorised representative of, a holder of an Australian Financial Services Licence, having two or more continuous years of service with one or more licensees, and
- A member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with more than two years continuous membership.

VERIFICATION PROCEDURE

Attach a certified copy of the ID documentation used as proof of identity. ID enclosed should verify the **applicant's** full name; and **EITHER** their date of birth or residential address.

- Complete Part I (or if the individual does not own a document from Part I, then complete either Part II or III.)
- Contact your licensee if the individual is unable to provide the required documents.

PART I – ACCEPTABLE PRIMARY ID DOCUMENTS

Tick ✓	Select ONE valid option from this section only
<input type="checkbox"/>	Australian State / Territory driver's licence containing a photograph of the person
<input type="checkbox"/>	Australian passport (a passport that has expired within the preceding 2 years is acceptable)
<input type="checkbox"/>	Card issued under a State or Territory for the purpose of proving a person's age containing a photograph of the person
<input type="checkbox"/>	Foreign passport or similar travel document containing a photograph and the signature of the person*

PART II – ACCEPTABLE SECONDARY ID DOCUMENTS – should only be completed if the individual does not own a document from Part I

Tick ✓	Select ONE valid option from this section
<input type="checkbox"/>	Australian birth certificate
<input type="checkbox"/>	Australian citizenship certificate
<input type="checkbox"/>	Pension card issued by Centrelink
<input type="checkbox"/>	Health card issued by Centrelink
Tick ✓	AND ONE valid option from this section
<input type="checkbox"/>	A document issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits to the individual and which contains the individual's name and residential address
<input type="checkbox"/>	A document issued by the Australian Taxation Office within the preceding 12 months that records a debt payable by the individual to the Commonwealth (or by the Commonwealth to the individual), which contains the individual's name and residential address. <i>Block out the TFN before scanning, copying or storing this document.</i>
<input type="checkbox"/>	A document issued by a local government body or utilities provider within the preceding 3 months which records the provision of services to that address or to that person (the document must contain the individual's name and residential address)
<input type="checkbox"/>	If under the age of 18, a notice that: was issued to the individual by a school principal within the preceding 3 months; and contains the name and residential address; and records the period of time that the individual attended that school

PART III – ACCEPTABLE FOREIGN ID DOCUMENTS – should only be completed if the individual does not own a document from Part I

Tick ✓	BOTH documents from this section must be presented
<input type="checkbox"/>	Foreign driver's licence that contains a photograph of the person in whose name it issued and the individual's date of birth*
<input type="checkbox"/>	National ID card issued by a foreign government containing a photograph and a signature of the person in whose name the card was issued*

*Documents that are written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.



Flexible Investment Facility

Margin lending and investment
protection alternatives for
your portfolio

 **citi** smith barney



INTRODUCING CITI SMITH BARNEY.

Citi Smith Barney is fully owned by the Citigroup Inc. group of companies. Citigroup Inc. ("Citi") is a global banking, full service investment banking and securities brokerage firm, and is one of the largest financial services organisation in the world. Citi operates in 100 countries, providing some 200 million consumers, corporations, governments and institutions with a broad range of financial products and services.

ABOUT CITI SMITH BARNEY'S MARGIN LENDING.

Citi Smith Barney works in conjunction with Citi to bring you the Flexible Investment Facility.

Citi Smith Barney has more than US\$20.1 billion in margin loans under management globally. This global strength, coupled with our local expertise, allows us to provide a Flexible Investment Facility that offers you more choice, more options and more flexibility.

SUPPORT YOUR INVESTMENT DECISIONS WITH THE
POWER AND GLOBAL NETWORK OF CITI.

You are essentially dealing with two entities of Citi when using the Flexible Investment Facility. Citigroup Global Markets Australia Pty Limited (“CGMA”) is the Lender. Citi Smith Barney Pty Limited (“Citi Smith Barney”) is the Agent, usually the dealer and broker. From time to time, either entity may be your CHESSE sponsor.

The Flexible Investment Facility is subject to an Agreement between you and CGMA as set out in the Terms and Conditions of this booklet. The Terms and Conditions set out your rights and obligations relating to various services offered under the Flexible Investment Facility, and it is important that you read and understand them prior to entering into an Agreement. If you are trading options within the Flexible Investment Facility, it is important that you read the OptionWriter Product Disclosure Statement, which is attached to this brochure at page 61. You should also fully understand the relevant risks, the nature and extent of your risk tolerances and any legal or tax consequences of making an investment in the Flexible Investment Facility.

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It's all about choice.

The Flexible Investment Facility offers a comprehensive and practical approach to your investments – but most of all – it's about choice. A choice of service, a choice of investment, and the choice of timing! It's about relevance and convenience to you.

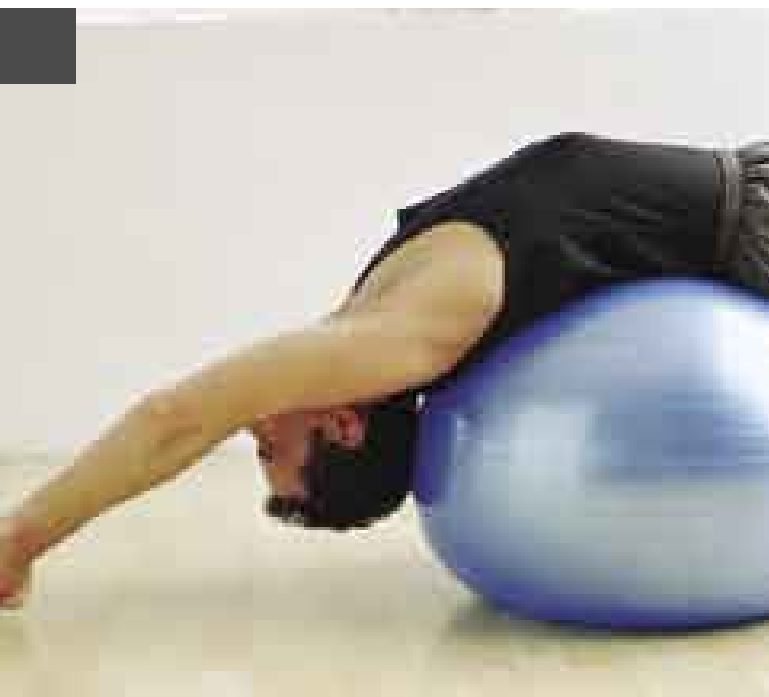
Encompassing a series of services, the Flexible Investment Facility offers a unique investment platform. Choose the services that you need and integrate them into a powerful borrowing facility that strives to achieve the specific goals of your financial affairs.

Margin Lending: Increase your investment power and liquidity by borrowing against more than 1,750 securities, instalment warrants and unlisted managed funds.

GearInvest: Use a simple and automated savings strategy to combine the benefits of regular investing with margin lending, and build an investment portfolio over time.

Investment Protected Loans: Establish a share portfolio by borrowing up to 100% of the required finance - an amount that can be fully protected against any capital loss.

OptionWriter: Combine margin lending with a range of options strategies to protect your portfolio and/or generate additional income against your shares.



WHY USE THE FLEXIBLE INVESTMENT FACILITY?

Access to a flexible range of services: Including margin lending, instalment gearing, protected loans and options strategies. All services can be linked together and structured to suit your specific investment requirements.

Flexible loan arrangements: Margin loans are available up to \$3 million. Loans over \$3 million may be approved but are subject to Citi Smith Barney's credit approval process.

No limitations on loan duration: The facility operates as an uncommitted line of credit, ensuring that no limitations apply to the timeframe of your investment loan. Citi Smith Barney may ask you to repay a loan under the facility at any time, after notice has been provided.

Flexible use of borrowings: Borrowings through the facility can be used to:

- Fund investments in listed shares
- Fund investments in listed hybrid securities
- Fund investments in sharemarket floats as they occur
- Fund units in unlisted managed funds
- Free up capital in an existing investment portfolio

Competitive interest rates: We aim to keep our stated interest rates competitive against both market forces and other lending services. Our interest rates are updated regularly and may be viewed on our website - www.marginlending.citi.com.au.

Powerful gearing ratios and approved securities: Gearing ratios are available from 30% to 85% on the current market value of more than 1,800 approved securities.

Low fees: We aim to keep our fees and charges to a minimum. Our current fee structure offers:

- No transaction fees (excluding brokerage charges)
- No account keeping fees
- No application fees for individuals
- Company and Trust applications only \$150
- An early repayment fee of \$500 when a margin loan is repaid within four months of its initial draw down date. (The fee for early repayment or termination of an Investment Protected Loan may be higher, and is discussed further on page 19 of this brochure)

Fast approval: A Flexible Investment Facility is usually approved within 48 hours of receipt of a correctly completed application form, and is subject to any further documentation we may request from you.

Share registration: Shares are normally held in your name, so you obtain entitlement to all share issues, dividends and franking credits.

Easy application process: Simply complete the application form at the back of this booklet. You may be pre-approved to use all of the services within the Flexible Investment Facility. This allows you to initiate these services at a future date as they become more relevant to your financial affairs.



INCREASE YOUR
INVESTMENT POWER
AND LIQUIDITY.

SECTION ONE

Margin Lending.

GEARING.

Borrowing to invest or “gearing” is an increasingly popular investment strategy in Australia. Individuals, companies and even governments all use gearing in some form to increase their investment power and liquidity.

A popular form of gearing for Australian individuals is borrowing to invest in residential real estate. However, an increasing number of Australians are discovering the benefits of gearing into the sharemarket. This strategy is known as margin lending.

At Citi Smith Barney, we aim to provide a service that not only builds a personalised margin lending solution - but also provides a proactive and flexible platform, which is readily available when you need it.

WHAT IS MARGIN LENDING?

A margin lending facility is simply a line of credit (much like an overdraft), which is secured by shares or managed funds (known as “security” or “collateral”).

The amount that you may be permitted to borrow or “gear” through margin lending is determined by the type and value of the security you lodge.

Citi Smith Barney will lend between 30% and 85% against the market value of 1,800 approved securities, unlisted managed funds, listed hybrid securities and instalment warrants. You can obtain our list of approved securities by calling our Client Service Team on 1800 062 794, or visiting our website - www.marginlending.citi.com.au

The amount you are permitted to borrow is at our discretion, and may be determined by your credit limit, the movement in the market value of your collateral and any other relevant factors.

WHY SHOULD I USE MARGIN LENDING?

INCREASE THE LIQUIDITY AND DIVERSITY OF YOUR PORTFOLIO.

Through a margin loan, you can borrow against your existing share portfolio and use the funds to make further share purchases without selling your existing shareholdings. This gives you the opportunity to diversify your existing investments and increase the liquidity of your portfolio.

INCREASE YOUR SPENDING AND INVESTMENT POWER.

The Flexible Investment Facility allows you to borrow against a list of more than 1,750 approved securities. This allows you to increase the size of your investment portfolio over and above the amount that you could have invested with your own funds. As the value of your investments increase, so do your potential returns (see opposite page.)

BENEFIT FROM POSSIBLE TAX ADVANTAGES.

There are a number of potential tax benefits associated with margin lending, these include:

Interest deductibility: Interest costs charged on margin loans may be tax deductible. If the interest cost of the loan is greater than the income received from the investment portfolio (e.g. dividends and franking credits), you may be able to offset these costs against your other assessable income. This concept is referred to as “negative gearing”.

Prepayment of interest: You can elect to prepay the interest on your margin loan for up to 12 months in advance. In doing so, you fix the amount of interest paid and bring forward a tax deduction against your other income in the current financial year.

Reduced capital gains tax liabilities: When you sell existing investments, you may be inadvertently forcing a capital gain within your investment portfolio. Borrowing against your existing investment portfolio enables you to fund additional purchases without selling your existing investments. By retaining an investment for more than 12 months, you may be eligible to receive a capital gains tax concession.

Increased franking credits: By increasing your exposure to the sharemarket through a margin loan, you increase your ability to receive more dividends and franking credits. This may be valuable to you depending on your financial and tax circumstances.

Tax consequences of margin lending are specific to each individual. Therefore, we recommend that you obtain professional, independent tax and legal advice on the suitability of margin lending for your financial affairs.

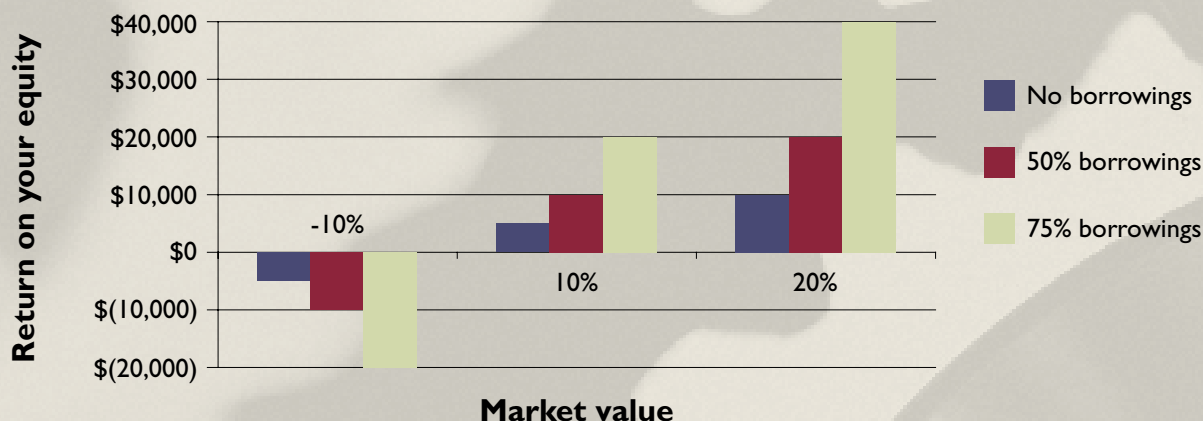
AN ALTERNATIVE BUSINESS OR INVESTMENT LOAN.

The Flexible Investment Facility can be used for any business or investment purpose. This means that you can borrow cash against your existing investment portfolio for business purposes, such as:

- the maintenance of business liquidity and cash flows
- the purchase of equipment, assets and machinery
- bridging finance

The graphs on the following pages are examples only. They are provided to illustrate how your investment funds can be influenced through margin lending.

IMPACT OF RETURNS THROUGH GEARING.



Assumptions are based on the lodgement of \$50,000 cash and do not take into account interest charges, dividends or franking credits. (Please note: interest charges will reduce your returns). The above graph is an example only, which illustrates how your investment funds can be influenced through margin lending, and is not an indication of actual or future performance.

1. ASSUMING NO BORROWING IN YOUR PORTFOLIO.

If you elect not to borrow and simply invest \$50,000 into the sharemarket, you would generate a return of \$5,000 assuming the value of your investments increase by 10%.

2. ASSUMING YOU GEAR UP TO 50% ON YOUR PORTFOLIO.

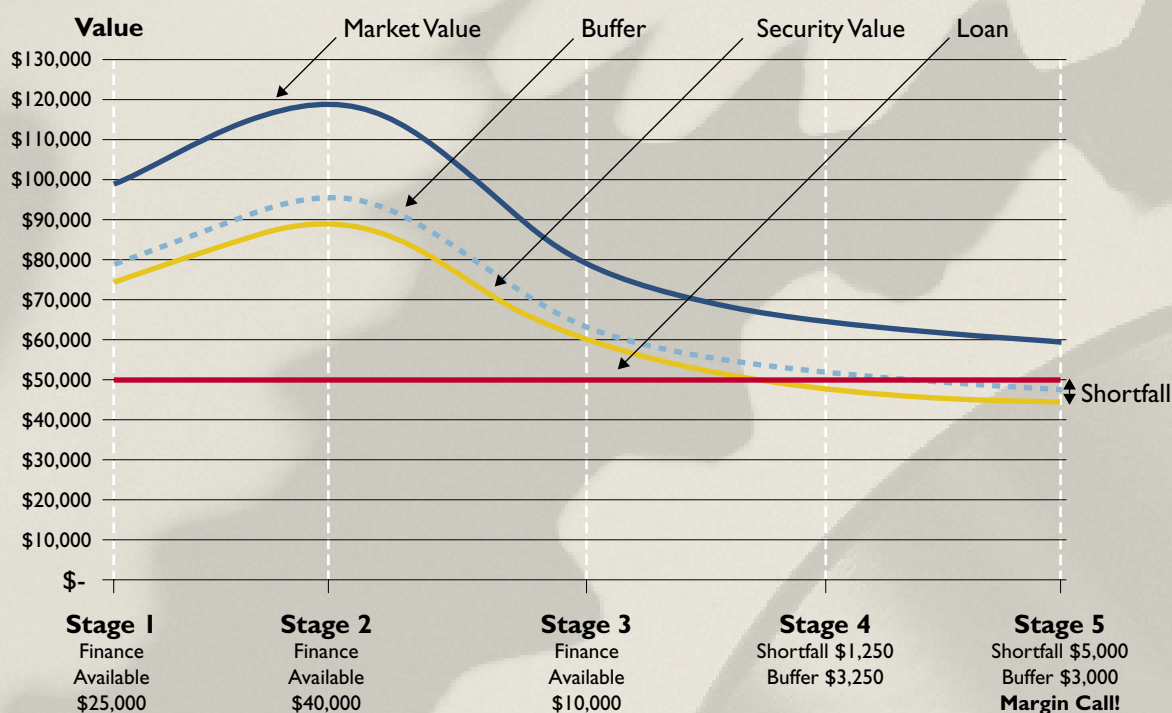
Alternately, if you elected to gear your \$50,000 by borrowing an additional \$50,000 (this gears your portfolio to 50%), you would increase your investments to \$100,000. Assuming the value of your investments increase by 10%, a return of \$10,000 would be achieved.

3. ASSUMING YOU GEAR UP TO 75% ON YOUR PORTFOLIO.

Gearing your \$50,000 to 75% increases your investment portfolio to \$200,000, and would enhance your returns even further if the value of your investments increase. For example, you would achieve a return of \$20,000 assuming the value of your investments increase by 10%, and a return of \$40,000 if your investments were to increase in value by 20%.

As can be seen by this example, the higher you gear the greater the potential returns on your equity. However, you should also be aware that a decrease in the value of your investments would have an equally significant impact on potential losses.

GEARING AND MARGIN CALLS.



This scenario does not take into account interest charges, dividends or franking credits. Please note interest charges, if capitalised, will increase your gearing level.

We assume:

- You contribute \$50,000 cash as security and borrow an additional \$50,000 in the form of a margin loan through our Flexible Investment Facility
- You invest \$100,000 in one stock which has a maximum permitted gearing ratio of 75% and a buffer of 5%
- Your initial security value* is \$75,000 (being 75% of \$100,000)
- Your initial gearing level is 50%

At **stage 1**, your loan is \$50,000 and the security value of your portfolio is \$75,000. Therefore, you have \$25,000 in finance available, which can be borrowed at a later stage or simply used as an additional buffer to absorb any falls in the security value of your portfolio.

By **stage 2**, the market value of your portfolio has increased by 20% to \$120,000 and the security value has increased to \$90,000. Your finance available is now \$40,000.

By **stage 4**, however, the market value of your portfolio has dropped to \$65,000 and the security value has now dropped to \$48,750. This will result in a shortfall of \$1,250. However, a 5% shortfall (or buffer) is permitted on your account, which in this case is \$3,250. Therefore, you would remain within an acceptable gearing level on this loan.

By **stage 5**, we can see that the market value of your portfolio has dropped a further 5% to \$60,000. The security value is now \$45,000, which results in a \$5,000 short fall. The allowable buffer of 5% of the market value is now only \$3,000. Given that the shortfall is greater than the buffer by \$2,000, the loan is now in a margin call position and needs to be rectified.

**The security value is the maximum amount that Citi Smith Barney is prepared to lend against your investments, and is based on the lending ratios of the individual investments in your portfolio (i.e. between 30% and 85%).*

UNDERSTANDING THE RISKS.

Like any investment loan, investing through margin lending involves risk. Although borrowing to increase the size of your investment potentially increases your returns, it can also magnify your losses.

Two common risks associated with margin lending are:

MARKET MOVEMENTS AND YOUR SECURITY VALUE.

When investing through margin lending, it is critical to ensure that the security value of your portfolio is always greater than your loan balance.

For example - assume you have a single stock portfolio with a market value of \$100,000, geared at 75%. The security value of this portfolio would be up to 75% of its market value (or \$75,000).

The difference between your security value and loan balance is your “finance available”. As you can see from the example on page 8, your finance available will change with movements in the market value of your investments. It is important to remember that your portfolio secures your margin loan. Therefore, as the value of your investments fluctuate so will the finance available to you.

You should familiarise yourself with how changes in the security value of your portfolio may affect your obligations to Citi Smith Barney under the Flexible Investment Facility.

MARGIN CALLS.

A margin call occurs when your loan balance exceeds the security value of your portfolio. However, Citi Smith Barney will generally allow you to have a small shortfall or “buffer” within your facility. The shortfall or “buffer” that Citi Smith Barney will allow is calculated as a percentage of the market value of the securities held in your account as security, and is usually calculated as follows:

ASX listed investments	5% of market value
Unlisted managed Funds	10% of market value

Once a margin call is triggered, you are required to bring your account into an acceptable gearing level within a specified time period. This is usually before 3pm (EST) on the following business day.

To meet a margin call you will need to:

- reduce your loan by depositing funds into your Flexible Investment Facility
- provide additional approved securities to increase the security value of your portfolio
- sell sufficient investments at short notice to reduce your overall gearing level

If you do not meet a margin call within the specified time period, Citi Smith Barney will sell sufficient securities to bring your loan back to an acceptable gearing level.

There are other risks that may be associated with margin lending, and we recommend you read and understand the risks outlined in the Terms and Conditions on page 33.

HOW TO MANAGE RISK.

There are a number of effective, yet simple ways to manage and reduce the risks associated with margin lending:

Don't borrow the maximum amount available:

There is no obligation for you to borrow to your maximum borrowing capacity. The lower you gear relative to your maximum borrowing capacity, the better you can absorb falls in your portfolio value before a margin call will be triggered.

Using the illustration on page 8 as an example, the market value of this investment portfolio has to fall by 38% before a margin call is triggered.

Maintain a diversified portfolio of quality investments:

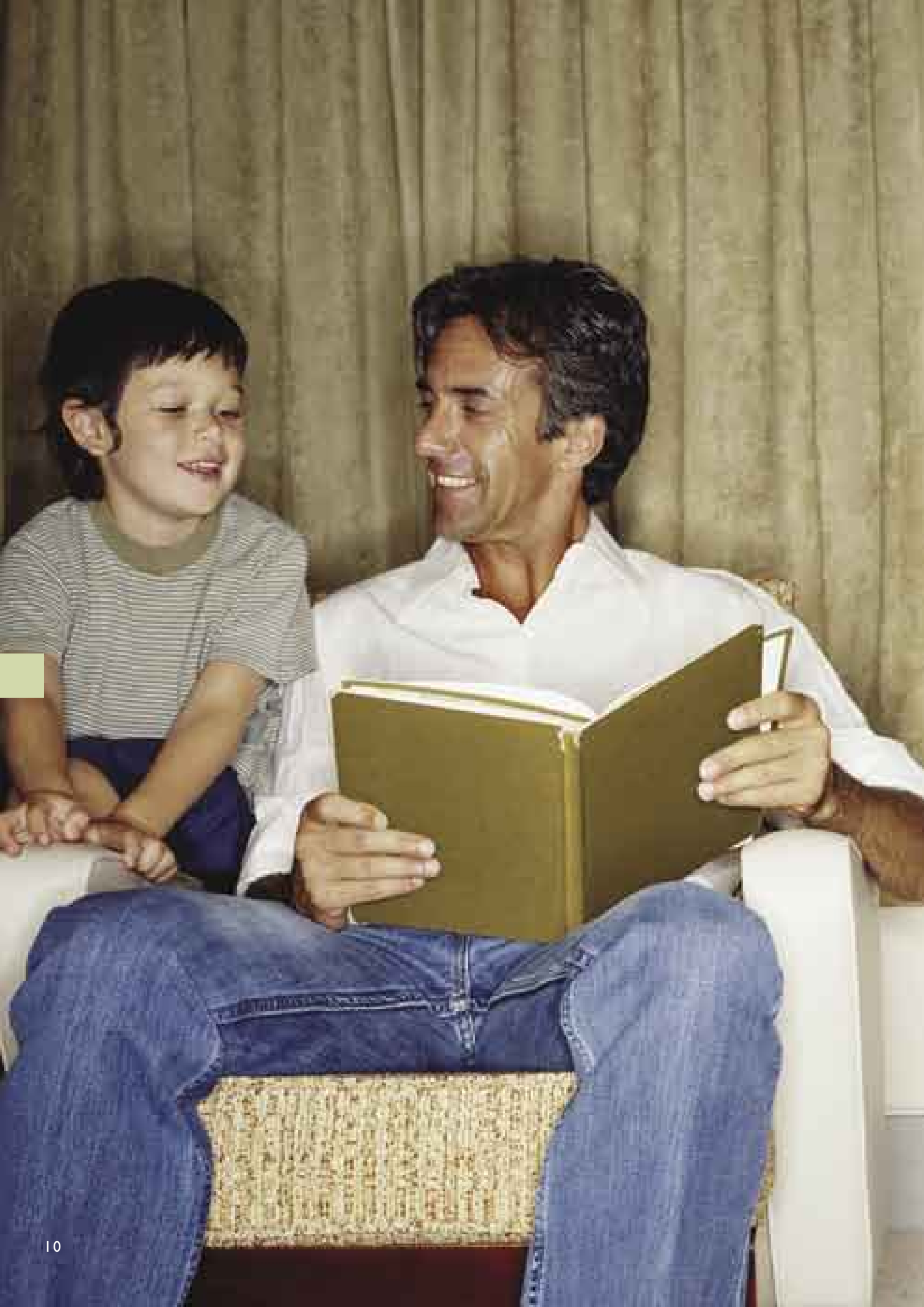
This reduces the likelihood of margin calls as a decrease in one investment may be offset by a gain in another. Investing in quality assets can reduce the risk of both capital loss and margin calls.

Pay interest regularly:

Pay your interest regularly or consider prepaying the interest cost for a fixed period. This will prevent interest capitalising or compounding on your loan, thereby reducing the risk of a margin call.

Credit dividends into your Flexible

Investment Facility: This will help reduce both interest costs and your loan balance.



COMBINE YOUR SAVINGS WITH A MARGIN LOAN AND ACCELERATE YOUR WEALTH.

SECTION TWO

GearInvest.

We all understand the importance of building wealth for the future, whether it's for a deposit on a home or paying for our children's education. With our modern, busy lives - we often find it difficult to establish an effective and structured approach to saving and investment.

GearInvest offers a simple and automated savings strategy that combines the benefits of borrowing to invest with a regular investment plan. It's a simplistic and convenient way for investors with a regular income stream but limited savings to establish an investment portfolio.

WHAT IS GEARINVEST?

The GearInvest savings strategy is a monthly process that combines your savings with a Citi Smith Barney margin loan and invests the combined amount into a regular investment plan. The result is the establishment of an effective wealth creation vehicle, which channels your monthly savings into managed funds preselected by you.

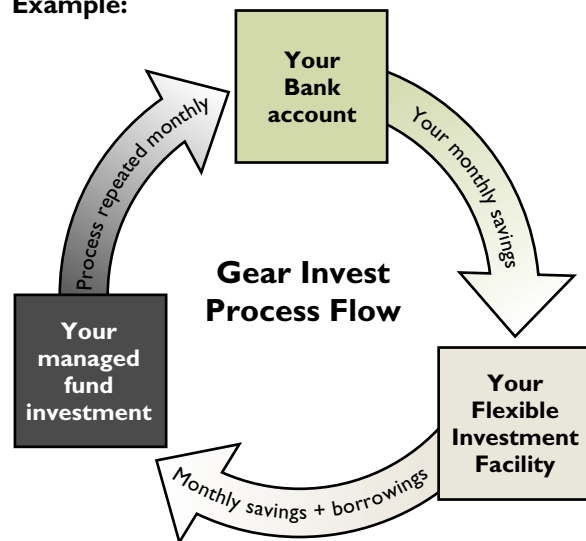
HOW IT WORKS.

After establishing your account and making your initial investment, there are two basic steps involved in the monthly savings process:

Step 1: An amount nominated by you is withdrawn from your bank account on a specific day each month. It is then deposited into your Flexible Investment Facility.

Step 2: The relevant fund manager(s) of your preselected managed fund(s) withdraws the combined investment amount, which are your savings plus your Citi Smith Barney margin loan or monthly borrowings, from your Flexible Investment Facility and invests the proceeds on your behalf.

Example:



The process is repeated each month, building your equity and portfolio value over time.

WHY SHOULD I USE GEARINVEST?

A DISCIPLINED SAVINGS APPROACH.

A regular savings plan into a managed fund provides a structured approach to saving. GearInvest ensures you are disciplined in making regular contributions to your investments and therefore helps you build wealth gradually.

CONVENIENCE.

The GearInvest process is fully automated. The payment to the fund manager(s) of your regular contribution (the combined amount comprising your funds plus the Citi Smith Barney margin loan), and the process of purchasing units in your nominated managed fund(s) are fully automated. This means you don't have to worry about making the regular investments yourself.

DOLLAR COST AVERAGING.

By making regular investments at fixed intervals (in this case monthly), over a period of time such as 12 months, the worry of timing the entry into the investment is removed. As you drip feed your savings into a managed fund over time, your purchase costs will average out. This often results in a competitive price for your total investment.

POTENTIAL FOR INCREASED RETURNS.

Margin lending and gearing can increase your investment power. By combining your funds with a Citi Smith Barney margin loan, you increase the size of your investment each month. As the value of your investments increase, so may your potential returns.

POSSIBLE TAX ADVANTAGES.

Gearing may create a number of potential tax benefits, including interest deductibility. Tax consequences of using a margin loan under GearInvest are specific to each individual. Therefore, we recommend that you obtain professional, independent tax advice on the suitability of using GearInvest.

CHOICE OF MANAGED FUNDS.

There are over 800 managed funds on Citi Smith Barney's list of approved securities. GearInvest is available on any of these managed funds, provided the fund manager(s) offer a regular savings plan.

KEY FEATURES OF GEARINVEST.

Minimum equity contribution	\$2,500
Minimum monthly borrowings <i>(Citi Smith Barney margin loan)</i>	\$500
Minimum initial investment <i>(amount per fund)</i>	\$1,000
Minimum monthly investment <i>(amount per fund)</i>	\$250
Early repayment/cancellation fee <i>(applicable if you cancel GearInvest within 12 months of commencement)</i>	\$500

UNDERSTANDING THE RISKS.

RISKS ASSOCIATED WITH GEARINVEST AND MARGIN LENDING.

There are no specific risks associated with GearInvest, other than those experienced as part of any common margin lending strategy.

In particular, it is important to recognise that while margin lending provides an opportunity to increase investment returns, it can also increase the effect of declining values on your investments.

There may be other risks associated with margin lending, and we recommend you read and understand the risks outlined on page 47. We also recommend that you obtain independent advice on any tax or legal consequences to your financial affairs of making an investment in GearInvest.

GEARINVEST IN ACTION.

The strategies and graph below illustrate how a hypothetical GearInvest strategy could work.

John and Karen are married with a one-year old son. They have been debating the best way to save enough money to pay for their son's private school education in 10 years time. They have already saved \$5,000 and plan to save an additional \$500 each month over the next 10 years.

John argues that investing the \$5,000 directly into a managed fund and depositing the additional \$500 into this fund each month will enhance their savings substantially.

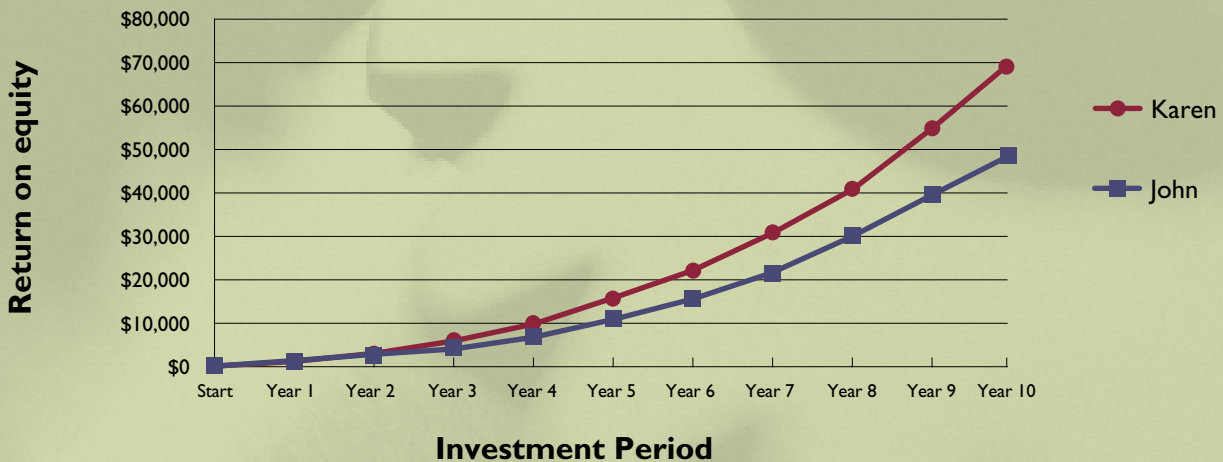
Karen suggests that they could use margin lending to increase the value of their investment. She argues that they could use their \$5,000 as security to borrow another \$5,000, and then invest the combined amount (\$10,000) into a managed fund - at a conservative gearing level of 50%.

Using GearInvest, Karen also knows that they could borrow an additional \$500 each month to combine with their planned monthly savings, and invest \$1,000 each month into the managed fund.

To help them make their decision, we compare the results of the two strategies.

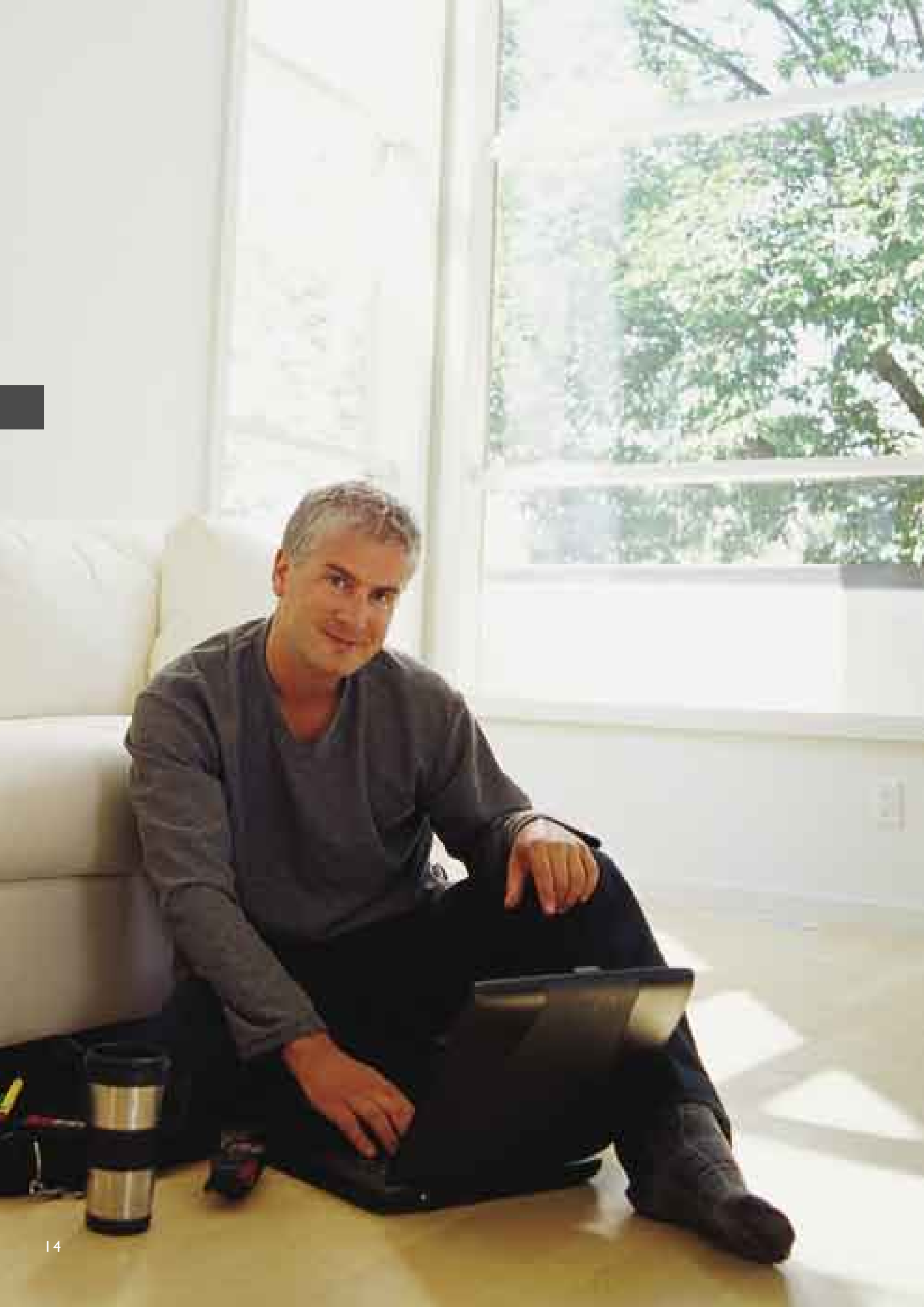
Investment details	John	Karen
Initial equity:	\$5,000	\$5,000
Initial borrowings:	N/A	\$5,000
Initial investment amount:	\$5,000	\$10,000 (Initial equity + initial borrowings)
Monthly investment amount:	\$500	\$1,000 (monthly savings + monthly borrowings)
Total equity contribution over period:	\$65,000	\$65,000
Total Investment amount over period:	\$65,000	\$130,000
Investment Performance		
Investment period:	10 years	10 years
Average return on investment for period*:	10%p.a.	10%p.a.
Margin lending interest rate:	N/A	8.00% (paid monthly)
Client equity after 10 years:	\$113,772	\$134,345
Return on equity:	\$48,772	\$69,345

COMPARING THE RETURNS.



Please note the above graph is an example only, and may not include factors that may influence the sharemarket and/or returns of this strategy.

*Returns do not take into account entry, exit or ongoing management fees charged by the Managed Fund Provider.



PROTECT THE VALUE OF
YOUR SHARE PORTFOLIO.

SECTION THREE

Investment Protected Loan.

This section must be read in conjunction with the OptionWriter Product Disclosure Statement. The issuer of the options under the IPL is Citi Smith Barney Pty Limited. You should read the OptionWriter Product Disclosure Statement on page 61 before deciding whether to acquire an IPL.

Citi Smith Barney's Investment Protected Loan (IPL) is a simple and cost effective way to establish a share portfolio. It is designed for investors who want to enjoy the benefits of gearing while protecting the value of their shares.

The IPL is an interest only loan with a fixed term and a capital guarantee of up to 100%.

WHAT IS AN INVESTMENT PROTECTED LOAN?

An IPL is the combination of four key elements:

The Investment: This is what you invest in. It can be a single stock or a portfolio of shares. The important factor is that you believe the shares will increase in value over the medium to long term. Under an IPL, you will receive all the entitlements from the shares including any dividends, franking credits, voting rights and corporate actions.

The Protection: You can choose to protect your portfolio at 100%, 90% or 80%. The protection level is the amount of capital loss that your portfolio is protected from.

The Loan: You can borrow up to the protection level of your investments. For example, if you choose a protection level of 100%, then you can borrow 100% of the funds to establish your portfolio.

The Cost: This is the interest cost associated with the IPL. Interest costs are higher than interest rates normally associated with margin loans. This reflects the fact that the protection cost is built into the interest rate.

WHY SHOULD I USE AN INVESTMENT PROTECTED LOAN?

1. INVESTMENT PROTECTION.

You can essentially insure your investments against a fall in their value or against falls in the sharemarket. The IPL protects your capital value in a falling market without capping your potential gains.

2. GEARING WITHOUT MARGIN CALLS.

Shares purchased through an IPL are generally not subject to margin calls because the security value of these shares is protected against any fall below their protected price.

3. TAX ADVANTAGES.

The “non-capital” portion of the interest expense should generally be tax deductible. The “capital portion” is deemed to be in the nature of a premium paid to acquire a put option.

Tax consequences of using an IPL are specific to each individual. Therefore, we recommend that you obtain professional, independent tax advice on the suitability of an IPL to your financial affairs.

4. INVEST WITHOUT SUBSTANTIAL CAPITAL.

An IPL is a simple and cost effective way to purchase shares due to the outlay of a minimal amount of capital. The higher the level of protection, the smaller the amount of capital we require from you (i.e. choose 100% protection - and you can borrow the full purchase price of your investment without outlaying any capital).

HOW DOES AN IPL WORK?

To understand the structure further, let's look at a practical example. Assume you want to invest in XYZ over a 3 year period, with 100% protection.

Investment and loan assumptions	
Loan term (years)	3
Stock	XYZ
Purchase price (per share)	\$10.00 per share
Number of shares	10,000
Loan amount	\$100,000
Interest rate (payable annually in advance)	14.50%
Interest cost per annum	\$14,500
Portion of interest cost that can be claimed as a tax deduction (RBA unsecured personal lending rate at the time of loan)	13.1%
Non-deductible portion of interest cost p.a.	1.40%
Average dividend yield per annum	3.50%
Dividend franking level	100%
Marginal tax rate (including Medicare levy)	46.5%
Corporate tax rate for franking purposes	30%

The interest rate appears high but this includes the cost of the loan, plus the cost of the protection. Generally speaking, the interest expense is mitigated by two key factors:

- the majority of the expense should be tax deductible
- you are entitled to the dividends and franking credits from the shares

On the assumption your investments produce dividends or assessable distributions then the “non-capital amount” (see below) of interest on the loan should be tax deductible. Interest on the loan would not be tax deductible if the investments were expected to solely produce capital gains.

Interest on the loan accrues on a daily basis but is prepaid either annually or monthly in advance. Taxpayers who are individuals (who do not incur the interest in carrying on a business) and STS taxpayers should be entitled to claim a deduction for the prepaid interest in the tax year in which the prepayment is made.

For other borrowers, where the amount of the prepaid interest is \$1,000 or more, deductions will be apportioned across the tax years to which the prepayment relates.

The “non-capital amount” of interest is the amount of interest which does not exceed the Reserve Bank of Australia’s Indicator Rate for Personal Unsecured Loans - Variable Rate at the time interest was first paid under the loan (e.g. 13.10% for interest paid in July 2007). These rates are updated on a monthly basis on the RBA’s website at rba.gov.au/Statistics.

Any excess of the interest over the “non-capital amount” is deemed to be in the nature of a premium paid to acquire a put option over the investment assets.

Upon maturity of the loan, if you choose to surrender your shares in full satisfaction of the loan balance then you will be treated as having exercised this put option. In this case you will have disposed of the shares for capital gains tax purposes and the original cost of shares will be increased by the excess amount of the interest on the basis that it is the cost of acquiring the put option by which the shares were sold.

Alternatively, if upon maturity you do not surrender the shares in full satisfaction of the loan balance then the put option will be deemed to have expired unexercised. The expiry of the put option will result in a capital loss (“CGT loss”) equal to the amount of the excess of the interest on the basis that it was the cost of acquiring the put option. Such a CGT loss may be offset against capital gains derived in the current tax year, and to the extent there are none then it may be carried forward to be offset against future capital gains.

These comments are general in nature and do not take into account the specific taxation circumstances of each investor. Therefore, you should not rely on these comments but should obtain specific tax advice referable to your own circumstances and any legislative changes to the taxation requirements.

The following table illustrates what inflows and outflows may look like over the term of the IPL. It shows that by offsetting the interest cost against dividend income and the value of negative gearing, the amount of capital growth required to make the strategy profitable is less than expected.

Indicative cash flow position	Per year	Over 3 years
Dividends	\$3,500.00	\$10,500.00
Imputation/franking credits	\$1,500.00	\$4,500.00
Loan interest tax benefit (deductible portion of interest at marginal tax rate)	\$6,091.50	\$18,274.50
Total Inflows	\$11,091.50	\$33,274.50
Loan interest	\$14,500.00	\$43,500.00
Tax payable on grossed up dividends	\$2,325.00	\$6,975.00
Total Outflows	\$16,825.00	\$50,475.00
Net After Tax Cash Flow	\$(5,733.50)	\$(17,200.50)
Cost as a % of Portfolio	5.73%	17.20%

NB: Brokerage and GST are not included for the purpose of indicative cash flows or in the calculation of the break-even point. The break-even point will be higher if brokerage and GST are charged.

Using this example, the break-even point for the portfolio is a capital growth in the XYZ shares of 7.08% per year. At the end of the 3 year investment term, this equates to a share price of \$12.11.

With 100% protection, you know that at the end of your 3-year terms you can receive \$10.00 per share for your XYZ shares (at the very least). You also know that the investment will break even at an XYZ share price of \$12.11. Any XYZ share price above \$12.11 will result in profit.

The example assumes entitlement to franking credits. You should be aware that this can be affected by complex “franking credit trading” provisions designed to ensure that franking credits are only available to investors with sufficient economic exposure to the underlying assets. In this regard, an investor’s economic exposure can be affected by their other dealings (such as options, warrants, or other share trading). However, holders who are individuals whose franking credits do not exceed \$5,000 in a tax year are generally entitled to franking credits regardless of the level of their economic exposure to the underlying shares. Investors should seek independent specific advice on this issue.

Remember, the interest is fixed but the dividend is uncertain until reported by the company. As a result, the illustration is an estimate only and should not be relied upon when making an investment decision.

WHAT HAPPENS WHEN THE IPL EXPIRES?

There are a number of choices an investor can make at expiry. Ultimately, your choice will depend on the prevailing market price for the shares.

Using the example above, if XYZ is at or below the protection price (in this case \$10.00) you can simply hand your shares back to Citi Smith Barney at \$10.00 and reduce your loan balance to zero.

If XYZ is above \$10.00, you have a number of alternatives. You can:

- renew the investment protected loan for a further period
- roll the XYZ shares into a margin loan
- sell your shares, pay out the outstanding amount and take any residual profits
- pay out your loan using other funds and keep the shares

Possible outcomes upon expiry	At protected level	Above protected level
Share price upon loan expiry	\$10.00	\$13.50
Capital gain/loss	\$ -	\$35,000.00
Sale price about which CGT will be payable	\$10.42	\$10.42
CGT payable	\$ -	\$(7,161.00)
Less net after tax cash flow for loan period	\$(17,200.50)	\$(17,200.50)
Indicative net after tax return	\$(17,200.50)	\$10,638.50
Add: Tax benefit of unutilised CGT losses carried forward	\$976.50	

KEY FEATURES OF CITI SMITH BARNEY'S INVESTMENT PROTECTED LOAN.

■ **Choice of protection levels.**

An IPL provides you with 100% protection. However, you can also select a level of either 80% or 90%. A protection level of 100% requires no capital to establish. A protection level of 80% or 90% requires a contribution (being the difference between the purchase price and the protection level) of capital. If your shares appreciate in value, you can choose to increase your protection level, but a fee is charged for doing this which would not be tax deductible.

■ **Choice of loan term.**

You can choose a fixed loan duration of either one, two, three, four or five years.

■ **Flexible interest payments.**

The interest charged is calculated based on the shares purchased, the selected loan term and market interest rates. The interest rate is fixed for the term of the loan and paid annually, or monthly in advance.

■ **Extensive choice of approved securities.**

There is an extensive choice of approved securities available for purchase under the IPL. Upon request, Citi Smith Barney may consider other non-approved securities for purchase under the IPL.

■ **Low entry level.**

The minimum loan under an IPL is \$40,000 and there is a minimum loan amount per investment of \$20,000.

■ **Complete ownership.**

You receive all investment entitlements from the shares you have invested in, including dividends, franking credits and voting rights.

■ **Competitive costs.**

The associated costs of the IPL include:

- interest on your loan, which includes the cost of capital protection

- a direct debit facility will need to be established for monthly in advance interest payments
- brokerage fees on the value of any purchase or sale of shares
- brokerage fees in the event of transactions arising from corporate actions in shares that you own
- early termination costs if you decide to repay your loan before its maturity date

■ **Trading flexibility.**

If your shares are trading at a price above the protected price, you can sell them to realise a profit without terminating the loan. Sale proceeds will be held in a cash management trust on your behalf until you are ready to use these funds to repurchase the shares. Please note that if you elect to repurchase shares, your original protection level will be re-established.

■ **Early termination.**

You can terminate your loan at any time before the maturity date. However, an IPL should be used as a medium to long-term investment tool as there are numerous components to the loan, the cost of which may be substantial should the loan be unwound early.

Early termination costs include:

- non-refundable prepaid interest
- costs incurred by Citi Smith Barney when closing out its hedging position in providing your IPL (these can be substantial and are generally around 5% of the principal amount for each remaining year of the loan term)
- any outstanding interest due
- a repayment fee equal to three month's interest
- any costs involved in unwinding any fixed interest rate arrangements
- any government stamp duties and charges

UNDERSTANDING THE RISKS.

Before you invest through the Citi Smith Barney IPL, you must ensure that you fully understand:

- the terms of the IPL
- whether the loan is suitable for you in the context of your financial objectives and circumstances
- the risks associated with the loan
- the risks involved in investing in shares

As is normally the case with investment loans, an IPL carries a number of risks. You must make your own assessment of the risks involved, and we strongly recommend you seek independent advice in respect of the IPL. The risk disclosure statement included on page 33 of the Terms and Conditions, is intended to highlight to you some of the risks associated with the Flexible Investment Facility, including IPLs.

Some of the more significant risks associated with IPLs are:

Market risks: The income and share price performance of IPL securities are susceptible to downward movements. Notwithstanding the capital protection feature of the loan, which provides a safeguard against a decline in the market value of the securities, you will be personally liable for interest payments and any break costs incurred. Citi Smith Barney does not guarantee the performance of any securities.

Corporate actions: The occurrence of corporate actions is outside the control of Citi Smith Barney and may have a significant effect on your loan and investment portfolio. Corporate actions may alter the capital structure of the company, resulting in a dilution of your share value and a requirement for you to contribute additional funds to offset this share value dilution, wind up certain positions, and ensure your IPL remains fully secured. Corporate actions are usually in the form of bonus share issues, takeovers, rights issues or a return of capital.

Ability of the issuer to fulfill its obligations:

The issuer (in this case Citigroup Global Markets Australia Pty Limited) has certain obligations under the IPL and the capital protection associated with it. You should make your own assessment of the ability of the issuer to meet its obligations.

USE OPTION
STRATEGIES TO
GENERATE ADDITIONAL
INCOME AND LOWER
INVESTMENT RISK.

SECTION FOUR

OptionWriter.

This section must be read in conjunction with the OptionWriter Product Disclosure Statement. The issuer of the options under OptionWriter is Citi Smith Barney Pty Limited. You should read the OptionWriter Product Disclosure Statement on page 61 before deciding whether to acquire any Options.

OptionWriter is a service offered under the Citi Smith Barney Flexible Investment Facility, which enables you to combine a range of different option trading strategies with a margin loan or Investment Protected Loan.

Trading options can allow you to maximise an investment outcome to suit a bullish, bearish or neutral market outlook and can be used to enhance an investment outcome in every market condition.

OptionWriter allows you to:

- sell call options over shares held in your Flexible Investment Facility
- execute buy-write trades
- execute protected buy-write trades
- buy put options
- buy call options

By using and combining these option strategies as part of your Flexible Investment Facility, you can:

- increase share-related income

- provide market exposure at lower risk to capital
- protect capital
- increase leverage

WHAT ARE OPTIONS?

An option is a contract that conveys the right but not the obligation to buy or sell shares at a predetermined price up to and including a certain date. Option contracts come in two forms, call options and put options.

General information on options is provided in parts 1, 2 and 3 of the OptionWriter PDS starting on page 61 of this brochure. This information includes an explanation of how options work, discusses their benefits and details their risks.

Before you make any decision to use OptionWriter, we also require you to read the ASX publication "Options, Understanding Options Trading" so you can understand the complexity of these investments.



WRITING CALL OPTIONS OVER SHARES HELD IN YOUR FLEXIBLE INVESTMENT FACILITY.

Using OptionWriter, you can sell call options over shares held in your Flexible Investment Facility.

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

This premium can be used in the following ways:

- generate additional income against shares in your account
- reduce your entry price when purchasing shares by using a buy and write strategy
- cover the interest cost on your facility
- reduce the risk of a margin call on your facility

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

You can write call options over existing shares or you can execute a buy-write strategy. A buy-write strategy is used when you purchase shares and simultaneously sell a call option over those shares. This strategy can be illustrated with the following example:

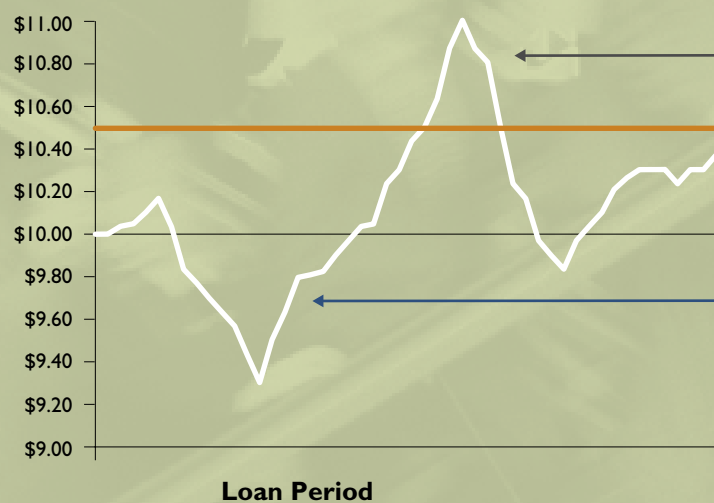
WRITING CALL OPTIONS.

- Lets assume you buy 10,000 XYZ shares for \$10.00 per share and invest \$100,000 in XYZ
- Citi Smith Barney's gearing ratio on XYZ is 75%
- You contribute \$25,000 towards the purchase cost and borrow \$75,000 (75%) to fund the balance of the purchase
- Simultaneously, you write (sell) call options with an exercise price of \$10.50 against your 10,000 XYZ shares
- The call options expire in 50 days

- The premium you receive is 10 cents per option, or \$1,000 in total
- Loan period is 50 days
- Loan interest rate for period is 8%
- Loan interest (on \$75,000 loan) for 50 day period is \$821.91

We have referred to 'premium' as income. We strongly recommend that you seek your own taxation advice on the impact to your financial affairs of receiving call option premiums.

Share Price



Scenario 1: Stock is above exercise price

If XYZ shares are trading above the exercise price of the call option upon its expiry, it is likely that you will be exercised. You will be forced to sell your stock for the exercise price of \$10.50 per share. Therefore, you generate a capital gain of \$5,000.

You also get to keep the option premium of \$1,000 paid to you. So, after interest costs of \$822 on the \$75,000 loan (50 days interest at 8%), your total return will be \$5,178 over the 50 day period.


Scenario 2: Stock is at or below exercise price

If XYZ shares are trading at or below the exercise price of the call option upon its expiry, it is likely that you will not be exercised. You will not be called upon to sell your shares.

You keep the option premium of \$1,000 paid to you, which can be used to offset your interest costs and you are free to sell another call option over your shares.

* Figures do not include brokerage or GST.

— XYZ Share Price
— Call Option Exercise Price



PURCHASING PUT OPTIONS TO PROTECT YOUR PORTFOLIO AND CREATE FURTHER LEVERAGE.

Through your Flexible Investment Facility, you can use put options to:

- protect your existing investments; or
- generate further leverage into the sharemarket.

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

Protecting your investments using exchange traded options: If you purchase a put option to protect an existing share investment, OptionWriter gives you value for this protection and incorporates this into your margin loan under the Flexible Investment Facility. This means you can choose to protect a share from a downward shift in its share price, and simultaneously eliminate the risk of a margin call against that share for the term of the option.

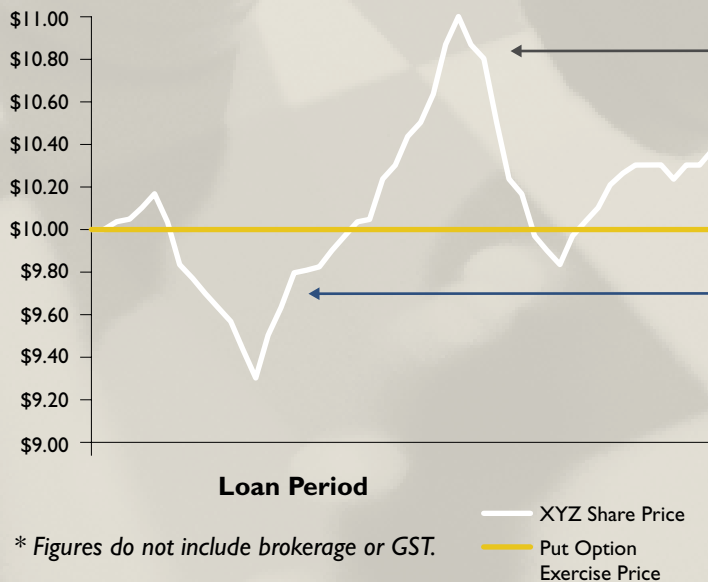
Generate further leverage: If purchasing a put option through your Flexible Investment Facility, Citi Smith Barney can lend you up to the exercise price of the put option to purchase the underlying shares. Given that we can lend you up to the exercise price of the put option, the only initial equity contribution you may be required to make is the premium required to pay for the put option and any differential between the exercise price of the option and the current price of the underlying share.

This strategy can be illustrated with the following example:

PURCHASING PUT OPTIONS.

- Lets assume you buy 10,000 XYZ shares for \$10.00 per share and invest \$100,000 in XYZ
- You buy XYZ put options with an exercise price of \$10.00 to protect the value of your XYZ shares
- The premium you pay for the put options is 25 cents per option, or \$2,500 in total
- The put options expire in 50 days
- You borrow \$100,000 through a Citi Smith Barney margin loan to finance the share purchase
- Loan interest rate for period is 8%
- Loan interest (on \$100,000 loan) for 50 day period is \$1,095.89

Share Price



Scenario 1: Stock is trading above \$10.00 protected price

Given that XYZ is trading above the protected price, the protection you put in place is no longer required. You can sell the XYZ shares and take any resulting profit. (e.g. if you sold XYZ for \$11.00, you would generate a profit of \$6,404.11 after paying for the put premium and interest costs).

Scenario 2: Stock is trading below the \$10.00 protected price

If XYZ shares are trading below the exercise price of the put option (e.g. \$9.00), you can use your put option and sell your XYZ shares for \$10.00 per share. By selling your XYZ shares for \$10.00, you effectively extinguish your loan and generate a loss of \$3,595.89 (being the put premium and loan interest costs). However, if you had no protection in place (i.e. did not purchase a put option), and sold your XYZ for \$9.00 per share, then your capital loss in XYZ would be \$10,000.

OTHER INFORMATION ON OPTIONWRITER.

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

LIMITATIONS ON OPTIONS USE:

- 1. Writing call options:** All call option strategies must be stock specific and covered by an existing investment unless a buy/write strategy is implemented. Any premiums received from the sale of a call option will be credited into the Flexible Investment Facility. The security value of any shares with an open option position against them will be capped at the option's exercise price with a further reduction in the security value to reflect the time value of the written call option. In addition, the applicable "buffer" will be adjusted to reflect the strike price of the written call option relative to the stock's underlying share price. Call options can be written over investments held as collateral for an Investment Protected Loan, provided the exercise price of the option is equal to or greater than the protected price of the investment.
- 2. Buying options:** Both call and put exchange traded options can be purchased and consolidated against investments in the Flexible Investment Facility. Where a put option is purchased to protect the value of an investment the applicable "buffer" will be adjusted to reflect the strike price of the put option relative to the stock's underlying share price.
- 3. Fees:** Other than standard brokerage rates, no additional fees or charges apply to buying or selling call options. When using put options through OptionWriter for the purpose of creating protection and additional leverage, an interest rate premium may apply to the entire outstanding margin loan balance under the Flexible Investment Facility.
- 4. Approved securities:** All securities included on Citi Smith Barney's approved lending list are available through OptionWriter, subject to the availability of exchange traded options offered over those securities.

ASSOCIATED RISKS.

We strongly recommend that you review the suitability of any options strategy with your financial adviser. This would be achieved in part by completion of a profile by you, from which your financial adviser may determine your suitability to that options strategy. It is also important that prior to adopting any strategy, you ensure that you read and fully understand the Terms and Conditions, which set out your rights and obligations in respect of OptionWriter.

We strongly recommend that you seek independent advice to ensure you are comfortable with the risks before you make investments of this type. In addition, we strongly recommend that you obtain tax advice based on your own personal circumstances in respect of the tax consequences of any options strategy you might adopt. Citi Smith Barney is not providing legal or tax advice in respect of your investment in any options strategy and has not considered the tax implications in respect of any options strategy and the OptionWriter facility.

USING CALL OPTIONS.

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

Margin Calls: Despite call options being written against shares under your Flexible Investment Facility, these shares are still subject to margin calls. In the event that any underlying shares are sold to address a margin call, Citi Smith Barney requires you to buy back the written call option, or close-out the position. This may incur additional costs for you.

USING PUT OPTIONS.

While put options can protect your existing investments and generate further leverage, the extent and timing of these benefits is determined by the exercise price and term to maturity of the put options. It is important to understand that you lose these benefits once the put options expire. After the put options expire, the market value of your portfolio may have deteriorated significantly from the initial purchase of the put options, causing a large impact on your margin loan. You may then be required to address a margin call by having to repay part of your margin loan immediately.

UNDERSTANDING OPTIONS AND OPTION STRATEGIES.

It is important that you understand how options work and that you are familiar with these investments before you make any decision to use OptionWriter. We recommend that you read the ASX publication "*Options, Understanding Options Trading*" to ensure that you understand the complexity of these investments. Also, it is important to note that these strategies are relatively aggressive and volatile.

Other risks may be associated with OptionWriter. You must make your own assessment of the risks involved and ensure you are comfortable with them before you make an investment. It is important that you obtain professional, independent tax and legal advice in respect of OptionWriter's suitability to your financial affairs.



Using the Flexible Investment Facility.

GETTING STARTED

SETTING UP YOUR FLEXIBLE INVESTMENT FACILITY.

To take advantage of the Flexible Investment Facility, simply complete the relevant sections of the application form at the back of this booklet and forward it to us for processing.

If you are establishing a GearInvest account, please ensure you also include:

- an application form for each managed fund you wish to invest into (if you are a new managed fund investor)
- a copy of your latest managed fund statement/s (if you wish to transfer an existing managed fund investment into GearInvest)
- an initial contribution (refer to application form)

Once your account is approved and ready to use, you can expect a welcome letter from us that provides all the information you will need to begin transacting on your account - including confirmation details.

There is no obligation to draw a loan on your facility immediately. The facility will be established and available for you to use when investment opportunities arise.

If you have any queries or require assistance, please contact your financial adviser or our Client Service Team on 1800 062 794.

CASH MANAGEMENT ACCOUNT.

Upon the establishment of your Flexible Investment Facility, Citi Smith Barney will also open a linked Citibank Cash Management Account Plus. This interest bearing account will facilitate:

- direct crediting of dividends into your facility
- payments into your facility from your bank account
- payment of interest to you on any credit balances in your Flexible Investment Facility

As the Cash Management Account is held and operated by a Citi nominee company, we will complete all necessary documentation on your behalf. All transactions in respect of your Cash Management Account will be reflected in the monthly statement of your Flexible Investment Facility.

TRANSACTING ON YOUR FLEXIBLE INVESTMENT FACILITY.

DEPOSITING FUNDS INTO YOUR ACCOUNT.

■ Bpay.

You can transfer funds into your account at any time by using Bpay. Details will be automatically provided on your monthly statement. Alternatively, our Client Service Team can provide you with this information.

■ Deposit into your linked Cash Management Account.

You can arrange to transfer funds into your account by making a direct deposit into your linked Cash Management Account.

■ Direct Debit.

You can arrange for us to draw funds from your nominated bank account by completing the direct debit form attached to the application form. This can be used to make periodic payments, pay monthly interest charges or cover margin calls.

■ Cheque.

You can simply forward us a cheque made payable to "Citi Smith Barney Margin Lending", remembering that upon receipt proceeds may take up to three business days to clear.

DRAWING FUNDS FROM YOUR FACILITY.

You can draw on available funds from your Flexible Investment Facility at any time by sending us a written authority (facsimile or letter accepted). You can also arrange to transfer funds over the telephone, provided your instruction to transfer funds is to a bank account previously recognised by Citi Smith Barney.

LODGING YOUR COLLATERAL.

■ Shares.

To provide shares as collateral you will need to forward your most recent holding statement to us, along with written authority for us to transfer the CHESSE sponsorship of your holdings. To facilitate the transfer of your shares, please use the Authorisation to transfer securities attached to the application form.

■ Unlisted Managed Funds.

To provide managed funds as collateral you will need to forward us a copy of your most recent managed funds unit holding statement, along with a written indication authorising us to accept your managed investment as security. Please note that these investments are registered in trust for you with a Citi Smith Barney nominee company, and can take approximately 10 working days for the unit holding to be reflected in your Flexible Investment Facility.

BUYING AND SELLING SHARES THROUGH A STOCKBROKER, OTHER THAN CITI SMITH BARNEY.

You can buy and sell shares through your nominated stockbroker. Simply notify your stockbroker that Citi Smith Barney Margin Lending will be settling the transaction on your behalf. To avoid any delays in the settlement of your trades, it is recommended that you check your facility to ensure there are sufficient funds/shares in your account before placing any orders with your stockbroker. Citi Smith Barney is not obliged to settle any transactions when there is insufficient funds or collateral in your Flexible Investment Facility.

INVESTING IN MANAGED FUNDS.

If you are making a new investment in a managed fund, simply complete the investment details section on the managed funds application form, leaving the applicants name, address and signing sections of the application form blank. We will complete the blank sections of the form on your behalf and forward it to the relevant fund manager for processing.

REDEEMING MANAGED FUNDS.

To redeem part or all of the units in a managed fund, please forward the specific details of the redemption to us (including the number of units or dollar value of the investment you want to redeem) and we will arrange the redemption for you.

PAYING INTEREST.

As the Flexible Investment Facility operates as a line of credit, interest on a margin loan will be calculated on the outstanding balance on a daily basis, charged to your Flexible Investment Facility at the end of each month. There is no obligation to make monthly interest payments if you have sufficient security to cover the resulting increase in your loan balance. However, you can elect to pay the monthly interest costs by using Bpay, direct debit or by using any of the payment methods discussed. You also have the option to prepay interest up to 12 months in advance at a fixed rate.

FEES AND CHARGES.

There are no application fees for individuals, or account maintenance fees for using the Flexible Investment Facility. However, if you repay your margin loan within four months of first drawing on your facility, you may incur an early repayment fee of \$500. Early termination costs also apply to Investment Protected Loans (you should carefully read the Early Termination Costs in the IPL section of this booklet).

If you apply as a Company or a Trust, there is an application fee of \$150 to cover search and registration fees. A company applying as the Trustee of a Trust will attract an application fee of \$300.

KEEPING YOU INFORMED.

INTERNET ACCESS.

When you open a Citi Smith Barney Flexible Investment Facility, we will provide you with details to our secure website, which gives you access to the following information:

- your current loan balance and loan split
- your current investment portfolio valuation, which is updated regularly throughout the day
- your full account transaction history, including Cash Management Account transactions
- a portfolio simulator to create “what if” scenarios
- current Citi Smith Barney interest rates and lending ratios

You can also nominate to give your financial adviser access to your account via this website.

MONTHLY STATEMENTS.

You will receive a monthly statement detailing the following:

- loan balance as at the end of the month
- previous month interest charges
- portfolio valuation as at the end of the month
- previous months transaction history, including Cash Management Account transactions

CLIENT SERVICE.

If you or your financial adviser have any queries in relation to your Flexible Investment Facility, you can call our Client Service Team toll free on 1800 062 794. Lines are generally open between the hours of 8am and 6pm Monday to Friday. Alternatively, visit us at www.marginlending.citi.com.au



Terms and Conditions of the Flexible Investment Facility.

RISK DISCLOSURE FOR MARGIN AND INVESTMENT PROTECTED LOANS

There is risk associated with borrowing against the value of securities and securing that borrowing with those securities. You should obtain independent advice to determine if such borrowing is appropriate to you and your particular financial and taxation circumstances. In deciding whether to borrow money on this basis, you should be aware of the following:

1. **Recourse**

Citi Smith Barney's right to recover the loan amount owing is not limited to its security rights against your portfolio. Citi Smith Barney is entitled to recover the full amount owing from you personally (except for the limited recourse loans in the IPL).

However, Citi Smith Barney can be expected first to exercise its right to enforce its mortgage over your portfolio (if that were necessary) to recover the amount owing. If there is a shortfall, you will remain personally liable for that shortfall and Citi Smith Barney is entitled to seek to recover that amount from you unless you hold an IPL.

If you hold an IPL, Citi Smith Barney's recourse against you is limited to its security rights against your portfolio of IPL securities.

2. **Market volatility and margin calls on margin loans**

If you hold a margin loan, you will be exposed to the volatility of financial markets. If there is a fall in the value of the shares or other securities you have borrowed against, you may be required to make up the shortfall. A margin call must be met by 3 pm (Sydney time) on the business day following the margin call.

For example, if \$50,000 is borrowed on shares worth \$100,000, but they later lose value so that they are only worth \$40,000 and so the value to Citi Smith Barney is \$20,000 (because of the applicable margin percentage). You would then require an additional \$30,000 in cleared funds or additional acceptable securities to make up the shortfall in the security value of your portfolio. Any additional approved securities lodged by you would have to have a value substantially in excess of \$30,000 as Citi Smith Barney will apply the appropriate margin percentage to these approved securities to make up the shortfall.

You should monitor the loan amount owing and your portfolio's security value at all times. You should ensure that the loan amount owing is always less than your portfolio's security value, otherwise a margin call will occur.

If you hold an IPL, you will not have to pay any margin calls.

3. **Changing margin percentages and margin calls**

Citi Smith Barney is prepared to lend funds up to a set percentage of the market value of shares in specified corporations. Different percentages apply to shares in different corporations. If you hold a margin loan, Citi Smith Barney may change this percentage at its absolute discretion at any time (even down to 0%), which will affect the amount that it is prepared to advance, or continue to lend, against your portfolio.

Such a change in the margin percentage of particular shares in your portfolio may be made even if there has been no change in the market value of the shares you have borrowed against. You may then be required immediately to either top up your security with additional approved shares or other securities or with cleared funds or reduce your borrowing to acceptable levels.

For example, Citi Smith Barney has set the margin percentage at 65% for "XYZ" company. On this basis you have borrowed \$65,000 against the market value of "XYZ" shares worth \$100,000. Citi Smith Barney changes the margin percentage to 60%, which means you then require an additional \$5,000 in cleared funds or approved securities to make up the shortfall in the security value of your portfolio. Any additional approved securities lodged by you will have the appropriate margin percentage applied to them. Accordingly, approved securities having a market value substantially greater than \$5,000 would have to be lodged.

4. Cashflow/timing risk

If you are intending to negatively gear your investment you should be aware of the associated cash flow and timing risks. For instance, you may not have received the income or the benefit of any available tax deductions at the time you are required to pay interest charges. There is therefore a possible timing mismatch in terms of making an interest payment before you receive the tax benefit. It is also possible that the interest rate payable and the level of income from investments fluctuate. You should ensure that you will have adequate income or resources at all times to meet any interest payments and margin calls that you are required to make.

5. Interest

If you hold a margin loan, interest accrued under the facility will be capitalised in accordance with the facility terms unless you have instructed us otherwise. This will increase the loan amount owing and will cause a margin call if, as a result of that increase, the loan amount owing becomes more than your portfolio's security value.

If you hold an IPL, interest is fixed and is payable by you in advance.

6. Citi Smith Barney can sell even if you have not received notice of its intention to do so

If you hold a margin loan and if you fail to meet a margin call or in some cases if there is a shortfall in your security, Citi Smith Barney may exercise its rights in any way it wishes against your portfolio whether or not you have received notice of such exercise.

Citi Smith Barney may declare that all money owing by you is immediately due and payable following an event of default by you. Citi Smith Barney may then take certain steps, including selling all or part of your portfolio. Citi Smith Barney is not obliged to give you notice prior to acting on an event of default.

7. Sale of your portfolio

Due to market volatility, shares and other securities may vary considerably in price and saleability at very short notice. Such volatility is a risk to you as the owner and also to Citi Smith Barney who lends against the security of your portfolio. Citi Smith Barney and its agents are not obliged to sell the shares and other securities at any particular time and will not be liable to you or any other person for any delay in selling your shares and other securities.

8. Make arrangements if you go away

If you are intending to go away or if you will not be contactable for a period of time and you hold a margin loan, arrangements should be made with Citi Smith Barney so that you can protect yourself against the possibility of Citi Smith Barney taking action to sell your portfolio in certain circumstances to make up any shortfall occasioned by a drop in value of the shares in your portfolio or a change in the applicable margin percentage.

If you fail to rectify a shortfall, Citi Smith Barney may exercise its rights against your portfolio even if you have not received notice of that and are not aware of the margin call.

9. Monitoring

If you hold a margin loan, you should monitor your loan amount owing at all times. Citi Smith Barney is not obliged to do the monitoring for you, and will not do so for your benefit, even if it monitors those amounts for Citi Smith Barney's own benefit. Before entering into a margin lending transaction of this type, you should carefully consider whether you can monitor your obligations to the appropriate level.

10. Stamp duty and other fees

If any stamp duty or fines become payable in respect of the Flexible Investment Facility agreement or transactions contemplated by it, you must pay those to the extent permitted by law.

The minimum term of any loan is four months from the date the loan is drawn down. If the loan is terminated within this period by you, a fee may be charged.

11. Take independent advice

You should take independent advice on this facility and the associated documentation, especially on the risks involved and in respect of the tax consequences of this facility for you, before entering into the Flexible Investment Facility agreement. Citi Smith Barney is not providing personal investment or legal or tax advice in making this facility available and, in particular, Citi Smith Barney has not considered in any way the facility's suitability to your current or future financial circumstances.

12. Consumer Credit Code

The facility is provided wholly or predominantly for business and/or investment purposes. The investment purposes declaration contains a warranty to that effect. The facility and the margin lending agreement will not be covered by the Consumer Credit Code.

13. Security value cannot be relied upon

The amount that Citi Smith Barney is prepared to advance in return for security given over certain shares is not an indication of the financial stability of the corporation selected and should not be used as a guide as to which shares you should borrow against.

14. Guarantee

If you plan to be a guarantor, you should consider carefully whether guaranteeing the performance of the obligations of the borrower is appropriate to you and your particular financial circumstances.

As a guarantor, you should be aware of the following before deciding to provide a guarantee:

- (a) The borrower is exposed to the risks of the volatility of the share market if they take out a margin loan. Your obligations as guarantor are also subject to the borrower's risks.
- (b) Your obligations as guarantor of the borrower's obligations and Citi Smith Barney's rights to deal with the securities you mortgage are subject to the terms of the guarantee set out in the Flexible Investment Facility agreement. You should read this Agreement carefully. In particular, you should consider carefully the consequences for you of the borrower drawing against the value of the securities which you have mortgaged and in some cases the borrower's right to trade in your securities.
- (c) Citi Smith Barney may sell the securities without notice to the borrower or guarantor. If the borrower is required to make up any shortfall in security, Citi Smith Barney may exercise its rights against any security held for it whether or not you, as guarantor, have received notice of the shortfall.

15. Other risks

This statement does not disclose all the risks involved in borrowing against shares. This risk disclosure statement is intended to highlight to you some of the more significant risks associated with a margin lending facility.

PART A: LOAN AGREEMENT.

The term "this Agreement" includes Parts A, B, C, D, E, F, G and H (as relevant) and the Application Form and all other documents executed in accordance with this Agreement. Please note that Part A can be amended by Parts B, C, D, or E if those Parts apply to you.

1. The Loan

- 1.1 We agree to make a facility and loan available to you on the terms of this Agreement, including the terms set out in the confirmation letter.
- 1.2 You may use the facility and loan from time to time in accordance with the terms of this Agreement.
- 1.3 The loan and facility will only be made available to you, if you, and if relevant, the guarantor, have:
 - (a) given us any approval, document or information which we reasonably requested from you by the time specified; and
 - (b) paid us any fees we require; and
 - (c) opened a deposit account, in accordance with clause 24.

2. Term

- 2.1 This Agreement will continue until it is terminated by you or Citi by written notice to the other party and the loan amount outstanding is, or is deemed to be, repaid in full in accordance with the terms of this Agreement. There is no minimum term for the loan, but if you repay the loan within the initial four months from the drawdown date, Citi may, in its absolute discretion, charge an administration fee. The maximum term available for an IPL is five years from the drawdown date.
- 2.2 The loan will terminate automatically if:
 - (a) a default has occurred and is continuing; or
 - (b) any declaration or undertaking we request you to give is not correct, is misleading or has been breached; or
 - (c) the amount outstanding on a margin call for a Margin Loan under clause 28 of Part B exceeds the maximum loan amount and you have made no arrangements with Citi to rectify this position.
- 2.3 Time is of the essence in relation to your obligations under this Agreement.

3. Drawing and Using the Loan

- 3.1 You are not obliged to borrow money under this Agreement.
- 3.2 Once you make a request for the loan, it is irrevocable.
- 3.3 If you want to borrow, you must inform us (electronically, orally or in writing) by 10.00am (Sydney time) at least one business day before the drawdown date:
 - (a) the date on which you want the money;
 - (b) the amount you wish to borrow, subject to any minimum amount we specify from time to time;
 - (c) where or to whom the money is to be paid, including bank account details;
 - (d) whether it is to be a fixed or floating rate loan; and for a fixed rate loan, the loan term; and
 - (e) details (including the identity and the amount) of the securities you intend to purchase.
- 3.4 We will transfer the loan in accordance with your request as soon as possible, and no later than the drawdown date.

- 3.5 We are not liable for any loss you may suffer or incur because the price of any securities you intend to purchase increases or ceases to be available because of the time it takes to lend you money or forward any communications on your behalf.

4. Interest

- 4.1 You must pay us interest on each loan in accordance with the rate which we specify on or before the drawdown date.
- 4.2 Interest (including default interest) is calculated on the daily balance of each loan from and including the drawdown date. Interest accrues each day and is calculated on the number of days lapsed and a 365 day year.

Fixed rate loan

- 4.3 You must pay us interest in advance, for the term of a fixed rate loan.

Floating rate loan

- 4.4 For a floating rate loan, you must pay us interest on a monthly basis in arrears on the last business day of each month.

Payment of interest

- 4.5 Unless you have instructed us otherwise, we will add any interest due and payable to the balance of your loan amount on the interest payment date.
- 4.6 The increased loan amount will bear interest thereafter, and may cause a margin call if you have a Margin Loan.

Notice of interest rate

- 4.7 We will give you notice of the interest rate for a floating rate loan and any change in that interest rate.
- 4.8 If any amount owing under this Agreement is merged in a court order you must pay interest on that amount as a separate obligation.

Default interest

- 4.9 If you fail to pay when due any money payable under this Agreement, then you will pay interest on such money from and including the due date to the date of actual payment at the rate of interest set out in clause 11(c) of Part G.

5. Payment

- 5.1 You may repay part or all of the loan amount outstanding at any time by giving us three business days' notice. Once you give us notice, you must pay and repay the amount notified on the date notified. If you make such a payment, you may be subject to break costs.
- 5.2 You must pay us any money you owe in cleared funds into the account we nominate from time to time. All payments must be made by the due date or on the previous business day if a due date is not a business day.
- 5.3 You must pay all amounts due under this Agreement in full without setting off amounts you believe we owe you, or a guarantor, or without counterclaiming any amount from us. All payments you make must be free of any withholding or deduction of taxes, unless the law prevents this.
- 5.4 We may set off any money we owe you against money you owe us.

Repayment of a fixed rate loan

- 5.5 If you have a fixed rate loan you must, by 3.00pm (Sydney time) on the maturity date of the loan, either:
- (a) pay to us in cleared funds the total loan amount outstanding; or
 - (b) make alternative arrangements (including extending the term of the loan) that are acceptable to us.
- 5.6 If you do not comply with clause 5.5 above, the fixed rate loan will be immediately converted to a floating rate loan on the maturity date.

Repayment of a floating rate loan

- 5.7 The loan amount outstanding for a floating rate loan is repayable immediately on demand by us after giving three business days' notice.
- 5.8 We undertake not to make the demand in clause 5.7 until four months after the first drawdown date, unless clause 2.2 applies.
- 5.9 If you pay and repay the total loan amount outstanding for any loan then we will release the mortgaged property for that loan on your request.

No refund

- 5.10 We are under no obligation to refund to you any portion of interest paid to us, even if it is interest paid in advance.

6. Release of Mortgaged Property

- 6.1 If at any time the security value of your portfolio exceeds the total loan amount, you may request that we release part of the mortgaged property.
- 6.2 We are not obliged to release any of the mortgaged property, but may do so in our absolute discretion if we are satisfied that after the release, the security value of your portfolio will be, and is likely to remain, greater than the total loan amount outstanding.

7. Mortgage

- 7.1 For the purposes of securing payment to Citi of the loan amount outstanding you agree to mortgage to Citi all securities, new rights and the deposit account as are referred to below in which you have an interest or which you are entitled to:
- (a) in the case of any shares or other securities that you purchase or refinance after the date of this Agreement using all or part of the proceeds of any loan under this Agreement, on the date of purchase or refinancing;
 - (b) in the case of new rights, acquired after the date of this Agreement on the date you become entitled to them;
 - (c) in the case of securities that Citi directs after the date of this Agreement, are to be mortgaged property for the purposes of the mortgage, on the date of that direction;
 - (d) in the case of any securities which after the date of this Agreement are transferred into your flexible facility account with Citi, which shall have a specific account number and holder identification number, upon the date of transfer into that account; and
 - (e) all shares or other securities held in any CHESS holder identification number account of which we become the sponsoring broker from time to time after the date of this document; and
 - (f) in the case of the deposit account, at the time of opening the deposit account (if any) which opening shall occur after the date of this Agreement.
- 7.2 Any statement issued by Citi in respect of your flexible facility amount will not constitute the grant of any mortgage.
- 7.3 Citi's mortgage interest in securities may, with its consent, be conditional upon any specific terms and conditions with those securities.
- 7.4 The mortgage takes effect on and from the date of this Agreement.

Dividend Reinvestment Plan ("DRP")

- 7.5 If DRP securities are part of the mortgaged property, then the DRP securities so issued or to be issued automatically become part of the mortgaged property from the time that you as mortgagor acquire any right, title or interest in them.

Charge

- 7.6 We may register a charge in respect of the mortgaged property.

Your obligations

- 7.7 You must:
- (a) deposit, or cause to be deposited, with us any agreements, documentation or evidence which we require in respect of the mortgaged property;
 - (b) deposit, or cause to be deposited, with us any relevant transfers from a sponsoring participant to us relating to securities that are to be held subject to a sponsorship agreement; and
 - (c) direct Citi Nominees to apply on your behalf for newly issued securities, unless we direct otherwise;
 - (d) deposit, or cause to be deposited with us any certificates or other documents of title evidencing the mortgaged property.
- 7.8 You must not, without our express prior consent:
- (a) sell, part with possession or otherwise deal with any interest in the mortgaged property;
 - (b) allow any security interest to come into existence which affects the mortgaged property;
 - (c) create any trust, power or lien in connection with the mortgaged property or allow one to continue;
 - (d) abandon, settle, compromise, discontinue any proceedings against any person in respect of any right that you have in relation to the mortgaged property;
 - (e) take steps to change any of the mortgaged property that are certificated securities to uncertificated securities (or vice versa);
 - (f) change or attempt to change the sponsoring participant, holder name or holder address in relation to any of the mortgaged property that is uncertificated security;
 - (g) waive any of your rights or release any person from its obligations in connection with the mortgaged property; or
 - (h) grant any other rights of any kind over the mortgaged property.

Your rights

- 7.9 You may:
- (a) receive or retain dividends, interest or other income in respect of the mortgaged property; and
 - (b) exercise new rights only with our consent; and
 - (c) exercise any voting power in respect of mortgaged property that is subject to a sponsorship agreement; and
 - (d) in respect of mortgaged property that is registered in the name of Citi Nominees, you may not exercise any voting power.

Information

- 7.10 You undertake to promptly provide us with any information we reasonably request about the mortgaged property or anything in relation to it.

8. Discharge

- 8.1 If the loan amount outstanding is paid in full and you are not in default, we will release you from the mortgage or otherwise transfer back to you all of the interest in the mortgaged property, if you so request.

9. New Rights

- 9.1 You may only deal in new rights if we consent to the dealing.
- 9.2 If, in our reasonable opinion, the value of the mortgaged property will be adversely affected by the new rights we will request and you must:
- (a) sell the new rights that we nominate; or
 - (b) transfer the new rights to Citi Nominee; or
 - (c) exercise the new rights which will then form part of the mortgaged property; or
 - (d) any combination of the above.

- 9.3 Any proceeds received from a dealing in new rights will be applied towards repaying the loan amount outstanding at that time.

9.4 We:

- (a) need not enforce the payment of any dividends in respect of the mortgaged property; or
- (b) need not exercise any rights (including voting rights) in relation to the mortgaged property;
- (c) need not sell the mortgaged property (even if it may depreciate in value);
- (d) will not be liable for any loss caused by any delay or omission in taking action with respect to the mortgaged property.

9.5 We may take any action that we consider fit at any time to:

- (a) register the mortgaged property in our name; or
- (b) maintain the mortgaged property; or
- (c) obtain the benefit of any agreement entered into by you in relation to the mortgaged property; or
- (d) receive any new rights; or
- (e) do or cause anything to be done to protect the priority of this mortgage; or
- (f) give up the possession of the mortgaged property at our absolute discretion; or
- (g) do anything that you should have done under this Agreement, but that we consider you have not done or not done properly; or
- (h) retain all instruments and documents of title of mortgaged property until that mortgaged property is released.

Security

- 9.6 This mortgage is a continuing security for all of the loan amount outstanding. It continues until it is finally discharged by us. It will not be considered satisfied or discharged by anything which happens in the meantime and which might otherwise affect the mortgage at law or in equity.

Other security interests

- 9.7 The mortgage in this Agreement is a principal obligation and should not be treated as ancillary or collateral to any other security interest nor should it be prejudicially affected by any other security interest that we may hold.

10. Default

When you will be in default

- 10.1 You, and the guarantor, are in default if:
- (a) you, or the guarantor, do not pay on time all amounts payable under this Agreement; or
 - (b) you, or the guarantor, do something which you, or the guarantor, have agreed not to do, or you, or the guarantor, do not do something you or the guarantor have agreed to do under this Agreement; or
 - (c) you, or the guarantor, give us incorrect or misleading information in connection with this Agreement; or
 - (d) you, or the guarantor, become insolvent or bankrupt or steps are taken to make you or the guarantor so or, if you are a company, an order is made to wind you up, or an administrator, liquidator, receiver, controller or similar officer is appointed as you become subject to any arrangement, assignment or composition; or
 - (e) you, or the guarantor, are in default under any other financial arrangements, security or mortgage or withdraw from it; or
 - (f) any of the mortgaged property that was quoted by or admitted to trading status by the Australian Stock Exchange as at the date it became mortgaged property ceases to be so quoted or admitted; or

- (g) you or the guarantor do not carry out in full an undertaking given in this Agreement within the specified period or within two business days if no period is specified; or
- (h) we reasonably believe that the ability of you or the guarantor to comply with this Agreement has been reduced due to a change in your or the guarantor's business, assets or financial position; or
- (i) (if you or the guarantor are a natural person) that person dies, becomes insane or is declared incapable of administering your or the guarantor's affairs; or
- (j) in our reasonable opinion, the value of our interest in any of the mortgaged property is materially adversely affected; or
- (k) an order is made in respect of the mortgaged property under section 1325A of the Corporations Act 2001 or under any provision of the Corporations Act or any other similar laws; or
- (l) an event occurs which renders enforceable any security interest we hold in connection with obligations incurred under this Agreement; or
- (m) you or the guarantor take any action to limit, to suspend or to terminate the sponsorship agreement or our appointment as sponsoring participant; or
- (n) this Agreement is or becomes wholly or partly void, voidable or unenforceable, or is claimed to be so, by either you or the guarantor or anyone on your behalf; or
- (o) any event occurs which with the giving of notice, lapse of time or fulfilment of any condition would be likely to become a default; or
- (p) you create, attempt to create or allow to exist any security interest over any of the mortgaged property without obtaining our prior consent; or
- (q) it appears to us that you or the guarantor have engaged in fraud, theft or other similar illegal activities.

What can happen then?

- 10.2 If you or the guarantor are in default or if clause 2.2 applies, then we may do any one or more of the following:
 - (a) notify you and the guarantor that the loan amount outstanding is immediately due and payable;
 - (b) direct you and the guarantor to immediately pay us all or part of the total loan amount outstanding;
 - (c) exercise all of our rights under the mortgage to sell, appropriate or otherwise deal with the mortgaged property, undertake any other action authorised by this Agreement or by law;
 - (d) to provide any instruction to a sponsoring participant necessary to give effect to any dealing and/or use the proceeds from any such actions to pay and repay the total loan amount outstanding.
- 10.3 We need not give you, the guarantor or any other person any notice before we take any of the actions described in clause 10.2 above.
- 10.4 If a default relates or is attributable to a specific loan, we may, in our absolute discretion exercise our rights under this clause 10 in respect of that loan only and the related mortgage and mortgaged property.

Guarantee and Indemnity

11. Guarantee

- 11.1 The guarantor unconditionally and irrevocably guarantees the payment to us of the guaranteed money.
- 11.2 If you do not pay the guaranteed money on time and in accordance with the terms of this Agreement, the guarantor agrees to pay the guaranteed money to us on demand from us.

- 11.3 We need not make a demand upon you to pay us or take action to enforce our rights against you before we claim from the guarantor.
- 11.4 The guarantor gives a mortgage, makes the same declarations and enters into the same Agreement with us as if the guarantor was named in clause 7 "Mortgage" and clause 14 "Declarations and Undertakings" instead of you.
- 11.5 The guarantee in this clause is a continuing obligation and extends to all of the guaranteed money.

12. Indemnity

- 12.1 The guarantor unconditionally and irrevocably indemnifies us and must therefore pay us on demand for any loss or costs we suffer or incur if:
 - (a) you do not, are not obliged to, or are unable to, pay us the guaranteed money in accordance with this Agreement; or
 - (b) the guarantor is not obliged to pay us an amount under clause 11 above; or
 - (c) we are obliged, or we agree, to pay an amount to a trustee in bankruptcy, liquidator or controller (as defined in the Corporations Act) (or to a bankrupt person or insolvent company) in connection with a payment by the guarantor or you. (For example, we may have to or may agree to pay interest on the amount).

Acknowledgment

- 12.2 The guarantor acknowledges that it is responsible for making itself aware of your financial position.
- 12.3 The indemnity in this clause 12 is a continuing obligation, independent of the guarantor's other obligations under this Agreement. It continues even after those obligations end. It is not necessary for us to incur expenses or make payment before enforcing a right of indemnity conferred by this guarantee and indemnity.

13. Our Rights are Protected

- 13.1 Rights given to us under this guarantee and indemnity and the guarantor's liability under it are not affected by any act or omission by us or anything else that might otherwise affect them under law.
- 13.2 Under law, a trustee in bankruptcy, a liquidator or a controller (as defined in the Corporations Act) may ask us to refund a payment we have received in connection with this Agreement or guaranteed money. To the extent that we are obliged, or agree, to make a refund, we may treat the payment as if it had not been made to us. We are then entitled to our rights against the guarantor under this guarantee and indemnity as if the payment had not been made. This applies despite anything in this guarantee and indemnity or the fact that the guarantor may have ended it.
- 13.3 The guarantor must pay all amounts due under the guarantee and indemnity in full without setting off amounts the guarantor believes we owe to you or to the guarantor and without counterclaiming amounts from us.
- 13.4 All payments the guarantor makes must also be free of any withholding or deduction for taxes, unless the law prevents this.
- 13.5 We may set off any money we owe the guarantor against any money the guarantor owes us under the guarantee and indemnity in this Agreement.
- 13.6 As long as an amount payable under this Agreement remains unpaid:
 - (a) the guarantor may not, without our consent:
 - (i) claim an amount from you or another guarantor of your obligations under a right of indemnity; or
 - (ii) claim an amount in the insolvency of you or another guarantor of your obligations under this Agreement (including a person who has signed this Agreement); and

- (b) you may not, without our consent:
 - (i) claim an amount from any guarantor of your obligations under a right of indemnity; or
 - (ii) claim an amount in the insolvency of any guarantor of your obligations under this Agreement (including a person who has signed this Agreement).

14. Declarations and Undertakings

- 14.1 You, and the guarantor (if any), declare that:
- (a) you solely own the mortgaged property held by you (or by another for you), and that no one else has any rights affecting the mortgaged property (such as other mortgages or the rights of a beneficiary under a trust) other than those agreed to in writing by us; and
 - (b) all the information you have given us is correct and not misleading; and
 - (c) you have not withheld any information that might have caused us not to enter into this Agreement; and
 - (d) you (and no other person) breach any law or any obligation to another person by entering into or becoming bound by this Agreement;
 - (e) your obligations under this Agreement are valid and binding and you benefit by entering into this Agreement;
 - (f) any securities forming part of the mortgaged property are fully paid up and the transfer is not subject to any restriction under any constituent documents of the securities or their issuer or under the Business Rules;
 - (g) you do not hold any interest in the mortgaged property as trustee or agent, unless you have provided us with the details of the trust; and
 - (h) you will use all of the money lent to you by us under this Agreement wholly or predominantly for business or investment purposes. You acknowledge that by making this declaration you may lose your protection under the Consumer Credit Code; and
 - (i) you have and will rely on your own judgment and have not and will not rely on any statements or representations made by us; and
 - (j) you have taken such independent financial and legal advice as you think fit prior to entering into this Agreement; and
 - (k) you have full legal capacity and power to enter into this Agreement; and
 - (l) any payment you make to us or securities that form part of the mortgaged property are not, and are not obtained through, any criminal or illegal activities.
- 14.2 Each of the declarations made in this clause 14 continue and you must tell us promptly if anything has happened which prevents you from repeating any one or more of the declarations at any time.
- 14.3 You, and the guarantor (if any), agree to:
- (a) promptly give us any information or documents we request; and
 - (b) promptly tell us if there is a default or if it is reasonably likely that a default will occur in the foreseeable future; and
 - (c) promptly tell us if any of the declarations and undertakings you or the guarantor make become incorrect, misleading or have been breached; and
 - (d) do everything (such as obtaining consents, finding and producing documents, producing receipts and getting documents completed and signed) to bind you and your successors to this Agreement and try your best to get other people to bind themselves and others to this Agreement as needed and if we ask them; and
 - (e) tell us of any change of the information contained in the Application Form; and

- (f) make sure that any new or existing director of you (if you are a company) promptly enters into this Agreement if we ask; and
- (g) not to do or admit to do anything or knowingly permit or cause anything to be done or omitted which could mean that the mortgaged property is likely to become lessened in value or prejudicially affected; and
- (h) use the money we lend wholly or predominantly for business or investment purposes.

15. Trustee Declarations and Undertakings

- 15.1 If you or the guarantor is a trustee of a trust and make this Agreement in that capacity, then you and the guarantor declare that:
- (a) you are the only trustee of the trust, the trust has been properly constituted and the trust deed is valid and enforceable;
 - (b) no action has been taken or proposed to remove you as trustee or to appoint additional or alternative trustees;
 - (c) you have given us true (i.e. complete and up to date) copies of the trust deed and other documents relating to the trust which contain all the terms of the trust;
 - (d) all necessary resolutions have been duly passed and all consents, approvals and other procedural matters have been obtained or attended to as required by the trust deed;
 - (e) you have the power to enter into this Agreement, to perform your obligations under this Agreement and to allow them to be enforced;
 - (f) you have entered into this Agreement in your personal capacity and also as trustee, and for the benefit of the beneficiaries;
 - (g) you have the right to be indemnified out of the trust fund for all of the obligations you incur under this Agreement and the trust fund is sufficient to cover your right of indemnity;
 - (h) no action has been taken or proposed to terminate the trust or revoke any of your powers and (so far as you are aware) no one intends to take any such action;
 - (i) our rights under this Agreement have priority over the interests of the beneficiaries;
 - (j) no property of the trust has been resettled or satisfied or transferred to any other trust or trusts; and
 - (k) any securities which are purported to be secured to us under the mortgage contemplated by this Agreement will be the property of the trust.
- 15.2 Each of the declarations named in clause 15.1 above continue after you and the guarantor makes this Agreement. You must tell us immediately if anything has happened which prevents you or the guarantor from repeating any one or more of those declarations at any time.
- 15.3 You and the guarantor agree:
- (a) to exercise your right of indemnity from the trust fund and beneficiaries if you need to in order to meet your obligations under this Agreement; and
 - (b) do everything you have to do as trustee of the trust; and
 - (c) not do anything which may negatively effect your obligations to us as trustee of the trust; and
 - (d) ensure that, unless we agree in writing:
 - (i) the trust is not terminated; and
 - (ii) you do not retire or cease to act; and
 - (iii) you are not replaced or removed and no new trustee is appointed; and
 - (iv) the terms of the trust deed are not otherwise varied.

- 15.4 If we request you or the guarantor to execute any documents or to do any act in the future, it must do so, if it is for the purpose of further or more perfectly:
- (a) mortgaging the mortgaged property to us; or
 - (b) registering us (or Citi Nominees) as the registered holder of the mortgaged property; or
 - (c) securing the fulfilment of yours or the guarantors declarations, undertakings or obligations under this Agreement; or
 - (d) granting to us the rights and powers that this Agreement is intended and purports to grant to us.

16. Certification

Certificated securities

- 16.1 If the mortgaged property includes certificated securities you must agree that Citi Nominees holds them as nominee on the nominee terms in clause 18. We may act on your behalf to initiate a conversion of certificated securities to uncertificated securities if possible. You appoint us as agent to act on your behalf for this purpose.

Uncertificated securities

- 16.2 You must ensure that:
- (a) these securities are registered in your name; and
 - (b) we are maintained as sponsoring participant in respect of those securities under the sponsorship agreement.

17. Sponsorship

- 17.1 You agree to appoint and to maintain us (or our nominee) as your sponsoring participant under the sponsorship agreement (please see Part F).
- 17.2 You must not provide us with any instructions that are inconsistent with this Agreement.
- 17.3 You must not terminate our appointment as sponsoring participant without our written consent.
- 17.4 If a loan is used to subscribe for an issue of uncertificated securities, then you must require those securities be vested upon issue in your name subject to the sponsorship agreement.
- 17.5 (a) Subject to paragraph (b) below, we are authorised to lend securities held by you subject to the sponsorship agreement, to any person under a securities lending arrangement, without giving you notice or requesting your consent. You are not entitled to the benefit of any commission or benefit that arises from the securities lending arrangement.
- (b) We are currently not authorised, and undertake not to lend any IPL securities which are held by you and which are subject to the terms of Part C. If there occurs any change in law (including policy, guidance or product rulings of a governmental body) then we may and you authorise us to, lend any IPL securities held by you.

18. Nominee

- 18.1 You agree that Citi Nominees will act as nominee for the purpose of this Agreement. You acknowledge that Citi Nominees is a nominee company appointed by Citi from time to time and may be an authorised representative of Citi under Citi's licence.
- 18.2 You must, upon request from Citi Nominees, pay all the costs, fees, taxes, losses, damages and liabilities incurred by Citi Nominees for acting in accordance with this Agreement.
- 18.3 You do not have to pay any amount resulting from the fraud or gross negligence of Citi Nominees.
- 18.4 Citi Nominees may apply any money held by it as your nominee, whether or not in the deposit account, in or towards satisfaction of any amount owing by you to us or Citi Nominees.

- 18.5 You, and the guarantor, indemnify Citi Nominees against, and must therefore pay Citi Nominees on demand, all loss or costs suffered or incurred as a result of it acting as your nominee except when such loss or costs are caused by the fraud or gross negligence of Citi Nominees.

- 18.6 As Citi Nominee is a related entity, we may substitute any other related entity as nominee without prior notice to you.

- 18.7 You must not provide any instructions to Citi Nominees that are inconsistent with this Agreement. You may terminate Citi Nominees appointment as your nominee on or after the loan amount outstanding has been paid in full and the mortgage has been released and discharged in accordance with this Agreement, by giving Citi Nominees written notice of that termination.

- 18.8 Termination of Citi Nominees appointment does not affect any rights or obligations accrued to the time of termination.

19. Costs and Commissions

- 19.1 When we ask, you and the guarantor must pay us for:
- (a) all costs in connection with the negotiation, stamping, registration, variation or discharge of this Agreement; and
 - (b) the drawing, engrossing, execution and service of any demand or notice given by us; and
 - (c) your performance or observance (or default of performance or observance) of this Agreement including our costs and any receivers costs in connection with exercising any of our rights or any receiver's rights under this Agreement including enforcement and termination costs; and
 - (d) all costs in connection with any taxes we have to pay in connection with this Agreement when the transaction contemplated by this Agreement or any instrument entered into as a result of this Agreement; and
 - (e) our costs in responding to any enquiry about you from any authority; and
 - (f) any increase in our costs of supplying the loan amount to you; and
 - (g) our administrative charges in relation to the mortgaged property or certain applications of the money you borrow from us; and
 - (h) any fees payable in respect of the deposit account, including, but not limited to, withdrawal fees, company charge fees.
- 19.2 If we agree, some or all of the costs and taxes payable under this clause may be funded by a loan.

20. Indemnity

- 20.1 You and the guarantor indemnify us against, and must therefore pay us on demand, all loss or costs suffered or incurred as a result of:
- (a) the occurrence of any default;
 - (b) our entering into and performing our obligations under this Agreement;
 - (c) any inaccuracy in or breach of any of the representations, warranties, declarations or undertakings that you or the guarantor give;
 - (d) our entry into any hedging or option arrangements to preserve the value of the mortgaged property after you or the guarantor become subject to a moratorium on the payment of your debts or an administrator is appointed;
 - (e) any omission made by you or the guarantor in any certificate or declaration delivered or any oral or written statement made by you or the guarantor, whether prior to entering into this Agreement or pursuant to any of the terms of it;
 - (f) the loan being repaid on any date other than its maturity date; or

- (g) any other amount under this Agreement not being paid on its due date; or
 - (h) you or the guarantor breaching the law; or
 - (i) we acting in good faith on instructions we think have come from you, the guarantor or an authorised representative via fax, telephone or electronic messaging; or
 - (j) you prepaying any loan (whether or not permitted by this Agreement).
- 20.2 You must pay us an amount equal to any liability, loss or costs (including consequential or economic loss) of a kind referred to in this clause 20 suffered or incurred by any receiver or attorney appointed under this Agreement, any of our employees or officers or any purchaser or holder of the mortgaged property.
- 20.3 The indemnities in this Agreement are continuing obligations, independent of your other obligations or the guarantor's obligations under this Agreement. They continue after we release the mortgaged property. It is not necessary for us to incur expense or make payment before enforcing a right of indemnity conferred by this Agreement.

21. Hedging

- 21.1 You acknowledge that we may hedge any liability or risk we have or might have under the terms of this Agreement by entering into options, futures or any other hedging instrument or transaction over the securities in your portfolio.
- 21.2 If we have any right, interest in or entitlement to any security or new right as a result of clause 21.1 above, we:
- (a) hold that right, interest or entitlement and any deposit derived from it on our own behalf, and not for you or on your behalf;
 - (b) can deal with that right, interest or entitlement and any profits derived from it according to our discretion; and
 - (c) are under no duty to account to you in relation to that right, interest or entitlement or any deposits derived from it.

22. Miscellaneous

How we may exercise our rights

- 22.1 We may exercise our right or remedy or give or refuse our consent in any way that we consider appropriate including by imposing conditions and without giving you or the guarantor any reasons for our actions.
- 22.2 If we do not exercise a right or remedy fully or at a given time, we can still exercise it later. Our rights and remedies under this Agreement are in addition to other rights and remedies provided by law. We may enforce our rights and remedies in any order that we choose.
- 22.3 We are not liable for loss caused by the exercise or attempted exercise of, failure to exercise or delay in exercising a right or remedy, whether or not caused by our negligence.
- 22.4 The rights and powers granted to us, or our officers, agents or employees under statute or at general law can only operate to enhance those contained in this Agreement, not to diminish or to curtail them.

Assignment

- 22.5 We may assign our right under this Agreement, without prior notice to you or the guarantor. In order to exercise this right we may disclose documents and personal information concerning you and the guarantor.
- 22.6 Your rights are personal to you and the guarantor and may not be assigned without our written consent

Telephone recording

- 22.7 Citi may monitor or record telephone conversations with customers for security, authentication and training purposes. We (or Citi Nominees) can monitor and record telephone conversations between us (or Citi Nominees) and you or the guarantor for these purposes.
- 22.8 If there is a dispute, these records may be used as evidence.

Authorised representatives

- 22.9 You may give us notice of any person authorised to give us instructions or to receive notices from us or to do anything that you and the guarantor are entitled to do under the Agreement. You must provide us with a name and specimen signatures of any such persons that are authorised.
- 22.10 By agreeing to become a guarantor under this Agreement, the guarantor appoints you its authorised representative to give us instructions and to receive notice from us or to do anything that you and the guarantor are entitled to do under the Agreement.
- 22.11 If you want to change or remove your authorised representative, the revocation is effective only when it is given to us in writing.
- 22.12 If you are a company, then unless you tell us otherwise, we will assume that you will authorise your directors and company secretary jointly and each of them severally to act as your authorised representatives.
- 22.13 You are bound by anything we do relying on instructions we receive from your authorised representative or the guarantor.

Confidentiality

- 22.14 Where necessary for a purpose related to our implementation of this Agreement, we may share all the information you give us or that we collect about you in connection with the Agreement with the following people:
- (a) a related body corporate; and
 - (b) a corporation that enters into financial arrangements with us; and
 - (c) any party to this Agreement, any authorised representative and any broker for you or the guarantor; and
 - (d) any person, if required, or allowed by law or by any stock exchange or required by the constituent documents of any entity (securities in or of which comprise the mortgaged property);
 - (e) any person where necessary for a purpose related to the establishment and the operation of the loan; and
 - (f) Privacy at Citi.

Notices

- 22.15 Notices, certificates, consents and other communications in connection with this Agreement must be in writing unless otherwise specified.
- 22.16 Communications may be:
- (a) left at the address last notified; or
 - (b) sent by mail to the address last notified; or
 - (c) sent by fax to the fax number last notified; or
 - (d) sent by electronic message system or given by any other means permitted by law.
- 22.17 Communications take effect from the time they are received unless a later time is specified in them. Communications sent by post are taken to be received three business days after they are posted if sent to an address within Australia and 10 business days after they are posted if sent to an address outside Australia. Communications that are left at an address are taken to have been received on the day that they are left at that address.

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

Our certificate

22.19 We may give you or the guarantor a certificate signed by us or our lawyers about a matter or about an amount payable in connection with this Agreement. This certificate is sufficient evidence of the matter or amount unless it is proved to be incorrect.

Waiver and inconsistency

22.20 A provision under this Agreement or right created under it may not be waived or varied except in writing signed by the party or parties to be bound.

22.21 The provisions of this Agreement prevail to the extent that they are inconsistent with any law and prevail over any drawdown terms or any notices or instructions under this Agreement.

Joint and separate liability

22.22 If there is more than one of you, you are liable for all your obligations under this Agreement, both separately and jointly. This means that your obligations apply to each of you individually and to any two or more of you together.

22.23 This also means that any one or more of you may exercise rights in relation to this Agreement on behalf of all of you and the rest of you will also be bound.

22.24 If we deal with any one of you, we will be taken to have dealt with all of you.

22.25 Joint and separate liability applies to the guarantor also.

No merger

22.26 This Agreement does not merge with or adversely affect and is not adversely affected by:

- (a) any guarantee or indemnity or mortgage, charge or other security, or right or remedy to which we are entitled at any time; or
- (b) a judgment or order that we obtain against you or the guarantor in respect of an amount payable under this Agreement (we can still exercise our rights under this Agreement as well as under the judgment, order or other guarantee or security).

This Agreement and the law

22.27 To the extent allowed by law, this Agreement prevails to the extent it is inconsistent with any law.

Charges and commissions

22.28 We may share any money you or the guarantor gives us, or pay a commission to, any person we choose – including your authorised representative or any broker or agent.

Reliance

22.29 Each of you and the guarantor acknowledges that it has relied on its own judgment (not ours) together with any independent financial or legal advice it may have received, in deciding to enter into this Agreement or making any investment with the money we lend.

22.30 We intend for you and the guarantor to rely only on the promises we make in this Agreement. We do not intend any private communication we may have with you or the guarantor to suggest that we are making additional promises to anyone.

GST

22.31 Words or expressions used in this GST clause which are defined in A New Tax System (Goods and Services Tax) Act 1999 (Cth) have the same meaning in this clause.

Consideration is GST exclusive

22.32 Any consideration to be paid or provided to us for a supply made by us under or in connection with this Agreement does not include an amount on account of GST.

Gross up of consideration

22.33 Despite any other provision in this Agreement, if we make a supply under or in connection with this Agreement on which GST is imposed:

- (a) the consideration payable or to be provided for that supply under this Agreement but for the application of this clause ("GST exclusive consideration") is increased by, and you must also pay to us an amount equal to the GST payable by us on that supply; and
- (b) the amount by which the GST exclusive consideration is increased must be paid to us by you without set off, deduction or requirement for demand, 10 days before the date on which we are required to give the Commissioner its GST return for the tax period to which the GST payable on the relevant supply is attributable.

Reimbursements (net down)

22.34 If a payment to a party under this Agreement is a reimbursement or indemnification calculated by reference to a loss, cost or expense incurred by that party, then the payment will be reduced by the amount of any input tax credit or reduced input tax credit to which that party is entitled for that loss, cost or expense.

Tax invoices

22.35 You need not make a payment for a taxable supply made under or in connection with this Agreement until we have given you a tax invoice for the supply to which the payment relates.

Change of law

22.36 If there occurs any change in law (including the ASX Market Rules and ASTC Settlement Rules) or in its interpretation which makes it unlawful for us to give effect to any provision of this Agreement or which may have a detrimental effect on our rights or our security position under this Agreement or which results in any penalties (including penalty interest) or which makes it illegal for you to exercise your rights under this Agreement, then we will notify you and:

- (a) use our best endeavours to amend this Agreement and continue providing the loan or facility to you on terms as similar as possible to the terms before amendment; or
- (b) at our absolute discretion, our obligation to make, fund or maintain your loan or facility or give effect to this Agreement shall cease. In this case, you must immediately repay the loan amount outstanding in full.

Variation

22.37 We may, in our absolute discretion, vary any of the terms and conditions of this Agreement by notice in writing to you.

22.38 Where a variation of the terms and conditions of this Agreement results in additional or more onerous obligations being imposed on you, you may exercise your right to repay the loan amount in accordance with clause 5. For the purpose only of calculating the amount payable by you in respect of costs and expenses under clause 19, the date on which you are taken to have repaid the loan is deemed to be the date on which you are next required to make an interest payment in accordance with clause 4.

23. Power of Attorney

23.1 Both you and the guarantor irrevocably appoint us, Citi Nominees and each authorised officer of us and Citi Nominees separately as its attorney.

- 23.2 If we ask, you or the guarantor must formally approve anything that an attorney does.
- 23.3 Each attorney may:
- (a) do anything which you as owner of the mortgaged property can do or which you or the guarantor is obliged to do under this Agreement (including completing blanks in this Agreement, executing deeds, selling, assigning or otherwise dealing with the mortgaged property, commencing, conducting and defending legal proceedings, signing any off market share transfer, or authorising, instructing or requesting the amendment of your or the guarantors details as necessary); and
 - (b) delegate your powers (and revoke a delegation); and
 - (c) exercise your powers even if this involves a conflict in duty or you have a personal interest in doing so.

24. Deposit Account

- 24.1 You authorise Citi Nominees to open a deposit account with an Australian deposit-taking institution or a cash management trust on your behalf.
- 24.2 You are not entitled to withdraw, charge, encumber or otherwise deal with your deposit account unless either:
- (a) the loan amount outstanding is paid in full; or
 - (b) subject to our consent, the loan amount outstanding is not more than the security value of your portfolio; or
 - (c) we otherwise consent.
- 24.3 The deposit account may only be used with our consent to:
- (a) repay the loan amount outstanding and pay interest, and any fees, charges and other expenses (including any costs arising from any prepayment of the loan prior to its maturity) due under this Agreement; or
 - (b) to purchase new securities, subject to our consent, which will form part of the mortgaged property.

25. Limitation of Obligations Recoverable Under the Mortgage

- 25.1 This clause applies whether you are a company or any other person.
- 25.2 Notwithstanding any other provision in the facility terms, the total amount secured by and ultimately recoverable under the mortgage will be the amount specified by Citi prior to or at the same time as execution of this Agreement.

26. Maximum Prospective Liability

- 26.1 This clause applies only if you are a company.
- 26.2 For the purpose only of establishing priorities, in accordance with section 282 of the Corporations Act, between the mortgage and any other mortgage (or other security interest) granted by you to any person in respect of the mortgaged property, and without affecting any of your obligations or any of Citi's rights under the mortgage, the prospective liabilities secured by the mortgage include, without limitation, the amount which is from time to time the limit of the amount secured by the mortgage under clause 25.
- 26.3 If the limit on the amount secured by the mortgage is increased at any time, Citi may lodge a notice under section 268(2) of the Corporations Act on your behalf and the maximum prospective liability shall be deemed to have been increased accordingly.

27. Applicable Law

- 27.1 This Agreement is governed by the law in force in New South Wales. Each party submits to the non-exclusive jurisdiction of the Courts of New South Wales.

PART B: MARGIN LOAN CLAUSES ONLY.

This Part B applies if you have the margin loan product. The terms in Part A will also apply to you, but if there is an inconsistency between the terms of this Part B and the terms of any other part in this Agreement, the terms in this Part B prevail.

28. Margin Call

- 28.1 The loan amount outstanding must not at any time exceed the security value of your portfolio. If the loan amount outstanding exceeds the security value of your portfolio, a margin call is triggered.
- 28.2 We may make more than one margin call on any one business day and you must comply with all of those margin calls in aggregate.
- 28.3 If a margin call is triggered we may give you a margin call notice either in writing (including by fax or email) or orally (including by telephone).
- 28.4 If we give you a margin call notice then you must by 3.00pm (Sydney time) on the next business day either:
- (a) pay to us part of the total loan amount outstanding; or
 - (b) give us security interest over additional property that is acceptable to us; or
 - (c) sell, or irrevocably direct us to sell, a part or all of your mortgaged property (and apply the sale proceeds in repaying the loan amount outstanding);
- to ensure that the loan amount outstanding is reduced to an amount which is not (and will not in the reasonably foreseeable future be) greater than the security value of your portfolio.
- 28.5 If either:
- (a) the S&P/ASX 200 Index of the Australia Stock Exchange falls by 10% or more in any 24 hour period, or by 15% or more over two consecutive business days; or
 - (b) the market value of a security forming part of the mortgaged property falls by 10% or more in any 24 hour period; or
 - (c) we cannot contact you or your authorised representative to give a margin call notice after having made reasonable effort to do so (reasonable effort in this clause means attempting to contact you, any person you nominate from time to time, your financial planner, your adviser or accountant); or
 - (d) you fail to comply with a margin call notice
- then we may sell such part of your portfolio as is necessary to ensure that the loan amount outstanding is reduced to an amount which is not (and will not in the reasonably foreseeable future be) greater than the security value of your portfolio. We undertake to apply the proceeds of any such sale to your loan amount.
- 28.6 You acknowledge and agree that:
- (a) it is your sole responsibility (and not ours) to monitor the total loan amount outstanding and the value of your portfolio at all times;
 - (b) if we monitor your loan amount and the value of your portfolio we do so for our benefit only;
 - (c) we are under no obligation to give you a margin call notice (despite being entitled to) and you must not take it as a representation that we will not give such a notice;

- (d) we may sell any of the securities forming part of the mortgaged properties at any time without giving you a margin call notice or any other call notice if the events in clause 28.5 above occur; and
- (e) if you were introduced to us by your financial planner or adviser, your financial planner or adviser may request that all communications (including notice of margin calls) go through them, in which case you authorise us to deal with your financial planner or adviser only and you agree that we have no obligation to contact you directly whatsoever, including in the event of a margin call.

29. Sale of Securities

- 29.1 If you have a fixed rate margin loan, you may sell any of the securities in your portfolio provided that:
- (a) you have obtained our consent; and
 - (b) the sale proceeds are deposited in your deposit account and held as security for your obligations and otherwise subject to the terms of this Agreement.
- 29.2 If you have a floating rate margin loan, you may sell any of the securities in your portfolio provided that:
- (a) you have obtained our consent; and
 - (b) you repay from the proceeds received at settlement at least enough of the loan amount outstanding to ensure that after the sale, the loan amount outstanding is not more than the security value of your portfolio.

PART C: INVESTMENT PROTECTED LOAN CLAUSES ONLY.

This Part C applies if you have the IPL product. The terms in Part A will also apply to you, but if there is an inconsistency between the terms in Part A and the terms of this Part C, the terms in this Part C will prevail. Part B will not apply to you, unless you also hold a margin loan product. If there is an inconsistency between the terms of this Part C and the terms of Part D, E, F or G, the terms in this Part C will prevail.

The capital protection provided in the IPL product will be provided either:

- (a) by us granting to you a put option in accordance with the terms of Section 1 of this Part C and Part D; or
- (b) by setting a protection level in accordance with the terms of Section 2 of this Part C

as requested by you and subject to our approval.

Section 3 of this Part C applies to you whether you have a put option or a protection level.

30 IPL Securities

- 30.1 You must purchase only the IPL securities with the loan monies provided by us under the IPL in accordance with the term sheet we issue from time to time.
- 30.2 You irrevocably authorise and direct us on the drawdown date to make the loan by applying the loan amount to purchase the IPL securities. You hereby authorise us to purchase the IPL securities you have requested and we have approved.

- 30.3 For the purposes of section 1017F of the Corporations Act and regulation 7.9.63C of the Corporations Regulations, you authorise us, in respect of the purchase of any or all of your IPL securities, to give to you a single confirmation note in respect of a series of transactions which specifies the average price per security purchased in the series of transactions instead of an individual confirmation note which specifies the price per IPL security in respect of each transaction in the series.

31 Capital Protection

Section 1 - Put Option

- 31.1 We agree upon request to grant you a put option in accordance with the terms of this Part C and Part D.

Section 2 - Protection levels

- 31.2 You may, upon request and subject to our consent, set or change the protection level of your IPL within the parameters set by us from time to time. The protection level will be specified by us in the confirmation letter.
- 31.3 A protection level of 100% is a fully protected IPL. That is, our rights to recover the loan amount outstanding are limited to the mortgaged property only.
- 31.4 A protection level of less than 100% means that your IPL is protected up to the protection level only. That is, our right to recover the loan amount outstanding from you is **not** limited to the mortgaged property only. We have full recourse to recover from you (or your guarantor) the difference between the protection level and the loan amount outstanding where the loan amount outstanding is greater than the protection level.
- 31.5 If your protection level is less than 100% and the security value of your portfolio is less than the loan amount outstanding, then the margin lending provisions in clause 28 will apply.

Variation of protection level

- 31.6 A request to change the protection level of your IPL may impact the loan amount outstanding; the degree to which our rights to recover the loan amount outstanding are limited; and our costs in changing any hedging positions we may have.

Upon receipt of such a request, we will notify you within two business days of the consequences your request will have on your facility, including any change to your interest rate, your loan amount outstanding and any fees or expenses you have to pay to effect the change.

Section 3 - Limitations on recourse

- 31.7 Our recourse against:
- (a) you in respect of the loan amount outstanding; and
 - (b) the guarantor in respect of the loan amount outstanding in connection with an IPL is, subject to the exceptions described below in clause 31, limited to:
 - (c) subject to paragraph (e) below, if you hold a put option and exercise the put option, the amount which is payable by us to you as the IPL exercise price under clause 31.15(a); or
 - (d) subject to paragraph (e) below, if you do not exercise the put option, or have a protection level, the amount which we can obtain by enforcing our rights in respect of the mortgaged property; or
 - (e) if the IPL exercise price or protection level is less than the loan amount outstanding, our recourse against you is unlimited.
- 31.8 Clause 31.7 means that, if there is a default, the maximum amount we may recover from you (in respect of the loan amount outstanding) and the guarantor (in respect of the loan amount outstanding) in connection with any such loan is the amount we obtain from enforcing our rights in respect of the mortgaged property given by you and the guarantor respectively for that loan, with the exceptions described below in this clause 31.

- 31.9 The limit on our recourse described in clauses 31.7 and 31.8 does not apply if any of the following occur:
- (a) in our opinion, you or the guarantor have breached a material undertaking to us (other than the obligation to repay the loan amount outstanding); or
 - (b) in our opinion, a material representation or warranty by either you or the guarantor was or becomes incorrect or misleading; or
 - (c) in respect of the loan, we have relied on a statement or some conduct of either you or the guarantor which in our reasonable opinion was materially false or misleading.
- 31.10 In any case, even if our recourse is limited as described in clauses 31.7 and 31.8 we may prove for the loan amount outstanding and otherwise participate in the winding up or bankruptcy of you or the guarantor if another creditor initiates those proceedings.

- 31.11 The limit on our recourse described in clauses 31.7 and 31.8:
- (a) does not release you or the guarantor from its obligations under this Agreement;
 - (b) does not in any way affect our right to recover personally from you interest, costs or taxes in connection with this Agreement; and
 - (c) does not prevent us from obtaining equitable relief in connection with this Agreement (other than an order requiring repayment of all or some of the loan amount outstanding).

Guarantor limited recourse facilities

- 31.12 In respect of a guarantor limited recourse facility:
- (a) there is no limit on our ability to enforce our rights against you; and
 - (b) our rights against the guarantor are limited in the same manner as set out in clause 31 with the intent that, for the purposes of this clause 31.6, clause 31 is to be read as if the references to the borrower in clauses 31.1 and 31.2 did not appear and each reference to a loan, a limited recourse loan or was a reference to the guarantor limited recourse facility.

Protection levels

Increase in market value of portfolio

- 31.13 If the market value of your IPL portfolio increases so that the security value of your portfolio is in excess of the loan amount outstanding then, provided we, in our absolute discretion, consent, you may use the excess as mortgaged property for a margin loan under Part B.

Fixed rate loan

- 31.14 An IPL is a fixed rate loan under clause 4.3 of Part A. You must pay us interest in advance for an IPL. Interest is due and payable on the date specified in the confirmation letter. If you repay the loan amount outstanding before the maturity date, we may in our absolute discretion refund any excess interest to you or forfeit the excess interest.

Maturity of IPL

- 31.15 In addition to your rights under clause 5 of Part A, you may, by giving five business days notice in writing before the maturity date:
- (a) if you hold a put option, exercise the put option. If the put option has been validly exercised by you, then provided that you deliver the relevant IPL securities, we will pay to you the IPL exercise price.
 - (b) if you have a protection level, elect to take advantage of the limited recourse in clauses 31.7 and 31.8 in which case we exercise our rights as mortgagee of the mortgaged property and apply any sale proceeds in repayment of the loan amount outstanding before paying any surplus sale proceeds to you; or

- (c) if we have notified you that you may rollover the loan by extending the maturity date (and we have notified you of the terms on which we are prepared to rollover the loan) you may elect to rollover your loan on those terms.

- 31.16 In spite of giving you a notice under clause 31.15(c) we may in our absolute discretion decide whether to rollover the loan. If we accept your election the loan will be on the terms in the notice. If we reject your election, you will be deemed to have elected the option in clause 31.15(a) or 31.15(b), as applicable.

- 31.17 If you do not notify us under clause 31.15, then you will be deemed to have elected the option in clause 31.15(a) if you hold a put option or clause 31.15(b) if you have a protection level.

Trading of IPL securities

- 31.18 If you have an IPL, you may sell any of the IPL securities in your portfolio provided that:
- (a) you have previously obtained our consent; and
 - (b) the sale proceeds are deposited in your deposit account and held as security for your obligations and otherwise subject to the terms of this Agreement.
- 31.19 If you wish to purchase another IPL security with the sale proceeds, a new protection level will be set or a new put option will be granted (as requested by you and consented to by us). A fee will be due and payable by you on the date of purchase of the new IPL security. We will notify you of the fee in writing. You authorise us to purchase any such IPL security on your behalf.

Corporate actions

- 31.20 If prior to the maturity date:
- (a) the relevant IPL security is subdivided, consolidated, or reconstructed; or
 - (b) the entity that issued the IPL security makes a bonus issue, a distribution by way of return of capital or a rights issue or a special distribution or otherwise alters its capital structure; or
 - (c) the entity that issued the IPL security is the subject of a takeover or a scheme of arrangement or is to merge or consolidate with another entity or transfer all or substantially all of its assets to another entity; or
 - (d) a call is made on partly paid shares; or
 - (e) another change occurs with respect to the IPL security; or
 - (f) an event in clause 10.1 occurs (a reference to "mortgaged property" in that clause is a reference to IPL securities for the purpose of this clause); or
 - (g) an event in clause 28.5(a) or (b) occurs (a reference to "mortgaged property" in that clause is a reference to IPL securities for the purpose of this clause); or
 - (h) any event occurs which we determine to be similar in effect to the events described in paragraphs (a) to (g);
- then we may, in our absolute discretion, apply any cash or other property received against the loan amount outstanding; any property received may form part of the mortgaged property; we may alter the maturity date of your loan, vary the protection level (if any), vary the terms of the put option (if any), vary the amount, number and nature of the IPL securities, or take any other action we consider necessary in our absolute discretion, including terminating the loan with respect to the relevant IPL security and any amount payable as a result of such termination must be paid on demand.

PART D: OPTION FACILITY.

This Part D, together with the confirmation letter (if any), applies if you buy or sell options. The terms in Part A will also apply to you, but if there is an inconsistency between the terms in Part A and the terms of this Part D, the terms in this Part D will prevail. If there is an inconsistency between this Part D and the confirmation letter, the confirmation letter will prevail. Part B, Part C or Part E will also apply to you, if you have a margin loan or IPL. If there is an inconsistency between the terms of this Part D and the terms of Part B, Part C or Part E, respectively, then the terms of Part B, Part C or Part E, respectively, will prevail. If there is an inconsistency between this Part D and Parts F, G or H, then Part D will prevail.

32. Agreement

32.1 The availability of options is subject to and conditional upon you agreeing to Part A and entering into either a Margin Loan under Part B or an IPL under Part C.

32.2 If you hold an IPL

- (a) buying or selling options can only be conducted over nominated approved securities and on terms acceptable to us.

33. OTC options

33.1 We will buy and sell OTC options to you in our absolute discretion. If you have an OTC option, then:

- (a) in the case of a bought put option, in consideration of payment of the option premium by you, we will grant to you an option to require us to purchase each nominated approved security for the exercise price on the terms set out in the relevant confirmation letter (i.e. you are buying a put option from us); or
- (b) in the case of a sold put option, in consideration of payment of the option premium by us, you will grant to us an option to require you to purchase each nominated approved security for the exercise price on the terms set out in the relevant confirmation letter (i.e. you are selling a put option to us); or
- (c) in the case of a sold call option, in consideration of payment of the option premium by us or a third party, you may grant to us or an approved third party an irrevocable and unconditional option to purchase each nominated approved security for the exercise price on the terms set out in the relevant confirmation letter (i.e. you are selling us a call option); or
- (d) in the case of a bought call option, in consideration of payment of the option premium by you, we will grant to you an option to purchase each nominated approved security for the exercise price on the terms set out in the relevant confirmation letter (i.e. you are buying a call option from us).

33.2 Each confirmation letter or amended confirmation letter (if any) will be conclusive proof of the option(s) and their terms and conditions, unless objected to in writing by you within one business day of electronic or facsimile transmission of the confirmation letter to you (or three business days of mailing).

33.3 You may sell call options against your nominated approved securities only. You may sell put options only if you have lodged with us collateral which is acceptable to us.

Collateral

33.4 We will, to the extent possible, use the mortgaged property under an IPL or Margin Loan as collateral for any OTC options. However, we may, in our absolute discretion, at any time and from time to time, require as initial or additional margin any amount of cash, securities or other property acceptable to us as we deem necessary to secure performance of your obligations under this Part D. Any such margin call will be made in accordance with clause 28 and will form part of the mortgaged property.

34. Exchange Traded Options

34.1 We will buy and sell Exchange Traded Options on your behalf provided that:

- (a) we approve, in our absolute discretion, the terms of the options you wish to buy or sell; and
- (b) you have agreed to the terms in the Option Client Agreement set out in Part G to this Agreement and taken all other necessary actions we require; and
- (c) you have signed, completed and returned to us the client acknowledgment of the Master Deed of Priority between the Options Clearing House Pty Ltd (ABN 48 001 314 503) and us; and
- (d) all other requirements as specified by the Corporations Act or the rules of the relevant exchange from time to time are met.

35. Exercise of OTC Options

35.1 Each OTC option may only be exercised by the exercising party, if the exercising party provides the other party with at least five business days written notice at any time prior to the expiry date as prescribed in the confirmation letter. Subject to the confirmation letter, OTC options may be exercised in whole or, when indicated in the confirmation letter, in part in such minimum denominations as specified.

35.2 If the exercising party gives notice to the other party that the exercising party wishes to exercise the option and provided that the option has been validly exercised by the exercising party, then:

- (1) for physically settled options, on the settlement date:
 - (a) in the case of an OTC put option, the exercising party must deliver the nominated approved securities to the other party and in return the other party must pay to the exercising party the exercise price; and
 - (b) in the case of an OTC call option, the other party must deliver the nominated approved securities to the exercising party and the exercising party must pay the other party the exercise price.
- (2) for cash settled OTC options (whether put or call), the other party must pay to the exercising party on the settlement date an amount equal to the cash settlement amount specified in the confirmation letter.

36. Exercise of Exchange Traded Options

36.1 Each Exchange Traded Option may only be exercised in accordance with its terms.

37. Expiry of the Options

37.1 The options expire:

- (a) on the expiry date in the case of an OTC option, unless we agree otherwise; or
- (b) in accordance with its terms in the case of an Exchange Traded Option; or
- (c) if clause 2.2 of Part A applies.

37.2 Upon expiry of an option, our obligations in relation to the option are terminated and we may take any course of action available to us under this Agreement and under clause 40 of this Part D. You acknowledge that even if your option expires in-the-money, we are under no obligation to make any payment to you.

38. Options Part of Mortgaged Property

38.1 For the avoidance of doubt, the definition of mortgaged property in this Agreement includes all options entered into under this Part D. This includes any option entered into between you and us in the future and any option that we enter into on your behalf at any time in the future.

39. What Else You Need to Pay Us

39.1 You must pay us a deposit equal to 1% of the loan amount to cover all our costs including, but not limited to, those associated with the loan, the approved security and the option positions.

39.2 If we give you notice, you must pay to us immediately:

- (a) any amount outstanding under this Agreement, including the loan amount outstanding;
- (b) the difference between the loan and the acquisition amount of the approved securities (inclusive of brokerage, stamp duty and GST);
- (c) any costs that we incur closing out the options;
- (d) any other costs due or in connection with any option.

40. If You Fail to Pay

40.1 If you fail to pay any amount notified by us to be due and payable, then, in addition to the rights that we have under this Agreement, and under clause 40.1 of this Part D, we may also (in our absolute discretion):

- (a) give you notice terminating the OTC option ("Terminating Notice") effective from a day that we specify in the notice ("Option Termination Date"). The Option Termination Date will be at least two Business Days after the day that the Terminating Notice is given to you; and
- (b) close out any open positions you have in relation to an Exchange Traded option; and
- (c) recover from you all losses, expenses in connection with entering into an option, including, without limitation, all costs associated with hedging our position.

41. Delivery Obligations

41.1 If you are obliged to deliver a nominated approved security to us after the exercise of an OTC option, you authorise us to:

- (a) provide any appropriate instructions to a sponsoring participant to effect the transfer of the nominated approved security to us; or
- (b) complete and execute, as your appointed attorney, any documents that are necessary to transfer any certificated securities to us.

42. Adjustment or Termination of Options

42.1 If prior to the expiry date:

- (a) the relevant nominated approved security is subdivided, consolidated, or reconstructed; or
- (b) the entity that issued the nominated approved security makes a bonus issue, a distribution by way of return of capital or a rights issue, or a special distribution or otherwise alters its capital structure; or
- (c) the entity that issued the nominated approved security is the subject of a takeover or is to merge or consolidate with another entity or a scheme of arrangement or transfer all or substantially all of its assets to another entity; or
- (d) a call is made on partly paid shares; or
- (e) another change occurs with respect to the nominated approved security; or
- (f) an event in clause 10.1 occurs (a reference to 'mortgaged property' in that clause is a reference to nominated approved securities for the purpose of this clause); or

(g) an event in clause 28.5(a) or (b) occurs (a reference to 'mortgaged property' in that clause is a reference to nominated approved securities for the purpose of this clause); or

(h) we are unable to, or unable to continue to, hedge our exposure; or

(i) any event occurs which we determine to be similar in effect to the events described in paragraphs (a) to (g);

then we may vary the exercise price of any option positions, vary the amount, number and nature of the nominated approved securities, or vary any other term of the option or take any other action we consider necessary in our absolute discretion, including closing out all or part of your option positions.

43. Set-Off and Netting

We may set off any amount we owe you in relation to an option (including the option premium, and proceeds upon exercise) against any amount you owe us under this Agreement, including but not limited to the loan amount outstanding. Neither you nor the Guarantor may set off any amount you owe us against any amount we owe you.

If on any date amounts would otherwise be payable in the same currency and by each party to the other, then on such date, each party's obligation to pay that amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would have been payable by the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller amount.

PART E: GEARINVEST CLAUSES ONLY.

This Part E applies if you have the GearInvest margin loan product. The terms in this Part E are supplementary to, form part of and should be read with the terms of the facility agreement. The terms in the facility agreement apply to you, but if there is an inconsistency between the terms of this Part E and the terms of any other Part of the facility agreement, the terms of this Part E will prevail.

Words used in this part have the same meaning as in the facility agreement, unless otherwise defined in Section 8 of this Part E.

1. GearInvest Margin Loan

- 1.1 The GearInvest margin loan will only be made available to you if you have:
 - (a) completed the application for a GearInvest margin loan;
 - (b) completed the application under the facility agreement;
 - (c) paid the initial contribution to us in cleared funds no later than three business days before the first periodic investment date; and
 - (d) provided us with details, in a timely manner, of the approved security you wish to purchase.
- 1.2 Each loan advance constitutes a loan amount lent by us to you under the facility agreement and is subject to all the terms of the facility agreement, including, without limitation, payment of interest and repayment of principal.

2. Initial Loan Advance

- 2.1 We agree to, no later than the first periodic investment date, lend you the initial loan advance in respect of the agreed approved security.
- 2.2 You irrevocably authorise and direct Citi to apply the total initial investment to purchase the agreed approved security on the initial investment date.

3. Periodic Contributions and Periodic Loan Advances

- 3.1 You authorise and direct Citi to direct debit your periodic contribution from your nominated account no later than five days before a periodic investment date.
- 3.2 We agree to, no later than each periodic investment date, lend you the periodic loan advances in respect of the agreed approved security.
- 3.3 You irrevocably authorise and direct Citi to apply the total periodic investment to purchase the agreed approved security on each periodic investment date.

4. Geared Margin Loan Adjustments

- 4.1 If you do not make a periodic contribution in respect of an approved security, we will, in addition to the loan advance under clause 3.2 of this Part E, make a loan advance equal to that periodic contribution no later than the relevant periodic investment date to purchase more of the agreed approved security.
- 4.2 If we make a loan advance to you under clause 4.1 of this Part E:
- (a) you will be deemed to have made the relevant periodic contribution in respect of that approved security; and
 - (b) you may incur a margin call in accordance with the terms of the facility agreement.

5. Approved Securities

- 5.1 You may, no later than 14 business days prior to a periodic investment date, give us notice in writing that you want to:
- (a) nominate an additional or alternative approved security;
 - (b) vary the amount of your periodic contributions or periodic loan advance;
 - (c) vary the frequency of your contributions;
 - (d) suspend your periodic contributions;
 - (e) suspend your periodic loan advances; or
 - (f) stop purchasing a nominated approved security.
- 5.2 We may agree in our absolute discretion, and subject to any conditions we think fit, to the variations in clause 5.1 of this Part E.

6. Minimum Term

- 6.1 The minimum term of the GearInvest margin loan is 12 months.
- 6.2 You may apply to us in writing to terminate the GearInvest margin loan within the minimum term and we may agree in our absolute discretion, and may charge you an administration fee and any break costs (as defined in the facility agreement).

7. Costs

- 7.1 In addition to any costs payable under this Part or the facility agreement, we may require you to pay for any other costs incurred in relation to the GearInvest margin loan, including any dishonour fees, bank fees or administration fees. You authorise us to debit the deposit account and/or your nominated account for these amounts.

8. Default

- 8.1 Subject to clause 4.1 of this Part E, any failure to
- (a) make a periodic contribution; or
 - (b) satisfy a condition under the terms of this Part E or the terms of the facility agreement means that we may, in our absolute discretion, do one or more of charge you a fee, not make one or more periodic loan advances, deem it to be a default under the facility agreement.

9. Definitions

agreed approved security means the approved security which you and we agree will be purchased using the GearInvest margin loan.

facility agreement means the agreement under which Citi provides you the Flexible Investment Facility.

Financial Institution means, the institution where your nominated account is held.

GearInvest margin loan means the loan provided to you by Citi under the terms of Parts A, B and this Part E of the facility agreement.

initial contribution means, in respect of an approved security, the amount nominated by you in the application and approved by us as your initial investment in the agreed approved security.

initial investment date means the date on which the approved security is first purchased once the GearInvest has been approved and established by Citi.

initial loan advance means, in respect of an approved security, the amount agreed by us as your initial loan amount.

nominated account means the account which in the application you authorise us to direct debit for your periodic contributions.

periodic contribution means the amount and frequency nominated by you in the application and agreed to by us as your periodic investments in the agreed approved security.

periodic investment date means each date on which the relevant number of an agreed approved security is acquired.

periodic loan advance means the amount agreed by us as the additional loan amount which we contribute to your GearInvest approved security on each periodic investment date.

total initial investment means in respect of an approved security an amount equal to the sum of:

- (a) your initial contribution; and
- (b) your initial loan advance.

total periodic investment means in respect of an approved security an amount equal to the sum of:

- (c) your periodic contribution; and
- (d) your periodic loan advance.

PART F: CHESS SPONSORSHIP AGREEMENT

Part F will apply to you irrespective of which product you have. Australian shares are held through either Participant or Issuer sponsorship. Either way, you will receive a statement (similar to a bank statement) instead of a share certificate. By choosing to become a Participant Sponsored Holder, you nominate a stockbroker (Citi Smith Barney) to act as your "Sponsoring Participant" of your Holding for the purposes of CHESS. You will be allocated a Holder Identification Number ("HIN") that is used to identify all the Financial Products in your Holding in CHESS. You authorise Citi Smith Barney as your agent to do any act under CHESS relating to your Holding.

Definitions and Interpretations

1. In Part F:

ACH means Australian Clearing House Pty Limited (ABN 48 001 314 503).

ASTC means ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532).

ASTC Settlement Rules or **Rules** means the rules of ASTC.

ASX Derivative Products includes Exchange Traded Options, Share Ratios, LEPOS or any other ASX Derivative Product.

Financial Product has the meaning ascribed to it in the Corporations Act as modified by the Corporations Regulations and the ASTC Settlement Rules.

Issuer means an entity that issues Financial Products for the purposes of the Corporations Act.

Any term used in this Agreement which is defined in the ASTC Settlement Rules has the meaning given in the Rules.

What is CHESS?

2. CHESS stands for Clearing House Electronic Subregister System as operated by:

- (a) ACH for the purpose of clearing Cash Market Transactions and Cash CCP Transactions; and
- (b) ASTC for the purposes of settling transactions in Approved Financial Products, Transferring Financial Products and registering Transfers.

Instead of receiving a share certificate, you will receive a holder statement.

Only certain categories of people may control Financial Products on CHESS (we fall within one of these categories). Other people who have Financial Products on CHESS need their Holding sponsored by a "Controlling Participant" for the purposes of CHESS. This Agreement relates to your appointment of us as your "Controlling Participant".

Our Authority and Obligations

3. You appoint us as your "Controlling Participant" for the purposes of CHESS with respect to your Holding, with the HIN(s) to be advised via a schedule to this Agreement. A HIN is a number that is used to identify a Holding in CHESS. You authorise us as your agent to do any act under CHESS relating to your Holding.

4. Subject to clauses 5 and 6 of this Part F, we will initiate any Transfer, Conversion or other action necessary to give effect to Withdrawal Instructions within the Scheduled Time.
5. We will not initiate any Transfer or Conversion into or out of your Holding sponsored under this Agreement without your express authority.
6. Subject to clause 7 below, we are not obliged to transfer Financial Products into your Holding until payment is received for those Financial Products. Where you authorise us to buy Financial Products, you will pay for those Financial Products within three Business Days of the date of purchase or such other time as specified in the Confirmation.
7. If we demand that you pay for Financial Products, but if the contract for the purchase of those Financial Products remains unpaid we may sell those Financial Products at your risk and expense (including any brokerage, stamp duty and government charges).
8. If we claim that you have not paid us an amount lawfully owed to us, we can refuse to comply with your Withdrawal Instructions (but only to the extent necessary to retain in your Holding sponsored under this Agreement, Financial Products with a value equal to 120% of the current market value of the amount claimed).

Acknowledgements by you

9. You acknowledge that:
 - (a) before you signed this Agreement one of our representatives explained the effect of this Agreement to you and that you understood the effect of this Agreement; and
 - (b) if we are not a Participant of the ASX, neither ASX nor any Related Party of ASX has any responsibility for supervising or regulating the relationship between us and you, other than in relation to the Rules relating to Sponsorship Agreements;
 - (c) if a Transfer is taken to be effected by us under Section 9 of the ASTC Settlement Rules and the Source Holding for the Transfer is a Participant Sponsored Holding under the Sponsorship Agreement, then:
 - (i) the Participant Sponsored Holder may not assert or claim against ASTC or the relevant Issuer that the Transfer was not effected by the Sponsoring Participant or that the Sponsoring Participant was not authorised by the Participant Sponsored Holder to effect the Transfer; and
 - (ii) unless the Transfer is also taken to have been effected by a Participating Organisation of ASX or a Clearing Participant of ACH, the Participant Sponsored Holder has no claim arising out of the Transfer against the National Guarantee Fund under Part 7.5, Division 4 of the Corporations Regulations.
 - (d) if you die or become Bankrupt, a Holder Record Lock will be applied to all your Holdings sponsored under this Agreement in accordance with the ASTC Settlement Rules (unless your legally appointed representative or trustee elects to remove those Holdings from the CHESS Subregister); and
 - (e) if you die, this Agreement is deemed to remain in operation in respect of the legally appointed representative authorised to administer your estate, subject to the consent of the legally appointed representative, for a period of up to three calendar months after the removal of the Holder Record Lock applied pursuant to clause 9(d) above.

10. If you are a joint holder, you also acknowledge that:
 - (a) if one of the joint holders dies, all your Holdings under the joint Holder Record shall be transferred into new Holdings under a new Holder Record in the name of the surviving holder/s (this Agreement remains valid for the new Holdings under the new Holder Record); and
 - (b) if one of you becomes Bankrupt, we will:
 - (i) establish a new Holder Record in the name of the one of you that is Bankrupt, transfer that person's interest into new Holdings under the new Holder Record and request the ASTC apply a Holder Record Lock to all Holdings under that Holder Record (unless the legally appointed representative of the Bankrupt holder elects to remove the Holdings from the CHES Subregister); and
 - (ii) establish a new Holder Record in the names of the other joint holders and transfer their interest into new Holdings under the new Holder Record.

Security, other interests and subpositions

11. If you tell us that Financial Products are to be lodged with ACH as cover for written positions in the Australian Options Market, you authorise us to take whatever action is required by ACH or ASTC in accordance with the ASTC Settlement Rules or ACH Clearing Rules to give effect to that arrangement.
12. If you tell us that a charge or other interest in Financial Products has been or is to be given to a person, then you authorise us to take whatever action is required by that person in accordance with the ASTC Settlement Rules to give effect to, or record, that arrangement.
13. We may take steps to create a Subposition over your Holding in the circumstances contemplated by clauses 11 or 12 above. We may also create a Subposition if you consent. If we do this, your ability to Transfer, convert or otherwise deal with the Financial Products will be restricted in accordance with the terms of the ASTC Settlement Rules relating to sub-positions.

Holding information

14. You must promptly provide us with any information or documentation as reasonably requested by us, to enable us to:
 - (a) perform our obligations or to act as your Controlling Participant or agent under this Agreement; or
 - (b) comply with the registration requirements that are currently in force under the ASTC Settlement Rules.
15. Where any information previously supplied by you changes, you must notify us of the change (and supply any necessary supporting documentation) as soon as possible.
16. You authorise us to obtain statements of Holding balances and other information in relation to sponsored Holdings from ASTC upon your request, or at such times as we reasonably think necessary.
17. Where the statements or information described in clauses 14, 15 and 16 of this Part F are obtained at your request or are required to be obtained in order to facilitate compliance with the ASTC Settlement Rules, you accept that you will bear the reasonable costs involved.
18. Information or documents you give us may be disclosed:
 - (a) to any person for these purposes;
 - (b) if required by any regulatory authority (including the ASTC or ACH) or if allowed or required by law; or
 - (c) to our officers, employees, advisers and agents; or
 - (d) if you consent; or
 - (e) to enable us to enforce our rights.

Fees and indemnities

19. No fees will be payable by you (apart from the usual brokerage, government charges and late settlement fees) for the Transfer and settlement agency services provided under this Agreement.
20. You indemnify us against, and you must therefore pay us on demand for, liability, loss or costs (including consequential or economic loss) we suffer or incur;
 - (a) in connection with us performing our obligations under this Agreement; or
 - (b) in connection with us acting as your "controlling participant" or agent for the purposes of CHES; or
 - (c) if you do something you agree not to do, or don't do something you agree to do, under this Agreement.
21. You must pay us these amounts when we ask. We can also debit any of these amounts to any account you have with us even if we do not expressly ask you to pay us. The indemnity in clause 20 above is a continuing obligation, independent of your other obligations to us. It continues even after this Agreement is terminated. It is not necessary for us to incur expense or make payment before enforcing a right of indemnity conferred by this Agreement.

Suspension from CHES

22. If we are suspended from CHES participation, then (subject to the assertion by our liquidator, receiver, administrator, or trustee of an interest in Financial Products controlled by us) you may within 20 Business Days of ASTC giving notice of the suspension, give a notice to ASTC requesting that your Holdings sponsored under this Agreement be removed either:
 - (a) from the CHES Subregister; or
 - (b) from our control to the control of another Participant with whom you have entered into a valid sponsorship agreement pursuant to Rule 12.19.10 ASTC Settlement Rules.

If you do not give ASTC such a notice, ASTC may effect a change of Controlling Participant under Rule 12.19.11 of the ASTC Settlement Rules, in which case you will be deemed to have entered into a new sponsorship agreement with the substitute Participant on the same terms as this Agreement. Where you are deemed to have entered into a Sponsorship Agreement, the new Participant must enter into a Sponsorship Agreement with you within 10 Business Days of the change of Controlling Participant.

Complaint procedures

23. You may lodge a complaint against us or any claim for compensation from the Financial Industry Complaints Scheme, see the section on Dispute Resolution in the Financial Services Guide.
24. If we breach this Agreement, you may refer that breach to any regulatory authority, including ASTC.

Compensation

25. The following compensation arrangements apply to us:
 - (a) If we breach a provision of this Agreement, and you make a claim for compensation pursuant to that breach, our ability to satisfy that claim will depend upon our financial circumstances; and
 - (b) You may make a claim on the National Guarantee Fund ("NGF") for compensation if a breach by us falls within the circumstances specified under Part 7.5 Division 4 of the Corporations Regulations.

(For more information on the circumstances in which you may make a claim on the NGF or for information on the NGF generally, contact the Securities Exchange Guarantee Corporation Pty Limited or visit their website at www.segc.com.au).

Change of controlling participant

26. If you receive a Participant Change Notice from the Controlling Participant of the Participant Sponsored Holding and the Participant Change Notice was received at least 20 Business Days prior to the date proposed in the Participant Change Notice for the change of Controlling Participant, the Participant Sponsored Holder is under no obligation to agree to the change of Controlling Participant and may choose to do any of the things set out in clauses 26(a) or 26(b) below:
- (a) you may choose to terminate the Agreement by giving Withdrawal Instructions under the ASTC Settlement Rules to the Controlling Participant, indicating whether you wish to:
 - (i) transfer your Participant Sponsored Holding to another Controlling Participant; or
 - (ii) transfer your Participant Sponsored Holding to one or more Issuer Sponsored Holdings.
 - (b) If you do not take any action to terminate the Agreement in accordance with 26(a) above, and do not give any other instructions to the Controlling Participant which would indicate that you do not agree to the change of Controlling Participant then, on the Effective Date, the Agreement will be binding on all parties as if, on the Effective Date:
 - (i) the New Controlling Participant is a party to the Agreement in substitution for the Existing Controlling Participant;
 - (ii) any rights of the Existing Controlling Participant are transferred to the new Controlling Participant; and
 - (iii) the Existing Controlling Participant is released by you from any obligations arising on or after the Effective Date.
 - (c) The novation in clause 26(b) above will not take effect until you have received a notice from the New Controlling Participant confirming that the New Controlling Participant consents to acting as the Controlling Participant for you. The Effective Date may as a result be later than the date set out in the Participant Change Notice.
 - (d) You will be taken to have consented to the events referred to in clause 26(c) above by the doing of any act which is consistent with the novation of the Agreement to the New Controlling Participant (for example by giving an instruction to the New Controlling Participant), on or after the Effective Date, and such consent will be taken to be given as of the Effective Date.
 - (e) This Agreement continues for the benefit of the Existing Controlling Participant in respect of any rights and obligations accruing before the Effective Date and, to the extent that any law or provision of any agreement makes the novation in clause 26(b) above not binding or effective on the Effective Date, then the Agreement will continue for the benefit of the Existing Controlling Participant until such time as the novation is effective, and the Existing Controlling Participant will hold the benefit of the Agreement on trust for the New Controlling Participant.
 - (f) Nothing in this clause 26 will prevent the completion of CHES transactions by the Existing Controlling Participant where the obligation to complete those transactions arises before the Effective Date and the Agreement will continue to apply to the completion of those transactions, notwithstanding the novation of the Agreement to the New Controlling Participant under this clause 26.

Termination

27. Subject to the ASTC Settlement Rules, this Agreement is terminated if:
- (a) either party notifies the other in writing that it wants to terminate this Agreement (in which case this Agreement is terminated from the time the notice is received unless a later time is specified in the notice);
 - (b) if we become insolvent;
 - (c) if our participation as a Participant in CHES is terminated or suspended; or
 - (d) upon the giving of Withdrawal Instructions by you to a Controlling Participant in accordance with ASTC Settlement Rule 7.1.10(c).
28. The termination of this Agreement does not affect any rights or obligations that have accrued before that time.

ASTC Settlement Rules

29. This Agreement is subject to the ASTC Settlement Rules. You must not do anything that would prevent or hinder us from complying with our obligations under the ASTC Settlement Rules.
30. If this Agreement is inconsistent with the ASTC Settlement Rules, the ASTC Settlement Rules prevail to the extent of the inconsistency.
31. Nothing in this Agreement operates to override any interest of ACH in the Financial Products.

Miscellaneous - Notices and Other Communications

32. Unless otherwise required or permitted by us or by the ASTC Settlement Rules, notices and other communications must be in writing. Written notices or other communications may be:
- (a) sent or faxed to the address or fax number last notified (which at the date of this Agreement is the address or fax number in the details); or
 - (b) left at, or sent by courier or post to (in the case of a company) the company's head office or principal place of business or (in the case of an individual) the individual's place of residence or business last known to the person sending the document.
- They take effect from the time received unless a later time is specified in them. If sent by post, they are taken to be received on the second Business Day after a correctly addressed and stamped envelope is posted. If sent by courier, they are taken to be received when delivered to the correct address. If sent by fax, they are taken to be received when the sender's fax machine indicates a successful transmission to the correct fax number.

Overdue interest

33. If you do not pay us an amount when it is due, we can charge interest on the overdue amount. We do this using the method and interest rate we determine from time to time.

Waiver and variation

34. We can vary this Agreement by giving you written notice of the variation. We will give you:
- (a) at least seven Business Days' notice of the variation if the variation is, in our reasonable opinion, to remove any inconsistency between this Agreement and the ASTC Settlement Rules; and
 - (b) at least 20 Business Days' notice in other cases.
35. Subject to clause 34 above, a provision of this Agreement, or a right created under it, may not be waived or varied except in writing signed by the party or parties to be bound.

Applicable law

36. This Agreement is governed by the laws in force in New South Wales. You and we submit to the non-exclusive jurisdiction of the courts of New South Wales.
37. The regulatory regime which applies to the Participant is the Corporations Act, Citi Smith Barney holds Australian Financial Services Licence Number 240813. You can obtain information about our status from the Australian Securities and Investments Commission.

PART G: TERMS OF BUSINESS.

The following terms and conditions ("Terms") will apply to all domestic accounts at Citi Smith Barney Pty Limited ("we" or "us" or "Citi Smith Barney"). Any Order placed by you will constitute assent to be bound by these Terms.

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

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

1. Definitions

ACH means Australian Clearing House Pty Limited (ABN 48 001 314 503).

APRA means Australian Prudential Regulation Authority.

ASIC means the Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532).

ASX means Australian Stock Exchange Limited (ABN 98 008 624 691).

ASX Group means any or all of ACH, ASTC and ASX.

Clearing Rules means the Clearing Rules of ACH.

Financial Product has the meaning given to that term in Division 3 of Part 7.1 of the Corporations Act, and includes but is not limited to the financial products set out in clause 2.

Financial Service has the meaning given to that term in Division 3 of Part 7.1 of the Corporations Act, and includes but is not limited to the services set out in clause 2.

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

Market means the market operated by the ASX.

Market Rules means the Market Rules of ASX.

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

Rules means the Market Rules, Settlement Rules and Clearing Rules.

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

Settlement Rules means the Settlement Rules of ASTC.

Transaction means a transaction formed on execution of an Order.

You means the person named in this Agreement as the client. If there are more than one, you means each of them separately and every two or more of them jointly and includes your successors and assigns.

2. Citi Smith Barney Services

- (a) We will provide you with Financial Services, including dealing in a Financial Product and providing financial product advice, together with related research (where available) in relation to ASX listed Financial Products, securities, bonds, managed investments and any other Financial Products agreed by you and us.
- (b) Unless you are otherwise notified, these Terms govern the provision of all Financial Products and Financial Services from us to you.
- (c) Where you are notified that Financial Services offered by us are subject to alternative terms and conditions (the "Alternative Terms"), in the event that there is inconsistency between these Terms and the Alternative Terms, the Alternative Terms prevail.

3. Authority

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

4. Investment needs and Financial Position

- (a) You have disclosed your investment objectives, financial position and particular needs (your "relevant personal circumstances") to us to assist us to provide advice or make recommendations suitable to your individual situation ("Personal Advice"). You also agree to promptly notify us of any changes to your relevant personal circumstances. You warrant that any information that you provide to us is true and correct.
- (b) You acknowledge that full disclosure of your relevant personal circumstances has been requested by us.
- (c) You further acknowledge that if you do not give all the details requested by us in relation to your relevant personal circumstances, or fail to promptly notify us of changes in relation to your relevant personal circumstances that:
 - (i) we can only give you limited advice which may not suit you. Limited advice may be based on incomplete or inaccurate information relating to your personal circumstances and because of this, you should, before acting on the advice, consider the appropriateness of the advice having regard to your relevant personal circumstances; and
 - (ii) this may impair your rights under the Corporations Act; and
- (d) If you do not provide us with your relevant personal circumstances, you acknowledge and agree that we will only provide you with General Advice, meaning that we have not taken into account any of your individual characteristics or needs. When we provide General Advice, you must consider the appropriateness of the advice, having regard to your objectives, financial situation and needs and you must read the relevant Disclosure Document or Product Disclosure Statement in full and consider it before making any decision. Further, you should make your own decision on whether the Financial Product suits your needs. You acknowledge that we will not be liable for any advice given if the financial product does not suit your needs.

5. Orders and Execution

- (a) Either you or your authorised agent may place Orders with us verbally or in writing (including electronically see clauses 14 and 15). Each Order we execute for you, where applicable, is subject to the Corporations Act, the Rules, the directions, decisions and requirements of the ASX Group, the customs and usages of the Market

(each as amended from time to time) and the correction of errors and omissions. We reserve the right to refuse to accept or place a limit on any order in our absolute discretion for any reason. We will not be responsible for confirming the receipt of instructions or verifying the authenticity of your instructions. You agree we can provide confirmations in paper or electronic form.

- (b) You acknowledge we may submit orders for other clients and/or an order for our own account or our affiliates or other prescribed persons and allocations shall be in accordance with our allocation policy, available from your financial adviser. We reserve the right to change the allocation policy at any time without notice to you.
- (c) You acknowledge we are entitled to cancel or reverse a Transaction or Order without notice to you where ASX Group or ASIC has recommended or required cancellation for market integrity reasons, or where the market was operating under an error, or where the cancellation or reversal is permitted under the Rules.

6. Short Selling

You warrant you have a presently exercisable and unconditional right to have the Financial Products vested in you prior to placing any sell order. If you wish to short sell you must enter into a separate agreement with us prior to any short sale and notify us at the time of placing your order that the Financial Product is being sold short.

7. Client as Principal

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

8. Joint Accounts

If your account is in two or more names, the liabilities of all parties are joint and several and, unless you tell us otherwise, we are entitled to accept instructions from any one of the persons named in the account. You acknowledge that we are under no obligation to inquire into or see to the application or disposition of the financial product or money.

9. Recording Conversations

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

10. Your Money

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

We will retain the interest earned on those funds.

You acknowledge that when amounts due to you are paid by cheque, we may pay such amounts to you via a bank regulated by APRA.

You acknowledge that money placed on deposit for you will not be covered by the trust provisions of the Corporations Act or the Rules.

You further acknowledge that the National Guarantee Fund does not cover all Financial Products.

11. Fees and Charges

You agree to pay us on demand:

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

- (b) all amounts incurred by us as a result of your default under these Terms, the Corporations Act and the Rules, to settle or otherwise (including fail fees);
- (c) interest on any overdue amounts, which is charged using the method and interest rate we determine from time to time; and
- (d) any fees or charges that are imposed for the provision of an additional service request (for example, off-market transfer requests, additional reporting, corporate actions, administration service (not inclusive)).

12. Settlement

You agree to settle transactions by the settlement date shown on the confirmation and to deliver to us funds to cover any payment for the acquisition of Financial Products and/or any instruments or documents of title for the disposition of Financial Products. If you fail to deliver such documents to us by the date on the confirmation, we may acquire equivalent Financial Products at your expense to make good your default.

13. Rights Over Your Funds & Financial Products

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

14. Facsimile Documents

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

You also agree that neither you nor anyone claiming through you, has any claim against Citi Smith Barney and its related companies in relation to these payments or actions.

15. Electronic Instructions

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

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

You also agree that neither you or anyone claiming through you has any claim against Citi Smith Barney and its related companies in relation to these payments, actions or failures.

16. Financial adviser (Dealer Group)

If you are a client of a financial adviser or dealer group, you acknowledge and agree that:

- Orders placed with us will be carried out on an execution only basis and we will not provide you with any Personal Advice or recommendations relating to the merits of any securities;
- your financial adviser (not us) is responsible for giving Personal Advice to you in relation to the relevant Financial Product and your adviser is required to obtain information concerning your investment objectives, financial situation and particular needs to ensure that he or she has a reasonable basis for recommendations made to you;
- any General Advice or recommendations provided by us will be made only to your financial adviser who will assess the suitability of any such advice or investment recommendations based on your investment objectives, financial situation and particular needs.

17. Payments of Rebates

If you are a client of a financial adviser or dealer group, or you have been referred to us by another person; they may receive a benefit including a share of the brokerage arising from the transaction.

18. Disclosure of Interest

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

- hold a principal position or deals in the Financial Products;
- provide similar Services to other persons in relation to the Financial Products;
- are allocated a sale or purchase of Financial Products when we have an unexecuted Order on the same terms from you;
- take the opposite position in a Transaction (including a crossing) either acting for a client or on our own account we may charge you brokerage at the normal or agreed rate;
- sponsor or underwrite a new issue involving the Financial Product;
- have material price sensitive information relating to Financial Products where the individuals processing your Order are prevented from knowing or taking into account such information by reason of Chinese Walls; or
- have a potential conflict of interest of which you are not aware and which we are unable to disclose to you.

19. Privacy Rights

We will keep all your information confidential and will not disclose it without your consent except as required by law, as is necessary to execute your order or for credit reporting purposes. Under section 28E(8) of the Privacy Act 1988 (Cth) we may give certain personal information about you to a credit reporting agency. The information that we may give is limited to the information allowed under section 18E(1) of the Privacy Act. This includes:

- your identity details (your name, sex, date of birth, your current and previous addresses, your current or last known employer and your drivers licence);
- the fact that you have applied for credit and the amount;
- the fact that we are a credit provider to you;
- payments overdue for at least 60 days, and for which collection action has commenced;
- advice that payments are no longer overdue;
- cheques drawn by you which have been dishonoured more than once;
- in specified circumstances, that in our opinion you have committed a serious credit infringement; and
- that the credit provided to you by us has been paid or otherwise discharged.

By entering into this Agreement you acknowledge and agree that:

- we have informed you that we may give certain personal information about you to a credit reporting agency;
- in order to assess your application for personal credit, you agree to us obtaining a report about your commercial activities or commercial credit worthiness, from a business that provides information about the credit worthiness of persons; and
- in order to assess your application for commercial credit, you agree to us obtaining from a credit reporting agency a credit report containing personal credit information about you in relation to commercial credit provided by us.

20. Indemnity

You indemnify us for all sums of money, actions, proceedings, suits, claims, demands, damages, costs, expenses and any other amounts whatsoever arising out of any Order or transaction or any default by you under these Terms, or anything lawfully done by us in accordance with these Terms or at your request, or by reason of us complying with any direction, request or requirement of the Rules, the Corporations Act or by any regulatory authority including the ASX Group.

21. Currency

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

22. Termination

Either party may terminate these Terms by notifying the other in writing of its intention and Termination will be effective on the date of receipt of the written notice. Termination of these Terms does not affect any rights or obligations that have accrued before that time. On Termination we will close out all open contracts unless you direct us to transfer the registration of the contracts to another party.

23. Governing Law

These Terms are governed by and construed in accordance with the law of New South Wales and the parties submit to the non-exclusive jurisdiction of the courts of New South Wales.

24. Severability

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

25. Time of Essence

Time is of the essence with respect to these Terms.

26. Direct Debit Payment Option

These following terms apply when you nominate Direct Debit as a payment option in the account application form. A direct debit facility is where a client authorises a service provider; in this case Citi Smith Barney, to withdraw money directly from their nominated account to pay for fees incurred. The Citi Smith Barney Pay Plan is the Citi Smith Barney direct debit facility to pay for brokerage or other service fees as incurred.

- (a) Our commitment to you - Drawing arrangements.
We will provide you with written details of the Citi Smith Barney Pay Plan drawing arrangements via the buy confirmation details. We reserve the right to cancel the Citi Smith Barney Pay Plan drawing arrangements if three or more drawings are returned unpaid by your nominated Financial Institution and arrange with you an alternate payment method. We will keep all information pertaining to your nominated account at the Financial Institution strictly private and confidential.

- (b) Your rights.
You may terminate the Citi Smith Barney Pay Plan drawing arrangements at any time by giving written notice to us. Such notice should be received by us at least five business days prior to the due date. Should the basis by which we initiate drawings on your nominated account change, we will notify you at least 14 days prior to any such change becoming effective. Where you consider that a drawing has been initiated incorrectly (outside the Citi Smith Barney Pay Plan arrangements) you should discuss the matter with us directly.
Due to the nature and procedures involved in settlement of transactions effected on the ASX, requests or deferment of the payment of your obligation cannot be accepted.

- (c) Your commitment to us - Your responsibilities.
It is your responsibility to ensure that sufficient funds are available in the nominated account to meet a drawing on its due date. It is your responsibility to ensure that the authorisation given to draw on the nominated account, is identical to the account signing held by the Financial Institution where the account is based.
It is your responsibility to advise us if the account nominated by you to receive the Citi Smith Barney Pay Plan drawings is transferred or closed. It is your responsibility to arrange with us a suitable alternative payment method if the Citi Smith Barney Pay Plan drawing arrangements are cancelled either by yourselves or the nominated Financial Institution.

- (d) You acknowledge that:
- (i) The Financial Institution may, in its absolute discretion, determine the order of priority of payment by it of any monies pursuant to this request or any authority or mandate.
 - (ii) The Financial Institution may, in its absolute discretion, at any time by notice in writing to you, terminate this request as to future debits.
 - (iii) Citi Smith Barney may, by prior arrangement and advice to you, vary the amount or frequency of future debits.

27. Corporate Actions

Where you are entitled to elect to take up rights attributable to Financial Products (for example, where there is a rights issue or a takeover offer), we will elect to take up those rights on your behalf provided that you notify us that you wish to take up those rights by midday on the date by which the election is required by the Issuer (which may be a date earlier than the original date notified by the Issuer).

28. Electronic Confirmation

If you have provided us with your email address, you may receive confirmation of any Transaction electronically to your email address rather than by post. You agree to promptly advise us of any change to your email address.

29. Electronic Communications

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

30. Effect of Death

You agree, if you are an individual, that if you should die during the term of this Agreement, your personal representative(s) will ratify and confirm all acts and things which we have done or caused to be done pursuant to this Agreement between the date of your death and receipt by us of notice of it and will indemnify us in respect of these acts or things.

Additional Terms for ASX Derivative Products ("Additional Terms")

ACH Clearing Rules 7.1.2. require you to read these terms and conditions carefully, and acknowledge that you have read and understood them by signature on the attached "Exchange Traded Options - Client Agreement Form". The fully completed and signed form must be returned to Citi Smith Barney before we can accept your Options order.

1. Application of ACH's Clearing Rules

The Client and its authorised agent (you), and Citi Smith Barney (us/we) agree that the terms of our relationship in respect of Derivatives CCP Contracts and any dealings between them concerning Derivatives CCP Contracts are subject to, and are bound by the Corporations Act, the operating rules of ACH ("Rules") the relevant approved Market Operator's operating rules and the procedures, customs, usages and practices of ACH, the Approved Market Operator, and their related entities, as amended from time to time, in so far as they apply to Derivatives CCP Contracts ("Options").

2. Where the Client is more than One Person

If more than one person constitutes the Client then they are jointly and severally bound by the Terms. If the Client is a trustee, the trustee is bound in its capacity as trustee and personally. Your successors and assigns are bound by the Terms.

We are entitled to act on the instructions of any one of the persons constituting the Client in addition to any persons nominated as authorised to deal on your account.

3. Explanatory Booklet

You have received and read a copy of the current explanatory booklet published by Australian Stock Exchange Limited (ASX) in respect of each ASX Option product and any other documents required to be given to you under Rule 7.1.1(b) of the Rules.

We do not warrant the accuracy or completeness of information in any ASX explanatory booklet.

4. Risk Disclosure Statement

You have read and understood the Risk Disclosure Statement (contained in Section 4 of this PDS). You acknowledge that dealing in Options incurs a risk of loss as well as a potential for profit.

5. Disclosure of your investment needs and financial position

You have disclosed your investment objectives, financial position and particular needs (Disclosure) to us to assist us to give advice or make recommendations suitable to your individual situation and you must promptly notify us of any changes to this Disclosure.

You acknowledge that

- (a) full Disclosure of your financial details has been requested by us; and
- (b) if you do not give all the details requested or fail to notify us of changes in accordance with clause 6 of this Agreement, this may impair your rights under the Corporations Act and means that we can only give you limited advice which may not suit you and any advice may be based on incomplete or inaccurate information relating to your personal circumstances and because of this, you should, before acting on the advice, consider the appropriateness of the advice, having regard to your relevant personal circumstances.

If you do not make a full Disclosure, you acknowledge and agree that we will only give you execution-related advice, price-information or product-specification information. This means when we provide general advice, you must consider the appropriateness of the advice, having regard to your objectives, financial situation and needs and you must read this Product Disclosure Statement in full and consider it before making any decision in relation to acquiring Options. Further, you should make your own decision on whether the security or product suits your needs and we will not be liable for any advice given if the security or product does not suit your needs.

You acknowledge that you have given consideration to your objectives, financial situation and needs and have formed the opinion that dealing in Options is suitable for your purposes.

We will treat information we possess concerning you as confidential and in accordance with Privacy at Citi, available at www.citismithbarney.com.au. You acknowledge we may provide your information to ASX, ACH, ASTC or related entities in the ASX Group as required by the rules of these groups.

6. Written Notification

You agree to immediately advise us in writing of any changes to your personal and financial details given previously.

7. Authority

You acknowledge, represent and warrant that you act either:

- (a) as principal; or
- (b) as an intermediary for someone else and you are specifically authorised to transact the Options, by the terms of:
 - (i) a licence held by you;
 - (ii) a trust deed (if you are a trustee); or
 - (iii) an agency contract.

8. Nature of our Obligations

Notwithstanding that Citi Smith Barney or your Market Participant, may act in accordance with your instruction, or for your benefit, you acknowledge that any Derivatives CCP Contract arising from any order submitted to an Approved Market Operator, is entered into by the relevant Market Participant as principal.

Upon registration of a Derivatives Market Transaction with ACH in our name, you acknowledge that we incur obligations to ACH as a principal, even though the Derivatives Market Transaction may have been entered into on your instructions.

We will use our reasonable endeavours to give effect to your instructions, but we will not be responsible for failure to give effect to, or for delays or errors in giving effect to, your instructions.

We are entitled to rely on any document or communication which we reasonably believe to be a notification or an oral communication without further enquiry.

9. Limitation on your Rights

You acknowledge that any benefit or right obtained by us is on registration of a Derivatives Market Transaction with ACH by novation under the Rules or any other legal result of registration is personal to Citi Smith Barney and the benefit of that benefit, right or legal result does not pass to you. You have no rights, whether by way of subrogation or otherwise, against the relevant Approved Market Operator or ACH in relation to any transactions by you (or any other Participant or Market Participant in Derivatives Market Transactions.)

We are not required to act in accordance with your instructions, where to do so would constitute a breach of the Rules, the operating rules of a relevant Approved Market Operator or the Corporations Act.

10. Cancellation

You acknowledge we are entitled to cancel or reverse a trade and any confirmation without notice to you where ASX Group or ASIC has recommended or required cancellation for market integrity reasons, or where the market was operating under an error, or where the cancellation or reversal is permitted under the Rules.

11. Dealing as Principal

You acknowledge that we may, in certain circumstances permitted under the Corporations Act and the Rules or the operating rules of a relevant Approved Market Operator, take the opposite position in a Derivatives Market Transaction in Options, either acting for another client or on our own account and we may charge you brokerage at the normal or agreed rate.

12. Payment and Delivery

Citi Smith Barney may call for payment of money or the provision of other security which we consider, in our absolute discretion, appropriate in connection with the obligations incurred by us in respect of Derivatives CCP Contracts entered into for your Account including any fees, fines or additional costs incurred by us as a result of any failure by you to pay any money or provide security (Payments). The time by which you must pay any amount called or provide security is of the essence and you must pay the amounts, or provide the relevant security, within 24 hours of the call for payment and if the 24 hour period expires on a non-Trading Day, you must make payment or provide security by 10am the next Trading Day.

Notwithstanding this clause, we may notify you orally or in writing of a shorter period for payment or delivery.

You irrevocably direct and authorise us to withdraw funds or realise security from any account held by us or our related entities for your benefit in order to satisfy your payment obligations under these Terms of Use, including, without limitation to pay to ACH any amount which we are liable to pay to ACH in connection with dealings for you in Options. We may immediately and without notice set off any amount payable by us to you against any amounts owed by you to us under these Terms of Use or otherwise.

13. Settlement on Exercise of Options

You must make such arrangements for transfer of Financial Products or payment of amounts on exercise or assignment of Options held on your account as we reasonably require and notify to you. In particular, you must, by close of business on the day on which any Option is to be exercised or assigned on your account, either:

- (a) notify us that you intend to complete the transaction arising from the exercise or assignment; or
- (b) instruct us to take other steps to settle obligations arising from exercise, including entering into another Options transaction or exercising any Option.

14. Commission and Fees

You must pay to us commissions, brokerage, fees (Fees) and taxes including GST and charges in connection with your dealings in Derivatives Market Transactions for you at the rates determined by us from time to time and notified to you in writing.

15. Default

If:

- (a) you fail to pay, or provide security for, amounts payable to us; or
- (b) you fail to complete, under the Rules, a contract for the transfer of Underlying Securities following the exercise of an Option; or
- (c) you fail to perform any obligation arising pursuant to the exercise or settlement of a Derivatives CCP Contract; or
- (d) liquidation or winding-up procedures have been commenced against you; or
- (e) a guarantee lodged by you or other security provided by you is withdrawn or becomes ineffective and other replacement security acceptable to us is provided; or
- (f) you become insolvent or bankrupt or if the Client is a company, a receiver or manager is appointed to it or liquidation or winding-up procedures have commenced; or
- (g) you are not capable of giving us instructions or fulfilling your responsibilities to make Payments or pay our Fees and no person is legally appointed to act on your instructions or fulfil your responsibilities; or
- (h) we consider that we require instructions from you in relation to Options registered in your name and we have been unable to contact you for a period of 24 hours; or
- (i) any representation made by you is untrue at the time it was made; or
- (j) you breach any other material provision of these terms; we may, in addition to any other rights we may have against you, without giving you prior notice, take any action or not take action, which we consider reasonable in the circumstances in connection with Options registered in your Account (including without limitation, Options and other financial products arising from those contracts transacted) and, without limitation, we may:
 - (i) enter into one or more transactions to effect the close out of one or more Options in accordance with the Rules; or
 - (ii) exercise one or more Options in accordance with the Rules and; or
 - (iii) exercise any other rights conferred by the Rules, the operating rules of a relevant Approved Market Operator, or this Agreement or perform any other obligations arising under the Rules, the operating rules of a relevant Approved Market Operator or this Agreement in respect of those Derivatives Market Transactions; or
 - (iv) sell (in the manner determined by us) any financial products or other property held by, or under control, of us (including, without limitation, all securities and other property lodged at ACH in respect of your Account, even where this is not owned by you) and set off the proceeds of sale and any other amounts owed to us against any amounts owed by us to you;

and you must account to us as if those actions were taken on your instructions and, without limitation, you are liable for any deficiency and are entitled to any surplus which may result.

16. Power of Attorney

You appoint us, including our related entities and their officers, employees and agents (each an "Attorney") to do anything which in the opinion of the Attorney, would give effect to a right, power or remedy of ours under clause 15, on our behalf and in your name under the power of Attorney. You agree to ratify anything done by an Attorney under this power of attorney.

An Attorney may delegate its powers (including the power to delegate) to any person for any period. The Attorney may revoke the delegation.

17. Indemnity

You will indemnify us for all Payments and Fees and any taxes and charges when they are due and payable. We may automatically charge these or deduct them from your funds held with us or any of your accounts with us.

We shall not be liable for damages, loss, costs or expenses of any kind suffered by you as a result of or arising out of or in connection with:

- (a) any breach of this Agreement, the ASX Market Rules, the Rules of the Corporations Act by you or any person purporting to act on your behalf, including, but not limited to, a breach in respect of which any party may exercise a right to terminate this Agreement;
- (b) a misinterpretation of any information provided by us relating to a transaction entered into or proposed to be entered into by you or us under this Agreement;
- (c) misinterpretation or any information, directions or instructions which you or any person purporting to act on your behalf may have given or claimed to have given to us in relation to any transaction;
- (d) any Option or relationship established under this Agreement or any conduct relating to such a contract or relationship.
- (e) any delay or error in the transmission or execution of any order or instructions given or placed by or for you; except in respect and to the extent of any negligence, fraud or dishonesty by us or any claim which under any applicable law it is not lawful to exclude.

You indemnify us and our employees, representatives and agents from any claim, notice, demand, action, proceeding, litigation, investigation, judgment, damage, loss, cost, expense or liability, however arising, whether present, unascertained, immediate, future or contingent and whether direct or indirect arising out of any default by you under this Agreement or from anything lawfully done by us pursuant to this Agreement including, without limitation, any direction or request from the Approved Market Operator, ACH or ASTC or other regulatory authority.

18. Tape Recording of Conversations

You acknowledge that we may record our telephone conversations with you and if there is a dispute, you may listen to any such recordings in respect of that dispute. Telephone tapes are generally retained for a short period and may be reviewed for quality purposes by us.

19. You to Provide Information

You will take all reasonable steps to deliver information or documentation to us, or cause information or documentation to be delivered to us concerning Derivatives Market Transactions which are requested by a person having a right to request such information or documentation. We are authorised to produce the information or documentation to the person making the request.

20. Appointment as Agent

You irrevocably appoint severally the ACH, and every director, manager and assistant manager for the time being of the ACH, at the option of the ACH (as applicable) to do all acts and execute all documents on your behalf for the purpose of exercising the powers conferred on the ACH under Rule 15.

Note: ACH has broad powers to deal with positions held by the Participant if the Participant commits an event of default under Rule 15.1. The powers of ACH are set out in Rule 15.2.

21. Right to Refuse to Deal

We reserve the right to at any time in our absolute discretion for any reason refuse to deal in, or may limit dealings in, the Options for you. We will advise you of any refusal or limitation as soon as practicable.

22. How We End This Agreement

We may change, and either of us may terminate this Agreement, by giving at least seven business days notice in writing to the other party, subject to all outstanding obligations under this Agreement being completed. Any notice given or demand made by either party, or correspondence or confirmations issued by us, are deemed to have been received on the business day following the issue or posting of the notice, demand, confirmation or correspondence.

23. Effects of Termination

Termination does not affect your or our existing rights and obligations prior to termination. On termination of this Agreement we will close out all Derivatives CCP Contracts held by us for your Account, unless, in accordance with your direction, the registration of those contracts is transferred to another Participant in accordance with the Rules or the operating rules of an Approved Market Operator.

Clause 15, 16 and 17 continue to apply after termination of the Agreement in relation to Options entered into before termination.

24. Revised Terms Prescribed by Exchange

If ACH prescribes amended minimum terms for a Client Agreement for Options for the purposes of the Rules (New Terms), to the extent of any inconsistency between these minimum terms and the New Terms, the New Terms will override the terms of this Agreement and apply as if we had entered into an agreement comprising the New Terms with you.

25. Copy of Changes

We will send to you a copy of the New Terms, as soon as practicable after ACH prescribes the New Terms.

26. Client Funds and Property

We must deal with any money and property paid or given to us in connection with our relationship with you in accordance with the Corporations Act and the Rules. You acknowledge that your monies and the monies of other clients of ours may be combined and deposited by us in a trust account or clients' segregated account. You acknowledge that all monies credited to the clients' segregated account maintained by us may be used by us to meet the default of any of our clients.

27. Change of Participant

If you receive a Participant Change Notice from us and the Participant Change Notice was received at least 20 Business Days prior to the date proposed in the Participant Change Notice for the change of Participant, you are under no obligation to agree to the change of Participant, and may choose to do any of the things set out below.

You may choose to terminate this Agreement in accordance with clause 22 or by giving instructions to us, indicating that you wish to transfer your Derivatives CCP Contracts to another Participant.

If you do not take any action to terminate this Agreement and do not give any other instructions to us which would indicate that you do not agree to the change of Participant then, on the Effective Date, this Agreement will have been taken to be novated to the new Participant and will be binding on all parties as if, on the Effective Date:

- the new Participant is a party to the Agreement in substitution for the existing Participant;
- any rights of the existing Participant are transferred to the new Participant; and
- the existing Participant is released by you from any obligations arising on or after the Effective Date.

The novation under this clause 27 will not take effect until you have received a notice from the new Participant confirming that the new Participant consents to acting as the Participant for you. The Effective Date may as a result be later than the date set out in the Participant Change Notice.

You will be taken to have consented to the events referred to in this clause 27 above by the doing of any act which is consistent with the novation of this Agreement to the new Participant (for example by giving an instruction to the new Participant), on or after the Effective Date, and such consent will be taken to be given as of the Effective Date.

This Agreement continues for our benefit in respect of any rights and obligations accruing before the Effective Date and, to the extent that any law or provision of any agreement makes the novation not binding or effective on the Effective Date, then the Agreement will continue for our benefit until such time as the novation is effective, and we will hold the benefit of the Client Agreement on trust for the new Participant.

Nothing in this clause 27 will prevent the completion of DTP transactions and Derivatives CCP Contracts by us where the obligation to complete those transactions arises before the Effective Date and this Agreement will continue to apply to the completion of those transactions, notwithstanding the novation of this Agreement to the new Participant under this clause 27.

28. Interpretation

Words and expressions defined in the Rules will unless otherwise defined or specified in this Agreement have the same meaning in this Agreement. In the event of any inconsistency, the definitions in this Agreement prevail.

This Agreement is governed and construed in accordance with the law of New South Wales and the parties submit to the non-exclusive jurisdiction of the courts of New South Wales.

29. Financial Services Guide

The Terms of Use (including the Terms of Business (including the Allocation Policy) and the Sponsorship Agreement) applying to your Citi Smith Barney equity account(s) as set out in the FSG apply to transactions in Derivatives CCP Contracts. In the event of any inconsistency, the Terms of Use in this Product Disclosure Statement prevail.

PART H: DEFINITIONS.

These words and expressions have these special meanings in this Agreement:

this Agreement means Parts A, B, C, D, E, F, G and H and the application form, power of attorney, any client agreement or any other document contemplated by and executed in connection with this Agreement.

application form means the form for applying for a loan required by us from time to time.

approved security means any share, stock, unit in a trust or other security that is notified to you by Citi Smith Barney as being acceptable to Citi Smith Barney for the purposes of the facility.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532.

ASTC settlement rules means the business rules of the securities clearing house for CHES.

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

ASX market rules means the market rules of the ASX.

bankrupt means being in a state of “bankruptcy” as that term is defined in the ASTC settlement rules.

break costs means those costs payable by you if you seek to repay your IPL or margin loan early or terminate your options early. These costs consist of costs associated with: terminating your loan; interest; unwinding of your portfolio; unwinding of any options you hold; unwinding of Citi’s hedging position; administration. The amount of the break costs is at our sole discretion but will usually not be more than three months worth of interest. The amount of the break costs will be notified to you before you terminate your loan or facility.

business day means a week day in which the banks and the Australian Stock Exchange are open for business in Sydney.

call option means any call option that you write to Citi Smith Barney under Part D.

certificate means a share certificate or other document evidencing title for a security.

certificated security means a security, title to which is evidenced by a certificate.

CHES stands for Clearing House Electronic Subregister System and has the meaning in the ASTC settlement rules. It is a system of registering securities on computer.

CHES subregister has the meaning in the ASTC settlement rules. Generally, it means that part of a register of securities that is administered by the securities clearing house.

Citi means Citigroup Inc. and specific Australian entities including Citigroup Global Markets Australia Pty Limited ABN 64 003 114 832 as lender (and, from time to time, as CHES sponsor) and Citi Smith Barney Pty Limited ABN 19 009 145 555 as dealer and broker (and, from time to time, as CHES sponsor) and also includes:

- (a) any body of which Citi is the successor or transferee;
- (b) if Citi is reconstituted or amalgamated with another body – the new person formed; and
- (c) a person to which some or all of Citi’s business, including its right to receive the amount owing, is transferred or assigned.

Citi Nominees means either Bowyang Nominees Pty Ltd (ABN 18 000 932 507) or Bow Lane Nominees Pty Ltd (ABN 94 005 734 145), or any other nominee of Citi as appointed by Citi from time to time.

confirmation letter means the letter forwarded by Citi Smith Barney to you, which shall be considered to be part of this Agreement:

- (a) setting out the terms of any OTC options purchased by you under Part D. The confirmation letter will include the exercise price, the expiry date, the cash settlement amount (if relevant) and the exercise date; or
- (b) setting out the terms of your IPL, including the degree of protection, the interest rate and the maturity date; or
- (c) setting out the terms of your margin loan, including the interest rate and the maturity date.

contract note in Part F, means any contract note or confirmation issued by Citi Smith Barney on execution of an order.

conversion has the meaning in the ASTC settlement rules. Generally, it means the movement of securities from one holding on one subregister to another holding on another subregister without a change in legal ownership.

costs includes charges and expenses (including stamp duty and other government charges); and costs, charges and expenses in connection with legal and other advisers on a full indemnity basis.

default means an event described in clause 10 of Part A.

deposit account means the deposit account clause 24 of Part A.

distribution means an amount paid or declared in respect of securities as a dividend or other income distribution, unless we determine in our absolute discretion that it is not a distribution.

drawdown date means the date on which a loan is or is to be made available to you.

Exchange Traded option means an option traded on an exchange.

exercise price means the price indicated in the Confirmation Letter for an option

expiry date means the expiry date of an option as specified in the confirmation letter.

facility means the loan facility provided to you by Citi Smith Barney subject to the facility terms if your application is approved by Citi Smith Barney.

future security means:

- (a) securities that are acquired wholly or partly with the proceeds of the loan and which are registered in the name of Citi Nominees on your behalf or in your name in accordance with the sponsorship agreement; and
- (b) securities which are registered in your name which after this Agreement have been executed, are identified in the register of members of the company, or other register of holders of such securities, by a holder identification number assigned by Citi Nominees in accordance with the sponsorship agreement; and
- (c) securities that you transfer to us or to Citi Nominees after this Agreement was entered into, whether pursuant to the terms of this Agreement or otherwise; and
- (d) securities which are issued to you pursuant to a dividend re investment plan attaching to mortgaged property securing a loan amount; and
- (e) any money held in the deposit account from time to time.

guaranteed money means at any time in respect of a loan amount for which the guarantor has agreed to be a guarantor, the total loan amount outstanding at that time in respect of that loan (unless otherwise agreed between the guarantor and us).

guarantor limited recourse facility means a facility which is subject to clause 31.6 in Part C and which has been agreed by us in writing to be a guarantor limited recourse facility.

guarantor means a person (if any) whose name is shown as such on the Application Form and any person who subsequently becomes guarantor of your obligations in respect of a loan. If there is more than one, guarantor means each of them separately and every two or more of them jointly. Guarantor includes successors.

holder record has the meaning in the ASTC settlement rules. Generally, it means the details recorded by securities clearing house in CHES for the purpose of operating one or more holdings.

holder record lock has the meaning in the ASTC settlement rules. Generally, it means the facility in CHES for preventing securities from being deducted from a holding.

holding has the meaning in the ASTC settlement rules. Generally, it means a holding of securities by a person.

including when introducing an example does not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

A person is **insolvent** or in **insolvency** if insolvent or an insolvent under administration or it has a controller appointed (each as defined in *Corporations Act*), bankrupt, in receivership, in receivership and management, in liquidation, in provisional liquidation, under administration, wound up, subject to any arrangement, assignment or composition.

Investment Protected Loan or IPL means the product consisting of the clauses in Parts A and C.

IPL exercise price means the exercise price of your IPL put option, as specified in the confirmation letter.

IPL securities means those securities which we approve from time to time as suitable investments for an IPL.

loan means subject to clause 3.9 of Part A, each loan that has been made pursuant to clause 3.1 of Part A for the loan amount provided that you have satisfied the conditions in clause 1.3 of Part A.

loan amount means the amount of money we decide to make available to you.

loan amount outstanding means at any time in respect of a particular loan the balance owing on the loan account for that loan at that time plus:

- (a) all accrued interest charges, default interest charges, costs, taxes and other amounts which you must pay under this Agreement in connection with your loan but which have not been debited to the loan account at that time; and
- (b) all money which you will or may owe us in the future under this Agreement in connection with that loan.

margin call notice means the notice given by us to you under Part B.

margin loan means the product consisting of the clauses in Parts A, B or E.

margin percentage means the percentage of the market value of a security that Citi Smith Barney in its absolute discretion is prepared to lend against. You acknowledge that Citi Smith Barney may, in its absolute discretion, at any time, change this percentage (even down to 0%).

maturity date means for a loan or facility the last day of the term of that loan as agreed between you and us.

mortgaged property means all of the securities (including new rights and future securities) mortgaged or charged by the mortgagee.

new rights means any present or futures rights in connection with the mortgaged property:

- (a) in all allotments, offers, benefits, privileges, rights, bonuses, securities, stock, debentures, distributions or rights to take up securities; or
- (b) consequent on any takeover, reconstruction, conversion, redemption, substitution, cancellation, reclassification, forfeiture, consolidation or subdivision; or
- (c) consequent on a reduction of capital, liquidation or scheme of arrangement (but it does not include dividends); or
- (d) arising from any other event which we determine to be of similar effect to paragraphs (a), (b) and (c).

nominated approved security means those approved securities, consented to by us, which you nominate to write options over in accordance with Part D.

option means an OTC or Exchange Traded option.

option premium means the premium payable for an OTC option as set out in the confirmation letter

order means any order placed by you with Citi Smith Barney to purchase or sell or otherwise deal in securities.

OTC option means an over the counter option whose terms are decided by Citi Smith Barney and you.

payable in relation to an amount means an amount that is currently payable or will be payable in the future.

person includes an individual, a firm, a body corporate, an unincorporated association and an authority.

portfolio means all the shares and other securities (including any new rights) that are or upon settlement of any outstanding settlement will be mortgaged to us under the mortgage.

protection level means the level of investment protection on your IPL and is as specified in your confirmation letter.

security means:

- (a) a security that is quoted or admitted to trading status by the Australian Stock Exchange;
- (b) a security or other interest in an unlisted collective investment scheme;
- (c) options to purchase, subscribe for or acquire any of the above;
- (d) other securities within the meaning of section 92(1) of the Corporations Act (as at 10 March 2002);
- (e) futures contracts within the meaning of section 72 of the Corporations Act (as at 10 March 2002);
- (f) anything that is notified to you by Citi Smith Barney as being acceptable to Citi Smith Barney for the purposes of the Loan; and
- (g) for the purpose of the sponsorship agreement, has the meaning in the ASTC settlement rules; and
- (h) any other property that Citi Smith Barney designates.

securities clearing house means ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532) and its agents appointed under the ASTC settlement rules.

security interest means any security for the payment of money or performance of obligations including a mortgage, charge, lien, pledge, trust or power.

security value for a security, means an amount equal to its margin percentage of its market value.

services in Part F, means any services provided by Citi Smith Barney to you including, but not limited to, those services set out in clause 75.

scheduled time has the meaning given in the ASTC settlement rules. The scheduled time varies depending on the act to which it relates.

settlement date means the date specified as such in the confirmation letter or otherwise, the date on which the options settle after they have been exercised.

sponsoring participant means the broker or other participant that sponsors your participation in the CHES system of registration of security holdings.

sponsorship agreement means the Agreement between the Sponsoring Participant and you setting out the terms of sponsorship of securities under CHES.

subposition has the meaning given in the ASTC settlement rules. Generally, it means an arrangement under which activity relating to the securities may be restricted and access to the securities given to a person other than your normal sponsor.

taxes means taxes, levies, imposts, duties and other charges whenever imposed by a governmental authority (for example, goods and services tax or any similar tax, stamp duties, financial institutions duties and debits tax).

transaction in Part F, means a transaction formed on execution of an order.

transfer, as used in the sponsorship agreement, has the meaning in the ASTC settlement rules. Generally, it means a transfer of securities to or from a holding on CHES.

us, Citi, we or our means Citigroup Global Markets Australia Pty Limited ABN 64 003 114 832 as lender (and, from time to time, CHES sponsor) and Citi Smith Barney Pty Ltd ABN 19 009 145 555, as dealer and broker (and from time to time, CHES sponsor) and also includes:

- (a) any body of which Citi is the successor or transferee;
- (b) if Citi is reconstituted or amalgamated with another body – the new person formed; and
- (c) a person to which some or all of Citi's business, including its right to receive the amount owing, is transferred or assigned.

withdrawal instructions has the meaning in the ASTC settlement rules. Generally, it means the instructions by a person who is sponsored on CHES for the withdrawal of securities from the sponsored holdings.

The singular includes the plural and vice versa.

A reference to a document includes any variation or replacement of it. A reference to law means common law, principles of equity and laws made by parliament and includes regulations and other instruments made by parliament and consolidations, amendments, reenactments or replacements of any of them.

A reference to any thing includes the whole and each part of it.

**PRODUCT DISCLOSURE
STATEMENT**

Issued by Citi Smith Barney Pty Limited
ABN 19 009 145 555
Australian Financial Services Licence No. 240813

Product Disclosure
Statement for
Citi Smith Barney
Option Writer

DISCLOSURES.

Product Disclosure Statement: This Product Disclosure Statement ("PDS") dated 1 September 2007 has been prepared by Citi Smith Barney Pty Limited ("Citi Smith Barney"). Pursuant to the Corporations Act, Citi Smith Barney is deemed to be the issuer of Australian Stock Exchange Traded Options (ETOs). Through this PDS, Citi Smith Barney also offers to arrange for the issue of the over-the counter options (OTCs) by Citigroup Global Markets Pty Ltd ("CGMA"). Once you have received this PDS, which covers both ETOs and OTCs, you will not receive another PDS from CGMA at the time of issue of an OTC option. The ETOs and OTCs together are referred to as "Options" in this PDS.

This PDS has not been lodged with the Australian Securities and Investments Commission ("ASIC") and is not required by the Corporations Act to be lodged with ASIC. A PDS In-use Notice has been lodged with ASIC in connection with this PDS. ASIC takes no responsibility for the contents of this PDS. ETOs issued by Citi Smith Barney are interchangeable with contracts issued by any other Participant of ASX. OTCs issued by Citi Smith Barney are not interchangeable with any other Options.

Investment Decisions: It is not possible in a document of this type to take into account the investment objectives, financial situation and particular needs of each reader. Neither Citi Smith Barney nor any member of Citi guarantees the performance of the Options. Nothing contained in this PDS constitutes the giving of general or personal financial product advice or a recommendation concerning the entry into transactions or participation in the Options. In preparing this document Citi Smith Barney has not taken into account the investment objectives, financial situation or particular needs of any individual investor. Before making a decision whether to invest in Options, investors should speak to their financial adviser and obtain independent tax advice, taking into account their own particular needs and financial circumstances. Nothing in this PDS is, or may be relied upon as a representation of the future performance of the Underlying Securities or the suitability of Options to an investor's needs.

Underlying Securities: References in this PDS to Underlying Securities are included solely for the purpose of identification of the securities to which the Options relate. Such references are not to be construed as any express or implied endorsement of the listed entity or any affiliate of the listed entity of the Underlying Securities, nor does any such listed entity or any affiliate of the listed entity accept any responsibility for any statement in this PDS nor undertake any liability in respect of the Options.

Jurisdiction and Selling Restrictions: This PDS is not an offer or invitation in relation to Options in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. The distribution of this PDS outside Australia may be restricted by laws of places where it is distributed and therefore persons into whose possession this document comes should seek advice on and observe those restrictions. Failure to comply with relevant restrictions may violate those laws.

Terms of Use: Options are entered into between an applicant and Citi Smith Barney on the Terms and Conditions set out on page 46 of this booklet. A summary of which is included in Part 6 of this PDS (the "Terms"). These Terms may include any additional terms as may be agreed between Citi Smith Barney and you before your application is accepted. **It is important that you read these Terms in full, as they set out your rights and obligations in relation to Options.**

Defined Words: Words and phrases appearing in capital letters have the meaning given to them in the definitions contained in Part 6 of this PDS.

DISCLAIMER.

The securities and Options markets are volatile. Investments in securities and Option products involve a high degree of risk and are not suitable for all persons. Losses may be incurred as a result of movements in the Underlying Securities. **If you are in any doubt as to the suitability of Options you should contact your financial adviser before entering into an Options contract.**

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Citi Smith Barney is the issuer of the ETOs and the arranger for the issue of the OTCs.

In Australia, Citi Smith Barney is a Participant of the Australian Stock Exchange, a Settlement Participant in the CHESSE system and a Clearing Participant of the Australian Clearing House Pty Limited. See Citi Smith Barney's Financial Services Guide at www.citismithbarney.com.au for information on the financial services we provide.

CGMA is the issuer of the OTCs. Citi Smith Barney arranges for the issue of OTCs by CGMA.

CGMA is a wholly owned subsidiary of Citigroup Global Markets Holding Inc., and a member of Citi. Consolidated financial accounts for Citi CGMA can be found online at www.citiwarrants.com. Click on the links to *Australia* and *Financials*.

No Citi company other than Citi Smith Barney Pty Limited makes any statement or representation in this PDS.

Purpose of a Product Disclosure Statement (PDS).

This PDS has been prepared by Citi Smith Barney to assist you in considering if Options are suitable for you. It is an important document and you should read it in full. If you have any questions, please contact your financial adviser.

Please note this PDS does not take into account your personal objectives, financial situation and needs. Prior to transacting in Options, please read this PDS and contact your financial adviser to consider if transacting in Options is suitable for you.

KEY FEATURES OF OPTIONS.

Features	ETOs			OTCs
	Equity Options	Index Options	LEPOs	Put or Call Options
Description	Refer to Part 1	Refer to Part 1	Refer to Part 1	Refer to Part 1
Underlying asset	Approved Securities*	Approved Indices	Approved Securities*	Approved Securities*
Contract size	1,000 shares (as adjusted from time to time)	Not Applicable	1,000 shares (as adjusted from time to time)	As agreed between us
Exercise price	Expressed in dollars and cents	Expressed in points	Expressed in dollars and cents	Expressed in dollars and cents
Last trading and expiry day	Thursday before the last Friday in the Expiry Month	Last trading day before expiry. The third Friday of the month.	Thursday before the last Friday in the Expiry Month	Cannot be traded. Expiry Date is as agreed between us
Exercise style	American	European	European	As agreed between us
Settlement	Deliverable	Cash settled	Deliverable	Physical Delivery unless otherwise agreed
Characteristics	Refer to Part 1	Refer to Part 1	Refer to Part 1	Refer to Part 1
Benefits	Refer to Part 1	Refer to Part 1	Refer to Part 1	Refer to Part 1
Suitable for	Experienced investors who understand and accept the risks associated with leverage and Options	Experienced investors who understand and accept the risks associated with leverage and Options	Experienced investors who understand and accept the risks associated with leverage and Options	Experienced investors who understand and accept the risks associated with leverage and Options
Risks	Refer to Part 3	Refer to Part 3	Refer to Part 3	Refer to Part 3

* Approved Securities are those securities approved by Citi Smith Barney for the Flexible Investment Facility. The full list may be viewed on the website at www.marginlending.citi.com.au

This table is a summary of the key features of Options. Investors should read the entire PDS, including the Terms contained in Part 6, before making any investment decision. Fees payable from time to time are set out on page 67 of this PDS. Premiums will be charged as specifically agreed between Citi Smith Barney and you and under the Terms.

PART 1: GENERAL INFORMATION ABOUT OPTIONS.

Exchange Traded Options (ETOs).

ETOs are Options that are listed and able to be traded on the ASX.

The Australian Stock Exchange (“ASX”) publishes a number of explanatory booklets in relation to Options, including:

- What is an Option
- Understanding Options Trading
- LEPOs
- Margins
- Understanding Options Strategies
- Index Options

If you are trading ETOs for the first time, we will give you a copy of the ASX booklet *Understanding Options Trading*. If you are trading LEPOs for the first time, we will give you a copy of the ASX booklet, LEPOs.

You can view these ASX booklets, free of charge, by visiting the ASX website at www.asx.com.au.market/options; or you can request a copy from your financial adviser.

About ETOs

An ETO is a contract that is bought and sold on the options market operated by Australian Stock Exchange Limited (“ASX”). It is a contract between two parties, which gives the buyer or **taker** of the contract the right, but not the obligation, to buy or sell a parcel of shares (the “**Underlying Securities**”) at a predetermined price on or before a predetermined date. In order to acquire this right the taker pays a premium to the seller of the option, the **writer**.

ETOs are standardised contracts, and the specifications are determined by the ASX, not Citi Smith Barney. Any ETO bought or sold through Citi Smith Barney can be bought or sold through any other Participant of ASX.

Types of ETOs

There are several types of ETOs. For a full list of the approved underlying securities and indices, please refer to www.asx.com.au/options. However, please note that you can only buy and sell ETOs in relation to those securities that have been approved by Citi Smith Barney for the Flexible Investment Facility (the Approved Securities). Below is a summary of the types of ETOs. For more information please refer to “What is an Option” in the ASX booklet *Understanding Options Trading*.

Call Options

Call options give the taker the right, but not the obligation, to buy the Underlying Securities at a predetermined price, on or before a predetermined date. Call options are generally used when the taker believes that an Underlying Security price will rise. For more information on call options, please refer to “What is an Option” in the ASX booklet *Understanding Options Trading*.

Put Options

Put options give the taker the right, but not the obligation, to sell the Underlying Security at a predetermined price, on or before a predetermined date. Put options are generally used when a taker believes that an Underlying Security price will fall. The taker of a put is only required to deliver the underlying security if they exercise the option. For more information on put options, please

refer to “What is an Option” in the ASX booklet *Understanding Options Trading*.

Low Exercise Price Options (LEPOs)

LEPOs are options with a very low exercise price, usually one cent. LEPOs can only be exercised at expiry (i.e. they are “European”) but they can be closed out early by buying or selling the same LEPO as initially sold or bought, respectively. LEPOs are used when the taker wants higher leverage, but is also willing to accept higher risk. A LEPO is like a forward purchase of shares for the buyer and a forward sale of shares for the seller. As delivery and payment are deferred, the LEPO investor is required to pay margins to take into consideration any change in price over time. For more information, please refer to the ASX booklet *LEPOs*.

Index Options

Index Options give the taker exposure to the securities comprising a sharemarket index. Index Options are used when the taker wants to trade a view on the market as a whole or a market sector covered by a particular index. Index Options are usually European (i.e. exercisable only on the Expiry Date) and are cash-settled (i.e. a cash payment is made on exercise rather than delivery). For more information, please refer to “trading Index Options” in the ASX booklet *Understanding Options Trading*.

Over-the-counter Options (OTC Options)

OptionWriter allows investors in the Flexible Investment Facility, subject to Citi Smith Barney’s approval, to use options to protect existing investments and/or generate additional leverage into the sharemarket.

An option is over-the-counter if it is **not** listed and traded on the ASX. Instead, CGMA and the individual investor agree the specific terms of the option and tailor it to suit the particular investor’s margin loan or Investment Protected Loan.

An OTC put option gives the investor the right, but not the obligation, to sell the Underlying Securities at the agreed price, on or before the expiry of the margin loan or Investment Protected Loan. The investor enters into an OTC put option if the investor believes that the Underlying Security’s price will fall. The investor will have to deliver the Underlying Security if the option is exercised.

An OTC call option gives the taker the right, but not the obligation, to buy the Underlying Securities at a predetermined price, on or before a predetermined date. Call options are generally used when the taker believes that an Underlying Security price will rise.

Features of Option Contracts

The significant features common to all ETO contracts are:

Contract Size: each ETO contract represents 1,000 Underlying Securities (subject to adjustment for rights, bonus issues and other capital adjustment events). The contract size of an OTC option is agreed between us depending upon your specific needs. Please refer to “Adjustments” on page 68. For index options, there is no specified contract size.

Dividends and Voting Rights: investors have no rights to dividends or voting until the exercise and transfer of the underlying securities.

Exercise Price or Strike Price: this is the price at which you may buy or sell the Underlying Securities (or Index) if you exercise your Option.

Exercise Style: this describes when you may exercise your Option. Most ETO equity options are American style (you may exercise at any time up to and including the expiry date). However Index Options and LEPOs are European style (you can exercise only on the expiry date). The OTC option can be either American or European.

Expiry Date: this is the date on which all unexercised Options in a particular series expire and is the last day of trading for that particular series.

Index Options: the strike price and premium of an Index Option are usually expressed in points. A multiplier is then applied to give a dollar figure. For example, the multiplier may be \$10 per point, meaning that to buy an index option with a premium of 50 points, you would pay \$500 (plus fees and commissions).

Margins: your Options may give rise to margins payable by you if the market moves against your position, see Part 2 for more information.

Premium: this is the market price of the Option and varies according to market forces. It is the amount payable by the taker to the writer for entering into the Option. Premiums for share options are quoted on a cents per share basis whilst premiums for index options are quoted in points. To calculate the premium payable, multiply the contract size by the premium. See Part 2 for more information.

Underlying Securities or Index: these are the securities or indices over which Options are available. The securities may either be an ASX listed share or a share price index (in the case of an index option). The ASX booklet, *Understanding Options Trading*, provides further information on these and other option features.

Benefits of Options

The benefits investors may obtain by trading in Options are:

Extra Income: You can earn extra income over and above dividends by using various Option strategies. For example, you can write (sell) call options against shares you already own, but if the option is exercised, you will have to deliver the underlying shares. For more information on ETO trading strategies, please refer to the ASX booklet *Understanding Option Strategies*.

Risk Management: investors can **hedge** their share portfolio from a drop in value. Put Options allow investors to hedge their shares against a fall in price.

Diversification: Options may allow you to build a diversified portfolio for a lower initial outlay than purchasing the underlying securities directly.

Leverage: Options provide you with leverage in that the initial outlay of capital may be small relative to the total contract value. But leverage involves greater risk for writers of an Option than a direct share investment, because if the share price moves against the writer of an option, the losses for options will be greater than for a direct share investment.

Different option strategies allow you to take advantage of various market situations. Some can be quite complex and involve varying levels of risk. In relation to ETOs you can attend one of ASX's Options courses to learn about these strategies, read the ASX booklet *Understanding Option Strategies* or contact your financial adviser.

Investors in index options may also gain:

- **Exposure to the Broader Market:** Investing in index options approximates trading a share portfolio that tracks a particular index.
- **Protection for Share Portfolio:** By purchasing index put options, you can lock in the value of a share portfolio.

General risks associated with Options.

You should be aware of the risks associated with investing in Options. These risks, which are set out in detail in Part 3 of this PDS, include:

- margin payments
- leverage
- market risks
- illiquidity
- volatility

Who should invest in Options?

Trading in Options has a higher level of risk than equities and is not suitable for all retail investors. You should invest in Options only if you understand how they work; your rights and obligations; and if you accept the risks. Options may not be suitable for some retail investors, for example investors with a low risk profile should not enter into option trades that have the potential for unlimited losses.

As the suitability of Options for you will depend on your individual circumstances, before you invest, speak to your financial adviser who can assist you in determining if Options are suitable for you.

Options may be suitable for investors who wish to undertake the following strategies:

Capital Preservation - use Options to protect investments from capital losses;

Income Generation - use Options to enhance portfolio income by potentially forgoing capital gains.

PART 2: HOW DO OPTIONS WORK?

This section provides some practical examples of how options work in conjunction with other investment strategies. It also provides a description of some of the costs involved in using OptionWriter.

A summary of the Terms on which Citi Smith Barney makes the Options available to you are set out in Part 6 of this PDS. Investors must read and understand each section of this PDS before applying for Options.

EXAMPLES:

Writing call options over existing shares to generate extra income.

The key benefit to selling a call option is that you are paid a premium by a third party. This allows you to earn additional income on shares held against a margin loan or an IPL under the Flexible Investment Facility. This extra income can then be used to reduce your loan balance and help cover interest costs.

Let's assume that you hold 1,000 XYZ shares. You agree to sell XYZ if the share price reaches \$30.00, however they are currently trading at \$28.50. You can write a call option over your XYZ shares, which obliges you to sell them at \$30.00, however the purchaser pays you a premium for the right to buy the XYZ shares from you. In the event that your shares do not trade at \$30.00, the option won't be exercised but you keep the premium paid to you, and therefore can earn extra income on your portfolio.

Using call options to facilitate the purchase of shares under your Flexible Investment Facility.

You can use funds borrowed under the Flexible Investment Facility to pay for the exercise of a bought call option.

For example, you may have bought a call option that gives you the right to buy 20,000 XYZ shares for \$5.00 per share in three months time. Assume the Citi Smith Barney gearing ratio is currently 70% on XYZ shares.

At the end of three months, XYZ shares are trading at \$5.25, and you can realise a profit of 25 cents per share if you exercise the option. Using OptionWriter, you only need to contribute the difference between the exercise price of the option (\$5.00) and the security value of your shares (70% of the market value of XYZ, which equals \$1.32 per share). Therefore, your total required contribution to exercise your option is \$26,400. If you were not to use OptionWriter, it would cost you \$100,000 to exercise your option and purchase the shares.

Combining put options with your margin loan to protect your portfolio.

Buying a put option allows you to lock in the sale price of your shares. If you buy a put option, OptionWriter gives you value for this protection and incorporates this into your margin loan, therefore protecting your investment and yourself from margin calls.

Let's assume you hold 1,000 XYZ shares that are currently trading at \$30.00. You are concerned that XYZ may fall in value, but if it falls you would be prepared to sell your XYZ shares at \$29.50 to protect yourself from any losses. You pay an amount (or premium) to the option seller for this right. In the event that your shares do fall, you may sell them for \$29.50 by exercising your put option. However, if the shares rise in value you take no action and instead benefit from the rise in share price. The option seller keeps the premium you paid. This means that you have essentially insured your shares against a fall in the market price below \$29.50 for the cost of the premium amount paid.

Investment Protected Loan

As already noted, if you enter into a Citi Smith Barney IPL, under the Terms we will grant you an OTC put option over the purchased shares. This means that your shares are automatically protected at the value of the purchase price.

For example, using the IPL you borrow \$50,000 and purchase 5,000 XYZ shares at \$10.00 per share. Through the granting of your put option, the value of the XYZ share will be automatically protected at a value of \$10.00. The OTC put option's exercise price is set at \$10.00. If you prefer, we can tailor the OTC put option at a lower exercise price, although you will be required to contribute additional equity in the amount of the difference between the protection level and the purchase price of the shares.

Examples of how the different types of ETOs including equity options, index options and LEPOs work are set out in the ASX booklet, *Understanding Options Trading and LEPOs*. OTC options work in the same way as ETO options, except that:

- OTC options are tailored to your circumstances;
- OTC options are not listed on ASX; and
- OTC options are issued by a financial institution, and you are therefore assuming the credit risk of the relevant financial institution (in this case CGMA) being able to fulfill its obligations under the OTC contract.

Opening an Option position.

The establishment of a contract is referred to as opening a position. The taker of an option then has three choices:

1. The taker can exercise the option; or
2. The taker can hold the option to expiry and allow it to lapse; or
3. The taker can close out their position by writing an option in the same series as originally taken and instructing their broker to 'close out' the earlier open position.

The writer of an option has two choices:

1. Let the option go to expiry and risk being exercised against (if it is not exercised against, it will expire without any further obligation or liability on the writer); or
2. Close out the option (provided it has not been exercised against).

Closing out of Option contracts.

An option position may be 'closed out' by placing an order equal and opposite in effect to your original order, effectively cancelling the open position. An investor would close out an option contract:

1. when there is a risk of unwanted early exercise (unless an index option as they can only be exercised on expiry day);
2. to take a profit; or
3. to limit a loss.

It is important to advise us if you are seeking to close out an existing position when placing your order. Closing out can be achieved without reference to the original party to the trade through the process of novation. The ACH is able to substitute a new buyer when an existing buyer sells to close their position. The process of novation is discussed in more detail below in the section entitled "Trading and clearing options".

If you are trading through Citi Smith Barney, our policy is to automatically exercise any "in-the-money" options on expiry date. Please advise your Citi Smith Barney financial adviser if you do not wish this to occur. The latest time at which Citi Smith Barney can accept an exercise instruction in order for it to be exercised on that day is 5pm, unless otherwise agreed with your Citi Smith Barney financial adviser.

If you are trading through another broker, they may have a different policy. Please contact your broker for details of their policy.

WHAT ARE THE COSTS?

Premium

The price or premium of an Option is payable by the taker (buyer) to the writer (seller) on settlement (i.e. one day after purchase). The premium is a function of the difference between the exercise price of the Option and the market price of the underlying security (the intrinsic value) and the amount an investor is prepared to pay for the possibility that the price of the Option might move in their favour during the life of the Option (the time value).

Current premiums for ETOs are available from your financial adviser, on the ASX website at www.asx.com.au/options and in the media (e.g. the Australian Financial Review). To calculate the full premium payable for a standard size Option contract, multiply the quoted premium by the number of shares per contract, usually 1,000. For example, a quoted premium of 16 cents represents a total premium of \$160 ($\$0.16 \times 1,000$) per contract.

To calculate the full premium payable for an index option, multiply the premium by the index multiplier. For example, a premium of 30 points, with an index multiplier of \$10 represents a total premium cost of \$300 per contract.

For more information, please refer to "Option Pricing Fundamentals" in the ASX Booklet, *Understanding Options Trading*.

The premium on an OTC option is determined at the time it is entered into because the premium will depend upon what the Underlying Securities are, their volatility and the term of the Option. Citi Smith Barney will therefore notify you of the amount of the OTC premium.

Brokerage and exercise fees

You will be required to pay brokerage or exercise fees when you trade option contracts. If you are trading through Citi Smith Barney, the minimum brokerage and exercise fee you will be charged for buying or selling an ETO through Citi Smith Barney is \$125 plus GST, and the maximum is 2% of the value of your order plus GST.

You should speak with your Citi Smith Barney financial adviser to determine if the fees you will be charged are less than this amount.

The maximum brokerage fee that you will be charged is 3% (plus GST) of the premium paid or received, however in some circumstances a minimum fee may apply as you agree with your financial adviser.

Citi Smith Barney does not charge brokerage or exercise fees in relation to OTC options. If you are trading through another broker, please contact them to find out the amount of brokerage and exercise fees payable.

Commission

If you are trading through Citi Smith Barney, a percentage of the brokerage payable for Options bought or sold through Citi Smith Barney will be used to remunerate the Citi Smith Barney financial adviser providing you with advice and executing your order. Financial advisers are remunerated on a wholly commission basis or a commission and salary basis or commission, salary and bonus basis. Commissions range between 10% and 55% of fees received by Citi Smith Barney depending on the level of salary and the aggregate annual fees earned for Citi Smith Barney by the financial adviser.

Citi Smith Barney employees and directors receive salaries, bonuses based on performance criteria and other benefits from us.

Your financial adviser is also required to set out the remuneration and commissions they receive in the Statement of Advice which they must give to you when providing personal advice.

If you are trading through another broker, please contact them to find out the amount of any commissions payable.

Transaction costs

The following transaction costs are payable either upon settlement or exercise, depending on the transaction:

Australian Clearing House fees: The Australian Clearing House ("ACH") charges a transaction fee of \$1.12 (including GST) per share option contract and, if you exercise a share option an exercise fee of \$0.55 (including GST) per contract. In the case of index options, ACH charges \$0.39 (including GST) per contract for both the transaction fee and the exercise fee.

The maximum fee you will be charged for buying or selling an ETO, LEPO or Index Option is the greater of \$125 and 2%, plus GST.

Stamp duty: No stamp duty is payable on option transactions or securities transactions arising from Options exercise.

Margins

Margins will only be payable by writers or sellers of Options.

A margin for an ETO is an amount calculated by ACH to cover the risk of financial loss on an ETO contract from an adverse market movement. The margin is designed to ensure you can meet your obligation, which may arise if, for example, the taker of the ETO that you wrote exercises their position.

In calculating the margin, the ACH takes into account the market value of the particular position at the close of business each day representing the amount that would be required to close out your option position (premium margin) and the daily volatility in the price of the underlying security (risk margin).

Each week, ACH publishes the margin interval for all ETO classes. You can find this figure on the Option Margin Intervals section on the ASX website at www.asx.com.au/tradinginformation.

Margins are recalculated on a daily basis to ensure an adequate level of margin cover is maintained. This means that you may have to increase your level of margin cover if the market moves against you, or your margins may be reduced if the market moves in your favour.

Settlement requirements for trading Options are strict. You must pay any margin calls within 24 hours of being advised by Citi Smith Barney or Citi Smith Barney may take action to close out your position without further reference to you, and you will bear all the losses, fees, and fines incurred. Any interest levied on late settlement and margin payments is due and receivable at the time the amount is levied and certainly within one business day of a demand being made by Citi Smith Barney.

The margin requirements for LEPOs are different – both the buyer and the seller of a LEPOs pay margins and non-cash collateral can be used to cover only part of these margins. Margin loans and investment protected loans under the Flexible Investment Facility with less than 100% protection may result in margin calls due to adverse market movements.

You can find out more about margining by visiting the ASX website or in the ASX booklet, *Understanding Margin Obligations and LEPOs* available on the ASX website.

Collateral

Citi Smith Barney will require you to provide cash or collateral to cover your margin obligations. The minimum margin required is set by ACH, but we may set higher margin requirements from time to time.

The collateral acceptable to ACH includes shares, instalment warrants, bank guarantees and Austraclear pledged securities and is published on the ASX website at www.asx.com.au/options. ACH applies a "haircut" (i.e. a discount) to the value of some collateral to protect against a sudden fall in the value of the collateral held. For example, ACH generally applies a 30% haircut to the current market value of shares. A 40% haircut is applied to instalment warrants.

Where Collateral is provided, Citi Smith Barney may realise this collateral to meet your obligations to ACH, without any notice to you. If you wish to provide Collateral you must sign the Options Collateral Addendum provided in the Application Form.

Liability

Trading Options may result in a loss situation if the Options are trading "out-of-the-money" (for Call Options where the exercise price is higher, or lower for Put Options, than the current market price). The amount of the loss for a taker is limited to the premium. However, the liability of a writer is potentially unlimited.

Adjustments

ETO contracts listed on ASX's Options market are standardised as much as possible, however, ASX may make adjustments to preserve, as far as practicable, the value of positions in ETOs held by takers and writers.

Adjustments are made because corporate events, such as a bonus issue, share split or rights issue affect the value of the underlying security. Citi Smith Barney may also need to make adjustments to the OTC options for similar reasons.

Adjustments may be made to one or more of the components of an Option, including exercise price, contract size, underlying securities and number of contracts.

Adjustment circumstances for ETOs are set out in ASX Market Rule 12.3 and the Procedures. There is also a detailed treatment of ETO adjustments, titled *Explanatory Guide for Option Adjustments* on the ASX website.

Adjustment circumstances for the OTC Options are set out in the Terms.

Adjustments may also be made by ASX to the commercial terms of ETOs. For example, ASX may change the contract size of Options. If such a change is made to ETOs, we will notify you in writing if it affects your ETO position.

OTHER SIGNIFICANT CHARACTERISTICS OF OPTIONS.

Trading and clearing Options

ETOs are traded on the ASX's trading platform and cleared through the ACH. Participants of ASX must comply with the operating rules of the ASX. Participants who clear option contracts must comply with the operating rules of the ACH.

The ACH stands between the buying and selling brokers (the ASX participants) and guarantees the performance to each of them, but does not have an obligation to you. This process is known as 'novation'. The rules of the ASX's equities clearing house govern arrangements once a deliverable option has been exercised.

National Guarantee Fund

The National Guarantee Fund (NGF) will apply only to ETOs, not to OTCs. The NGF is a compensation fund designed to protect investors in their dealings with stockbrokers. (Participants of ASX).

The NGF can assist investors in two ways:

- Provides completion of trades (in certain circumstances) where a stock option is exercised; and
- If a broker dealing in options later becomes insolvent, you may make a claim with the NGF for any property that has not been returned to you or dealt with in accordance with broker's obligations.

For more information on the protections offered by the NGF see www.segc.com.au

PART 3: UNDERSTANDING THE RISKS

RISK DISCLOSURE STATEMENT FOR OPTIONS.

This outline of risks does not purport to disclose all aspects of risk associated with the trading of Options. Trading in Options is not suitable for some investors. In light of the risks associated with trading Options, you should invest in them only if you understand the nature of the products (specifically your rights and obligations) and the extent of your exposure to risk. Before you invest, you should carefully assess your experience, investment objectives, financial resources and all other relevant considerations and discuss these with your financial adviser. You should not rely on this PDS as a complete explanation of all of the risks of investing in Options.

SPECIFIC PRODUCT RISKS.

Options

Purchasers and sellers of options should be familiar with the mechanics of Call and Put Options, the nature and extent of the risks, and the rights and obligations associated with each.

The value of an Option will depend on factors such as the exercise price, the price of the underlying shares or the level of the underlying index, the volatility of the underlying shares or the underlying index, the time remaining to the expiry date, interest rates, dividends and other risks applicable to markets.

The purchaser of an Option has a known and limited potential loss. If a purchased option expires worthless, the purchaser will lose the total value paid for the option (known as the premium), plus transaction costs.

Selling ("writing") options may entail considerably greater risk than purchasing options. The premium received by the seller of an Option is fixed and limited, however the seller may incur losses greater than that amount.

Low exercise price options (LEPOs)

LEPOs are call options with an exercise price of one cent. The maximum loss for the buyer is the premium paid for the option contract. As LEPOs have a low exercise price, the full premium amount will be closer to the full value of the underlying instrument than a standard ETO. If the buyer of a LEPO does not exercise the LEPO at expiry, they will lose an amount approximately equal to the then current premium of the LEPO.

LEPOs are leveraged instruments and potential profits and losses can be greater than the money initially outlaid. Both buyers and sellers of LEPOs are required to pay margins to ACH.

RISKS RELEVANT TO ALL OPTIONS.

Effect of 'leverage' or 'gearing'

Transactions in all Options carry a degree of risk. The initial outlay of capital may be small relative to the total contract value so that transactions are 'leveraged' or 'geared'. A relatively small market movement may have a proportionately larger impact on the value of the contract. This may work for you or against you. You may sustain a total loss of margin funds deposited with your broker.

If the market moves against your position or margin levels are increased, you may have to pay substantial additional funds on short notice to maintain your position, or upon settlement of contracts. If you fail to comply with a request from your broker for additional funds within the time prescribed your broker may close out your position and you will be liable to your broker for any loss that might result.

Risk reducing orders or strategies

The placing of certain orders (for example 'stop-loss' orders) intended to limit losses to certain amounts may not be effective when market conditions may make it impossible to execute such orders. You should be aware that Citi Smith Barney may in its absolute discretion decline to accept such 'stop-loss' instructions. Strategies using combinations of positions, such as 'spread' and 'straddle' positions may be as risky as taking simple 'long' or 'short' positions.

Market risks

Options may fall in price or become worthless at or before expiry. Changes in the price of the underlying security may result in changes to the price of an Option, which may have a different result or a result of greater magnitude than the change in the price of the underlying security. Under certain conditions, it may become difficult or impossible to close out a position. This can happen where there is a significant change in price over a short period of time.

Terms and conditions of contracts

You should ask your financial adviser about the terms and conditions of any Options contract you are considering investing in. Under certain circumstances, the specifications of outstanding ETOs may be modified by ASX or by ACH.

Suspension or restriction of trading and pricing relationships - illiquidity

Market conditions (for example, illiquidity) or actions by ASX or ACH (e.g. the suspension of trading in an Option) may increase the risk of loss by making it difficult or impossible to effect transactions or close out existing positions.

Normal pricing relationships may not exist in certain circumstances (for example, in periods of high buying or selling pressure, high market volatility or illiquidity in the market for a particular Option).

ASX and ACH have broad powers under their Business Rules to take action in the interests of maintaining fair and orderly markets and this may affect your positions.

Margins, cash and property

Your broker may be required to pay margins or provide property as collateral to ACH in connection with their dealings in Options for you. Under your client agreement, your financial adviser will require you to provide them with money or some form of security to enable them to manage the risks associated with their dealings in Options for you.

If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice to maintain your position, or upon settlement of contracts. If you fail to comply with a request for additional funds within the time prescribed, Citi Smith Barney may close out your position and you will be liable for any loss that might result.

You should familiarise yourself with the protections for money or other properties you deposit for transactions, particularly in the event of a broker's insolvency or bankruptcy. The extent to which you may recover money or property you provide to your broker is governed by the Corporations Act and other legislation and rules. In certain circumstances you may have a claim against the NGF.

Commission and other charges

Before you give instructions to your broker to deal in any Options, you should obtain a clear explanation of all commissions, fees and other charges for which you may be liable.

Trading facilities

As with all trading facilities and systems, the systems used in the market are vulnerable to temporary disruption or failure, which may result in your order not being executed according to your instructions or not executed at all. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, ASX, ACH or your broker.

Option writers face potentially unlimited losses

Writing (selling) Options may entail considerably greater risk than taking (buying) Options. The writer may incur losses greater than the premium amount. A writer who does not own the underlying securities or have offsetting Option positions has a potentially unlimited loss position and potential losses can be greater than the money initially outlaid.

Options are a wasting asset

Options have an expiry date and therefore a limited life. An option's time value erodes over its life and this accelerates as an Option nears expiry. It is important to assess whether the Options you select have sufficient time to expiry for your market views to be realised.

Volatility

Volatility is a measure of the expected amount of fluctuations in the price of a particular security. The higher the volatility of an underlying security, the greater the potential returns and losses for the Option.

You may want to use the Theoretical Options price calculator at www.asx.com.au/options which will demonstrate, for instance, how the volatility of the markets, time value or movements in interest rates can affect the value of the options you are considering investing in.

Trading

Citi Smith Barney has the ability to amend or cancel the trade and any Confirmation or Contract Note issued as stated in our Terms and Conditions of Trading. This could cause you to suffer loss or increase your loss.

PERFORMANCE RISK FOR OTCS.

The value of each OTC options contract that you enter into, under the Flexible Investment Facility, depends on the ability of CGMA to perform its obligations under that contract. Failure to comply with such obligations may result in the contract being worth less than it may otherwise have been. CGMA's obligations to you are unsecured contractual obligations, which will rank equally with our other unsecured contractual obligations and debt except any liabilities that are mandatory as preferred by law. You should make your own assessment of the ability of CGMA to meet its obligations under any OTC options contract and its general credit worthiness.

COOLING OFF PERIOD.

Note there is no cooling off period for Options.

PART 4: TAX SUMMARY.

Set out below is a summary of the income tax implications for an investor of options offered under this PDS. Citi Smith Barney does not provide taxation advice and this summary is necessarily general in nature. It is provided for informational purposes only and should not be relied upon by individual investors. Each individual's tax circumstance will depend upon their own particular tax profile and each investor should obtain their own tax advice before entering into this product. In addition, there is an article on the taxation treatment of options available on the ASX website at http://www.asx.com.au/markets/pdf/Tax_implications.pdf. We take no responsibility for this article, and the summary set out below is not based on this article.

OPTIONS PURCHASED.

Capital account option holders

Where an Option is held on capital account (which we would expect where the Option is hedging an underlying long term shareholding), the Option premium will not be deductible when paid. Instead, the premium will be included in the cost base of the shares acquired (where the Option is for the physical delivery of shares). Where such Options are not exercised, the Option premium crystallises a capital loss on expiry.

Revenue account option holders

Traders (and other revenue account taxpayers) will generally be entitled to a deduction for option premiums at the time the premiums are payable.

Index Option and LEPO premiums may need to be capitalised (and not deducted when paid) where the Options are acquired as a speculative investment for profit making purposes. In such a case, any net gain or loss on maturity should be recognised as income at that time.

In the case of cash settled Option contracts with a term exceeding one year, there is a risk (especially with LEPOs) that the contract will be characterised as a "qualifying security" for income tax purposes in which case the expected gain on maturity may be taxable on an accruals basis. While there are technical reasons as to why this should not be the case, this issue should be checked with your own tax adviser.

OPTIONS SOLD.

Capital account issuers

If the option premiums do not constitute ordinary income (which may be the case where the Options are hedging a long term shareholding), the Option premium will be assessable as a capital gain at the time of grant. However, if the Option is then exercised, you should:

- amend your tax return for the income year the premium was recognised (and exclude that gain from your assessable income); and
- either (if the Option was a call) include the call premium in the sale proceeds for the shares, or (if the Option was a put) reduce the cost base of the shares by the premium.

Revenue account issuers

Traders (and other taxpayers that hold Options on revenue account) should generally include any option premiums in their assessable income at the time the premiums becomes recoverable. However, in certain circumstances, it may be arguable that the premiums should be recognised as income during the term of the Option contract. This is something you should refer to your own tax adviser.

FRANKED DIVIDENDS.

Where these Options hedge an existing shareholding, the Options may impact upon the calculation of an investors "net position" for the purposes of the 45/90 day holding period rule set out in the income tax legislation. Investors should confirm with their own adviser that these Options do not impact upon the ability of investors to claim a tax rebate for the franking credits received on any shareholdings they may have.

Investors will also need to satisfy the holding period rule in respect of any franked dividends received from underlying shares delivered as the result of the exercise of an Option. The holding period rule will need to be satisfied in order for a franking credit benefit to attach to a dividend.

ANTI AVOIDANCE.

The Australian Tax Office advises that strategies that deliberately produce a tax loss in one year and an offsetting profit in the next year are not acceptable. Structured products that are designed to make a loss (i.e. no matter which way the market moves) are not acceptable.

PART 5: DISPUTE RESOLUTION

How does Citi Smith Barney deal with complaints about Options?

Citi Smith Barney is committed to a high level of client service and responding to any concerns or complaints promptly, fairly, consistently and in a professional manner.

If you have any concerns about the service provided to you, speak to your financial adviser. If you are not satisfied for any reason, you can call Citi Smith Barney on 1800 008 161 and speak to the Compliance Manager, who will record the details of your complaint. The Compliance Manager will review your complaint; and you will be contacted by either the Branch Manager or Compliance Manager within two business days to discuss the issue.

The Branch Manager will investigate your complaint and call back within two business days with either a proposed remedy or to advise you that further investigation is required. If further investigation is required, you will be notified of a proposed remedy in writing.

If you wish, you can send a written complaint to the Compliance Manager, Citi Smith Barney, Level 20, 2 Park Street, Sydney and provide all relevant details of your complaint.

We will confirm in writing that your complaint has been received. The complaint will be investigated and a response provided within 45 days including a proposed remedy.

Citi Smith Barney's complaint handling procedures are consistent with Australian Standard 4269 1995.

External complaint services and regulatory bodies.

Citi Smith Barney is a member of both the Financial Industry Complaint Service ("FICS") and the Financial Planning Association of Australia Limited (the "FPA").

If you have made a complaint and have not received a response within 45 days; or if you are unhappy with the proposed resolution; you have the right to take your complaint to FICS.

The Financial Industry Complaint Service
PO Box 579
Collins Street West
Melbourne VIC 8007
Tel: 03 9629 7050
Fax: 03 9621 2291
Toll Free: 1300 780 808
Email: fics@fics.asn.au
Internet: www.fics.asn.au

The complaint must be lodged within six years of the date you knew or reasonably ought to have known of the loss.

Further information is available from either Citi Smith Barney or FICS. For amounts above \$100,000, alternative dispute resolution mechanisms may be utilised.

If your concerns involve Financial Planning and the ethical conduct of services provided under Financial Planning, you may also wish to consider raising your concerns in writing with the FPA. They can be contacted at:

Financial Planning Association of Australia Limited
PO Box 109
COLLINS STREET WEST VIC 8007

PDS.

Citi Smith Barney may update information in this PDS. You may access this updated information via the internet at www.citismithbarney.com.au or you may request a paper copy of this information free of charge from your financial adviser. The information which Citi Smith Barney will make available by way of these updates is subject to change from time to time and will not be information which is materially adverse to investors.

Environmental, social or ethical considerations.

Options are generally an income generation, capital protection or speculative financial product.

Labour standards, environmental, social or ethical considerations have **not** been taken into account in relation to these financial products.

PART 6: SUMMARY OF TERMS OF USE

The Options are governed by the section entitled "Terms and Conditions" as set out on page 46 of this booklet. You should read the entire Terms and Conditions before making a decision to use OptionWriter.

In particular, you should note that the terms in Part D: Option Facility, contains terms which are specific to OptionWriter. This section sets out matters such as exercise and expiry of Options, the costs involved and when an adjustment may occur.

Part G contains the general terms of business under which you trade with Citi Smith Barney. This section sets out matters such as what happens on default, our rights and the ASX and ACH prescribed minimum terms for ASX derivative products, which includes ETOs.

You may only use OptionWriter once you have established a Flexible Investment Facility. If you take a margin loan, the terms in Part A: Loan Agreement and Part B: Margin Loan Clauses will apply to you. If you take an Investment Protected Loan from Citi Smith Barney, the terms in Part C: Investment Protected Loan Clauses will also apply to you. Part F contains the CHES Sponsorship Agreement. We may also specify additional terms in any confirmation that we provide to you.

PRIVACY AT CITI AUSTRALIA.

Citi Australia is subject to the National Privacy Principles under the Privacy Act. You can rely on similarly high standards wherever in the world you deal with Citi.

In Australia, we give you the opportunity to opt out of receiving information about unrelated products from Citi, and we will not disclose your information to unrelated companies unless you agree. Furthermore, we will not disclose health information unless you agree or unless the use is directly related to providing the service for which we collected the information.

Citi's policy regarding privacy and how we comply with the Privacy Act and handling your personal information is contained in our Financial Services Guide. To obtain a copy, visit our website at www.citismithbarney.com.au or contact the Privacy Officer at:

Mail: Citi Privacy Officer
PO Box 204
Sydney NSW 2001
Call: 13 24 84
Email: privacy.officer@citi.com

CHECKLIST FOR USING OPTIONWRITER:

BEFORE YOU CAN USE OPTIONWRITER TO BUY AND SELL OPTIONS, YOU MUST DO THE FOLLOWING:

(a) Read the ASX Booklets: “Understanding Options Trading” or “LEPOs – Low Exercise Price Options Explanatory Booklets” available at www.asx.com.au/options.

(b) Read this Product Disclosure Statement, particularly the summary of the Terms in Part 6 and Risks in Part 3.

(c) Read the Flexible Investment Facility document.

(d) Sign and return the Flexible Investment Facility Application Form.

ASX rules prohibit Citi Smith Barney from accepting ETO or LEPO orders until the Citi Smith Barney Options Account has been established. By signing the Application Form, you are warranting that you have read the ASX Booklets and the Risk Disclosure Statement contained in Part 3 of this PDS.

Once we have approved your application we will notify you. You may then borrow money under the Flexible Investment Facility and place orders to buy and sell ETOs, LEPOs and OTC Options with your financial adviser. Orders may be placed by telephone.

Application Forms for Flexible Investment Facility

Dealer Group: Wealth Focus Pty Ltd

PO Box 760

Manly

NSW 1655

Tel 1300 55 98 69

 **citi** smith barney

How to establish your Flexible Investment Facility.

If you have read the documentation and wish to apply for a Flexible Investment Facility, please complete and sign the relevant sections of the application form, attach supporting documentation as required, and send to:

Citi Smith Barney Pty Limited
Flexible Investment Facility
Margin Lending Division
Reply Paid 557
Sydney NSW 2001 Australia

Dealer Group: Wealth Focus Pty Ltd
PO Box 760
Manly
NSW 1655
Tel 1300 55 98 69

Or lodge your application with your financial adviser

You should keep the OptionWriter Product Disclosure Statement for your records.

SECTIONS TO COMPLETE.

	INDIVIDUAL/JOINT APPLICANT	COMPANY APPLICANT	INDIVIDUAL GUARANTOR	COMPANY GUARANTOR
PART A	IT IS COMPULSORY TO COMPLETE PART A AS IDENTIFIED BELOW.			
SECTION 1	✓		✓	
SECTION 2		✓		✓
SECTION 3 (TRUST APPLICANTS)	(IF APPLICABLE)	(IF APPLICABLE)	(IF APPLICABLE)	(IF APPLICABLE)
SECTION 4	✓	✓	✓	✓
SECTION 5	✓	✓	✓	✓
SECTION 6	✓	✓	✓	✓
SECTION 7	✓	✓	✓	✓
SECTION 13	✓		✓	
SECTION 14		✓		✓
PART B	IF YOU WISH TO USE AN IPL OR OPTIONWRITER YOU MUST COMPLETE PART B.			
SECTION 15	✓	✓	✓	✓
RHCA FORM	✓	✓	✓	✓
PART C	IF YOU INTEND TO USE GEARINVEST YOU MUST COMPLETE PART C.			
SECTION 16	✓	✓		
SECTION 17	✓	✓		
SECTION 18	✓	✓		

WHAT TO INCLUDE WITH YOUR APPLICATION.

INDIVIDUAL/JOINT APPLICANTS	■ PHOTOCOPY OF DRIVERS' LICENCE
COMPANY APPLICANTS	■ CHEQUE FOR \$150 (MADE PAYABLE TO "CITI SMITH BARNEY MARGIN LENDING")
TRUST APPLICANTS	■ CHEQUE FOR \$150 (MADE PAYABLE TO "CITI SMITH BARNEY MARGIN LENDING") ■ CERTIFIED COPY OF THE DATED & STAMPED TRUST DEED WITH ANY SUBSEQUENT AMENDMENTS

ENQUIRIES.

RECEPTION: (02) 8225 4000
TOLL FREE: 1800 062 794
OR CONTACT YOUR FINANCIAL ADVISER

DIRECT: (02) 8225 4167
FACSIMILE: (02) 8225 5435

IT IS COMPULSORY TO COMPLETE PART A.

Part A. Flexible Investment Facility Client Application Form.

ADVISER STAMP

ADVISER NAME

[Grid for Adviser Name]

ADVISER PHONE NUMBER

[Grid for Adviser Phone Number]

DO NOT USE CORRECTION FLUID – If you make an error,
cross out and have all parties initial the amendment.

SECTION 1 – INDIVIDUAL APPLICANTS.

FIRST APPLICANT

BORROWER

GUARANTOR

TITLE MR MRS MS MISS DR [Grid] OTHER

SURNAME [Grid] FIRST NAMES [Grid]

[Grid for Surname]

[Grid for First Names]

RESIDENTIAL ADDRESS [Grid]

[Grid for Residential Address]

[Grid for Residential Address]

POSTCODE

[Grid for Postcode]

POSTAL ADDRESS (IF DIFFERENT FROM ABOVE) [Grid]

[Grid for Postal Address]

[Grid for Postal Address]

POSTCODE

[Grid for Postcode]

OCCUPATION [Grid]

[Grid for Occupation]

TELEPHONE HOME [Grid]

[Grid for Telephone Home]

TELEPHONE WORK [Grid]

[Grid for Telephone Work]

EMAIL [Grid]

[Grid for Email]

DATE OF BIRTH [Grid]

[Grid for Date of Birth]

NATIONALITY [Grid]

[Grid for Nationality]

NAME OF EMPLOYER

[Grid for Name of Employer]

MOBILE [Grid]

[Grid for Mobile]

FACSIMILE [Grid]

[Grid for Facsimile]

DRIVERS LICENCE NO. (ATTACH A COPY)

[Grid for Drivers Licence No.]

DO YOU, OR AN IMMEDIATE FAMILY MEMBER HOLD A PUBLIC OFFICE POSITION
(EG: DIPLOMAT OR MINISTERIAL POSITIONS)? YES NO

SECOND APPLICANT (IF APPLICABLE)

BORROWER

GUARANTOR

TITLE MR MRS MS MISS DR [Grid] OTHER

SURNAME [Grid] FIRST NAMES [Grid]

[Grid for Surname]

[Grid for First Names]

RESIDENTIAL ADDRESS [Grid]

[Grid for Residential Address]

[Grid for Residential Address]

POSTCODE

[Grid for Postcode]

POSTAL ADDRESS (IF DIFFERENT FROM ABOVE) [Grid]

[Grid for Postal Address]

[Grid for Postal Address]

POSTCODE

[Grid for Postcode]

OCCUPATION [Grid]

[Grid for Occupation]

TELEPHONE HOME [Grid]

[Grid for Telephone Home]

TELEPHONE WORK [Grid]

[Grid for Telephone Work]

EMAIL [Grid]

[Grid for Email]

DATE OF BIRTH [Grid]

[Grid for Date of Birth]

NATIONALITY [Grid]

[Grid for Nationality]

NAME OF EMPLOYER

[Grid for Name of Employer]

MOBILE [Grid]

[Grid for Mobile]

FACSIMILE [Grid]

[Grid for Facsimile]

DRIVERS LICENCE NO. (ATTACH A COPY)

[Grid for Drivers Licence No.]

DO YOU, OR AN IMMEDIATE FAMILY MEMBER HOLD A PUBLIC OFFICE POSITION
(EG: DIPLOMAT OR MINISTERIAL POSITIONS)? YES NO

SECTION 4 – AUTHORISED REPRESENTATIVES.

It is recommended that at least one authorised representative be nominated below if you are applying for a Margin Loan or an Options facility. We will contact the authorised representative nominated below (or your financial planner, accountant, adviser) should you be unavailable when a margin call occurs or an option you have written is exercised. By appointing an authorised representative you agree Citi Smith Barney may discuss your account with that person, and may take instructions for the purchase and sale of securities from that person.

AUTHORISED REPRESENTATIVE 1.

SURNAME

FIRST NAMES

ADDRESS

POSTCODE

TELEPHONE HOME

TELEPHONE WORK

DRIVERS LICENCE NO. (ATTACH A COPY)

SIGNATURE

AUTHORISED REPRESENTATIVE 2.

SURNAME

FIRST NAMES

ADDRESS

POSTCODE

TELEPHONE HOME

TELEPHONE WORK

DRIVERS LICENCE NO. (ATTACH A COPY)

SIGNATURE

SECTION 5 – DETAILS OF LOAN FACILITY.

HOW MUCH DO YOU INTEND TO BORROW UNDER YOUR FLEXIBLE INVESTMENT FACILITY? \$

SECTION 6 – AUTHORITY TO PROVIDE DIVIDEND/CASH PAYMENT INSTRUCTIONS TO SHARE REGISTRIES.

If you would like Citi Smith Barney to advise the relevant share registries of your bank account details, for cash dividend payments and other cash payments (e.g. capital returns), please tick one of the following options:

PLEASE ARRANGE TO HAVE MY CASH DIVIDENDS PAID TO MY NOMINATED BANK ACCOUNT.

ACCOUNT NAME

BANK

BRANCH

BRANCH NO. (BSB)

ACCOUNT NO.

OR

PLEASE ARRANGE TO HAVE MY CASH DIVIDENDS PAID TO MY FLEXIBLE INVESTMENT FACILITY.

NB: Cash dividends paid into your Flexible Investment Facility will be paid into your linked Citibank Cash Management Account Plus, held in our nominee name.

SECTION 7 – TAX FILE NUMBER (TFN).

FIRST APPLICANT TFN

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SECOND APPLICANT TFN

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COMPANY/TRUST APPLICANT TFN

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TICK THIS BOX IF AN EXEMPTION APPLIES

TYPE OF EXEMPTION

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You hereby:

1. provide your tax file number or exemption ("TFN") to Citi Smith Barney in connection with the Flexible Investment Facility;
2. appoint Citi Smith Barney as your agent and authorise them to provide your TFN to all investment bodies with whom Citi Smith Barney acts on your behalf;
3. request and authorise Citi Smith Barney to apply your TFN to any investment or account which you may in future make or open with or through Citi Smith Barney or related company to which your TFN may be lawfully applied.

This authority will apply until such time as it is revoked in writing to Citi Smith Barney.

This authority will apply to new investments from the date the form is processed by Citi Smith Barney.

PLEASE TICK THE BOX IF YOU WISH CITI SMITH BARNEY TO NOTIFY YOUR TFN DETAILS TO REGISTRIES FOR EXISTING SHARE HOLDINGS SPONSORED BY CITI SMITH BARNEY.

SECTION 8 - POWER OF ATTORNEY.

This section of the application form comprises a deed, made by you on the day specified at the end of this application form.

1. Each person described on page 1 of the Application Form as the borrower ("you") and each person described on the application form as the guarantor ("you") for valuable consideration irrevocably appoints Citi Smith Barney Pty Limited and each of its related bodies corporate (as defined in the Corporations Act) and each of their respective directors, secretaries or officers (attorneys) jointly and each of them severally as its true and lawful attorneys. Any attorney may appoint sub-attorneys.
2. The attorneys may do in your name everything necessary or expedient to :
 - (a) do all such things required to sign and deliver on your behalf all of the documents in respect of the Flexible Investment Facility, including the mortgage;
 - (b) do all such things that are required for the conversion of any of your approved securities to the CHESS system; and
 - (c) if you are a company, to complete, sign and date any Australian Securities & Investments Commission form required to register the mortgage contained in the Flexible Investment Facility agreement at the Australian Securities & Investments Commissions; and
 - (d) date and to complete any blanks which may be left in any documents; and
 - (e) do anything which you can do or are obliged to do as owner of the mortgaged property (including completing blanks in any of those documents, executing agreements, signing any off market transfer, authorising, instructing or requesting the amendment of your details as necessary, authorising and instructing a person to accept directions in respect of the mortgaged property) or do anything which you can do in respect of the transactions contemplated by those documents; and
 - (f) do all things necessary to sign and deliver on your behalf all of the documents needed to enter into a new Flexible Investment Facility.
3. You declare that a person (including but not limited to a firm, body corporate, an incorporated association or authority) who deals with any of the attorneys in good faith may accept a written statement signed by any of the attorneys to the effect that this power of attorney has not to their knowledge been revoked as conclusive evidence of that fact.
4. You declare that anything the attorneys do in exercising the powers granted to them under this power of attorney will be as binding on you and anyone else as if you had done the act yourself. You agree to ratify and confirm whatever an attorney does under and in accordance with this power of attorney.
5. You indemnify the attorneys against liability, loss or costs they suffer or incur in exercising powers under this power of attorney.
6. You authorise the attorneys to exercise the powers under this power of attorney even if this involves a conflict of duty or the attorneys (or the person known to them) have a personal interest in doing so.

SECTION 9 - DECLARATIONS AND RISK DISCLOSURE.

You declare that:

- all the information you have given is correct;
- no proceedings are current, pending, or to your knowledge, threatened which could affect your financial position adversely;
- you have read the Flexible Investment Facility agreement and all documents associated with it, including the sponsorship terms, the terms of business and the nominee terms as set out in the booklet and that you are prepared to comply with those provisions.

You understand that:

- if your application is approved, you have appointed an attorney (pursuant to the power of attorney) to sign the Flexible Investment Facility agreement on your behalf; and
- you will then be bound by all of the terms and conditions of the agreement; and
- if your application is approved, you mortgage to us any securities which are placed in your CHESS account with us or lodged with a nominee; and
- we will pay commissions to advisers for setting up your deposit account and your Flexible Investment Facility.

You acknowledge that:

- you have read and understood the risk disclosure statement in Section 6 of the Flexible Investment Facility brochure;
- you are prepared to accept the risk outlined in this statement and all other risks associated with the facility;
- if you were introduced to us by your financial planner or adviser, your financial planner or adviser may require that all communications (including notice of margin calls) go through them, in which case you authorise us to deal with your financial planner or adviser only and you agree that we have no obligation to contact you directly whatsoever, including in the event of a margin call;
- you have authorised us to collect, use and disclose information about you as described in the privacy section of the Flexible Investment Facility agreement. Where you have provided information about any other individual, you will make that individual aware of the provisions of the privacy section; and
- Citi Smith Barney may disclose information relating to your application as required by law.

SECTION 10 - CREDIT INFORMATION.

Please note that for the purpose of this declaration, "you" includes a company, its directors, secretary and any other officer.

You agree that we may use the information provided by you in connection with the Flexible Investment Facility documents, and obtain information about you, in the following ways, and for the duration of the Flexible Investment Facility documents:

- (a) we may give a credit reporting agency personal information about you, including identity particulars, the fact that you have applied for credit from us and the amount, the fact that we are providing you with credit, if you are overdue in a payment for more than 60 days and when that payment ceases to be overdue, and (only in specified circumstances) that we believe you have committed a serious credit infringement;
- (b) we may obtain personal and commercial credit information about you from a credit reporting agency or any other business that provides information about creditworthiness, if we think it necessary to process your application;
- (c) we may exchange information with credit providers about your creditworthiness, credit standing, credit history or credit capacity. You acknowledge that this information may be used to assess this application, to help you avoid defaults, to notify other credit providers of any default by you, to assess your creditworthiness and to assist in the collection of overdue payments;
- (d) we may give any person you are using, or seek to use, as a guarantor the information we have about your personal and commercial credit history and standing, including any notices we have sent to you;
- (e) we may ask for any additional information about you at any point in time.

SECTION 11 – OPTIONS – CLIENT AGREEMENT.

By signing this application form, you are making the following acknowledgments and declarations:

- (a) All the information you have given in this application form is correct.
- (b) You have read and understood the provisions of Part D of the Terms and Conditions of the Flexible Investment Facility agreement and agree to comply with them.
- (c) You have read and understood the amended Terms of Business for the ASX Derivative Products contained in the Product Disclosure Statement, and agree to comply with them.
- (d) You have read and are prepared to accept the risk(s) outlined in the Product Disclosure Statement, which is attached to this Application Form.
- (e) You have also received the ASX booklet "Options - Understanding Options Trading".

SECTION 12 - BUSINESS PURPOSE DECLARATION.

You should only apply for a Citigroup Global Markets Australia Pty Ltd margin loan or investment protected loan if you plan to use the funds for business or investment purposes.

You declare that the credit to be provided to you by Citigroup Global Markets Australia Pty Ltd will be applied wholly or predominantly for business or investment purposes (or for both purposes).

IMPORTANT

**YOU SHOULD NOT SIGN THIS DECLARATION UNLESS THIS LOAN IS WHOLLY OR PREDOMINANTLY FOR BUSINESS OR INVESTMENT PURPOSES.
BY SIGNING THIS DECLARATION YOU MAY LOSE YOUR PROTECTION UNDER THE CONSUMER CREDIT CODE.**

- IF YOU WISH TO OPT OUT OF RECEIVING INFORMATION ABOUT UNRELATED PRODUCTS FROM CITIGROUP COMPANIES, AND NOT HAVE YOUR PERSONAL INFORMATION DISCLOSED TO UNRELATED COMPANIES PLEASE TICK THIS BOX.

Dealer Group: Wealth Focus Pty Ltd

PO Box 760

Manly

NSW 1655

Tel 1300 55 98 69

SECTION 13 - SIGNATURES EXECUTED AS A DEED.

PLEASE NOTE THAT BY AFFIXING YOUR SIGNATURE BELOW YOU ARE ALSO ELIGIBLE TO OPEN A GEARINVEST FACILITY PURSUANT TO PART E OR AN INVESTMENT PROTECTION LOAN FACILITY UNDER SECTION C OF THE FLEXIBLE INVESTMENT FACILITY TERMS WITHOUT THE NEED TO SIGN FURTHER DOCUMENTATION.

DATE OF SIGNING

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FIRST APPLICANT

 BORROWER GUARANTOR

SIGNED SEALED AND DELIVERED BY

X	APPLICANT 1 SIGNATURE
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NAME OF APPLICANT (PLEASE PRINT)

SURNAME

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FIRST NAMES

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IN THE PRESENCE OF

X	WITNESS SIGNATURE
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NAME OF WITNESS (PLEASE PRINT)

SURNAME

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FIRST NAMES

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ADDRESS OF WITNESS

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POSTCODE

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SECOND APPLICANT (IF APPLICABLE)

 BORROWER GUARANTOR

SIGNED SEALED AND DELIVERED BY

X	APPLICANT 2 SIGNATURE
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NAME OF APPLICANT (PLEASE PRINT)

SURNAME

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FIRST NAMES

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IN THE PRESENCE OF

X	WITNESS SIGNATURE
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NAME OF WITNESS (PLEASE PRINT)

SURNAME

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FIRST NAMES

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ADDRESS OF WITNESS

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POSTCODE

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SECTION 14 - COMPANY APPLICANT.

 BORROWER GUARANTOR

SIGNED BY

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

PURSUANT TO SECTION 126(1) OF THE CORPORATIONS ACT

X	DIRECTOR'S SIGNATURE
----------	----------------------

NAME OF DIRECTOR - SURNAME

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FIRST NAMES

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X	DIRECTOR'S / SECRETARY'S SIGNATURE
----------	------------------------------------

NAME OF DIRECTOR / SECRETARY - SURNAME

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FIRST NAMES

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Direct debit or credit account details form.

If you wish to authorise Citi Smith Barney (Direct Debit User ID: 142563) to pay funds directly to you from your deposit account or, take funds directly from your designated bank or cash management account for payment as required under your Flexible Investment Facility please complete the account details below.

- The designated bank/cash management account must be in the same name/s as your Citi Smith Barney account (or the same as one of the signatories). Third party accounts cannot be accepted.
- If a joint bank account is nominated, both parties must sign.

You acknowledge that:

- (a) Citi Smith Barney will confirm in writing to you, the details of the Flexible Investment Facility Periodic Payment Plan including the drawing arrangements (amount, frequency, commencement date).
- (b) Citi Smith Barney will debit the amount instructed by you from your nominated account on the 10th of every month. Where the due date falls on a weekend or public holiday, you will draw the amount on the next business day.
- (c) Citi Smith Barney reserve the right to cancel this agreement if three or more drawings are returned unpaid by your nominated Financial Institution and arrange with you an alternative method. Any dishonour or other fees incurred by Citi Smith Barney will be withdrawn from your Flexible Investment Facility.
- (d) Citi Smith Barney will keep all information pertaining to your nominated account at the Financial Institution, private and confidential pursuant to Privacy at Citi.

Your Rights:

- (e) You may defer, alter or terminate the periodic drawing arrangements by giving written notice to Citi Smith Barney, at least 14 business days prior to the due date.
- (f) Should the basis, by which Citi Smith Barney initiate drawings on your nominated account change, including amount or frequency of any drawing, Citi Smith Barney will notify you at least 14 days prior to any such change becoming effective.
- (g) When you consider a drawing has been initiated incorrectly (outside the Flexible Investment Facility Periodic Payment Plan) you should contact a Client Service Executive at Citi Smith Barney immediately and Citi Smith Barney will attempt to resolve the matter within five business days.
- (h) Due to the nature and procedures involved in settlement of transactions effected on the Australian Stock Exchange, requests or deferment of the payment of your obligation, cannot be accepted.

Your commitment to Citi Smith Barney:

- (i) It is your responsibility to ensure that sufficient funds are available in your nominated bank account to meet the drawing on the specified date.
- (j) It is your responsibility to ensure that the authorisation given to draw on the nominated account is identical to the account signing held by the Financial Institution, where the account is based.
- (k) It is your responsibility to advise Citi Smith Barney if the account nominated by you is transferred or closed.

You acknowledge that:

- (l) The Financial Institution may, in its absolute discretion, determine the order of priority of payment by it of any monies pursuant to this request or any authority or mandate.
- (m) The Financial Institution may, in its absolute discretion, at any time by notice in writing to you, terminate this request as to future debits.
- (n) Citi Smith Barney may, by prior arrangement and advice to you, vary the amount or frequency of future debits.

AUTHORISATION FOR DIRECT DEBIT:

You authorise Citi Smith Barney to draw amounts from your bank/cash management account identified below:

ACCOUNT NAME	
BANK	BRANCH
BRANCH NO. (BSB)	ACCOUNT NO.

- You wish to pay monthly interest charges on your Flexible Investment Facility
- You wish to pay \$ into your Flexible Investment Facility monthly
- You wish to pay any amount up to a limit of \$ with/without* notification to cover margin calls on your account. (*Delete where applicable)

AUTHORISATION FOR DIRECT CREDIT:

You authorise Citi Smith Barney to pay amounts from your deposit account under the Flexible Investment Facility to the account identified below:

ACCOUNT NAME	
BANK	BRANCH
BRANCH NO. (BSB)	ACCOUNT NO.

APPLICANT SIGNATURE(S):

X	APPLICANT 1 SIGNATURE
----------	-----------------------

SURNAME	FIRST NAMES

X	APPLICANT 2 SIGNATURE
----------	-----------------------

SURNAME	FIRST NAMES

DATE

	/		/	20		
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**THIS SECTION 15 ONLY NEEDS TO BE COMPLETED IF YOU WISH TO USE AN
IPL OR OPTIONWRITER.**

Part B. Client Agreement – Investment Protected Loan or Option Writer.

SECTION 15 – INVESTMENT PROFILE: MANDATORY INFORMATION.

Citi Smith Barney reserves the right to refuse your ASX derivatives trading account unless this profile is completed.

ANTICIPATED TYPES OF TRANSACTIONS (PLEASE TICK APPROPRIATE BOXES)

- A. WRITING CALL OPTIONS OVER EXISTING STOCK HOLDINGS AND BUY/WRITE STRATEGIES YES
- B. PURCHASING CALL & PUT OPTIONS YES

Your financial adviser will be pleased to assist you determine the type of transactions appropriate to meet your financial needs and personal acceptance of risk. Please also refer to the ASX booklet "Options - Understanding Options Trading" which explains the risks associated with different types of option transactions.

ANTICIPATED STRATEGIES YOU'LL USE OPTIONS FOR (PLEASE TICK APPROPRIATE BOXES)

1. CAPITAL PRESERVATION –
USE OPTIONS TO PROTECT INVESTMENTS FROM CAPITAL LOSSES YES
2. INCOME GENERATION –
USE OPTIONS TO ENHANCE PORTFOLIO INCOME BY POTENTIALLY FORGOING CAPITAL GAINS YES
3. TRADING PROFITS* –
TRADE OPTIONS TO GENERATE PROFITS WITH THE RISK THAT LOSSES MAY OCCUR YES

* Using options to generate trading profits is a high risk strategy.

INVESTMENT EXPERIENCE (TICK APPROPRIATE BOXES)

1. INVESTMENT EXPERIENCE NONE LOW MEDIUM
2. EXPERIENCE WITH EQUITIES NONE LOW MEDIUM
3. EXPERIENCE WITH OPTIONS AND WARRANTS NONE LOW MEDIUM

FINANCIAL INFORMATION (TICK APPROPRIATE BOXES)

ANNUAL INCOME (PER ANNUM, NET TAX)

- \$0 - \$100,000
- \$100,001 - \$200,000
- \$200,001 - \$500,000
- MORE THAN \$500,001

NET WORTH (ASSETS LESS LIABILITIES)

- \$0 - \$100,000
- \$100,001 - \$300,000
- \$300,001 - \$1,000,000
- \$1,000,001 - \$3,000,000
- MORE THAN \$3,000,001

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THIS FORM MUST BE COMPLETED IF YOU WISH TO USE AN IPL OR OPTIONWRITER.

Registered Holder Collateral Authorisation

This authorisation covers Account Number:

I. You,

 (THE REGISTERED HOLDER), *NB: NAME MUST BE THE SAME AS DETAILED ON THE HOLDER IDENTIFICATION NUMBER (HIN)
 HIN

- authorise your Controlling Participant, to reserve (or withdraw) Financial Products (the "Collateral") registered in the name of the Registered Holder in the Australian Clearing House Pty Ltd, ABN 48 001 314 503 ("ACH") Subposition as Collateral Cover for obligations in respect of Options Market Contracts registered in the Client Account nominated above with Citi Smith Barney Pty Limited ("the ACH Participant").
2. The Registered Holder acknowledges that ACH may, in its absolute discretion, decline to accept in relation to all or any particular Client Account nominated above for the purposes of accepting paperless lodgements.
 3. The Registered Holder acknowledges that on behalf of the Registered Holder, the Controlling Participant will reserve (or withdraw) Collateral in the ACH Subposition by sending the appropriate Collateral lodgement message so that the Collateral lodged comes under the control of ACH, or Collateral withdrawn leaves the control of ACH, in accordance with the ACH Clearing Rules and Procedures (as amended from time to time).
 4. In registering Collateral in the ACH Subposition, the Registered Holder acknowledges that the Collateral will be subject to a fixed charge (the "Charge") in favour of ACH from the time they are reserved to the ACH Subposition in the manner referred to above, and will remain subject to the Charge until ACH permits it to be withdrawn from the ACH Subposition.
 5. The Registered Holder acknowledges that the Charge secures all amounts and obligations owing by the ACH Participant to ACH in connection with the Client Account nominated above opened by the ACH Participant in accordance with the ACH Clearing Rules and Procedures (as amended from time to time).
 6. The Registered Holder acknowledges that the Registered Holder has read and understood the ACH Clearing Rules* and the ASTC Settlement Rules, in so far as those rules relate to the Collateral and the Charge, including:
 - (a) ACH's power to deal with the Collateral on default by the ACH Participant in respect of the Client Account nominated above; and
 - (b) in particular, ACH's power of sale in relation to the Collateral without any notice to the Registered Holder.
 7. The Registered Holder warrants that unless ACH otherwise agrees in writing, the Collateral is not and may not be subject to any other security interest, other than a security interest provided to a margin lender under a deed of priority, entered into between ACH and the margin lender, which provides that ACH's Charge has priority over the margin lender's security interest ("the Deed of Priority") or a security interest as permitted under the ACH Clearing Rules or the ASTC Settlement Rules.
 8. If the Registered Holder's Controlling Participant is a margin lender the Registered Holder warrants that they have signed an acknowledgement regarding the Deed of Priority as set out in Schedule 2 or Schedule 3, as applicable, to the Deed of Priority.
 9. If the ACH Participant is unable to insert the Account Number and/or HIN at the time the Registered Holder signs this form, the Registered Holder irrevocably authorises the ACH Participant to insert the Account Number and/or HIN on this Agreement and agrees the ACH Participant will insert the Account Number and/or HIN on the Registered Holder's behalf, prior to lodging this Authorisation with ACH. The ACH Participant agrees that it will notify the Registered Holder of the Account Number and/or HIN in writing as soon as reasonably possible.
 10. Defined terms have the same meaning as defined in the ACH Clearing Rules and Procedures (as amended from time to time).

**You can request a copy of the ACH Clearing Rules 14.6 [Cover] and 15 [Default] from your financial adviser.*

REGISTERED HOLDER 1 SIGNATURE
 SIGNATURE

SURNAME
 FIRST NAME

REGISTERED HOLDER 2 SIGNATURE
 SIGNATURE

SURNAME
 FIRST NAME

REGISTERED HOLDER 3 SIGNATURE
 SIGNATURE

SURNAME
 FIRST NAME

WITNESS SIGNATURE
 SIGNATURE

WITNESS SURNAME
 WITNESS FIRST NAME

DATE OF SIGNING
 / / 20

Please ensure that:
 ■ Signature(s) must be witnessed by someone independent of the account. This is required before this form can be processed.
 ■ If the account is for a corporation this Registered Holder Collateral Authorisation must be signed in accordance with the Corporations Act, or if signed under power of attorney, a copy of the power of attorney must also be attached to this addendum.

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