

Australian Bond Exchange Pty. Ltd.

Supplementary Financial Services Guide

Issued 10 August 2023

This document is a Supplementary Financial Services Guide (**SFSG**). It is issued by the Australian Bond Exchange ACN 605 038 935 AFSL 484453 (**ABE**) and supplements the Financial Services Guide issued by ABE dated 'Version 3 – October 2020 (**FSG**). This SFSG must be read together with that FSG.

What will ABE be paid for providing financial services and how are any commissions, fees or other benefits calculated? on page 3 of the FSG

Insert the following paragraph at the end of the sub-section headed 'Acting as principal'

ABE will also charge you the following brokerage for each product that you trade through an ABE Adviser.

Trade Amount	Brokerage Fee
For a trade less than \$20,000	Up to 3.5% of the price paid / received
For a trade from \$20,000 to \$99,999	Up to 2.5% of the price paid / received
For a trade from \$100,000	Up to 1.5% of the price paid / received

Australian Bond Exchange Pty. Ltd.

Financial Services Guide

A Guide to our relationship with you and others

Version 3 – October 2020

Introduction

Please refer to our website www.bondexchange.com.au for the most up to date version of our Financial Services Guide (FSG).

This FSG is an important document for retail investors. It provides you with information about Australian Bond Exchange Pty. Ltd (ABN 73 605 038 935; AFSL 484453) ('ABE', 'we', 'us' or 'our') to help you to fully understand the financial services we offer.

This guide contains important information about:

- The services we offer you
- How we and our associates are paid
- Any potential conflict of interest we may have
- Our internal and external dispute resolution procedures and how you can access them.

This FSG relates only to financial services provided by Authorised Representatives of ABE to retail investors.

Who is responsible for the financial services provided?

Our advisers are Authorised Representatives of ABE. ABE is responsible for the financial services provided to you.

ABE has an Australian Financial Services Licence (AFSL). ABE is licensed to provide financial services under the Corporations Act 2001. You should also note that ABE is obligated under the Anti-Money Laundering and Counter Terrorism Financing Act not to execute any trades for a client unless the client has been properly identified and verified to our satisfaction.

What financial services and products do we offer?

ABE is authorised under its AFSL to provide the following financial services to retail and wholesale clients:

- Financial product advice, both general and personal
- Deal in financial products by acquiring or disposing of financial product on behalf of others

- Provide custodial or depository services

ABE and its related companies are committed to providing advice appropriate to your personal circumstances and based on our comprehensive market and financial knowledge. Our aim is to work with you to determine, develop and maintain a tailored personal investment strategy.

ABE operates as a dealer in Australian Government and Corporate Bonds. ABE's role is to assist clients to invest in bonds and to buy and sell bonds.

ABE provides both general and personal financial product advice in the form of suggestions, recommendations, or advice about, or a recommended portfolio of, bonds.

When using ABE's services, you will be assisted by an Authorised Representative who has been approved by and acts on behalf of ABE. Instructions may be provided to the representative by telephone, email, online, or post. ABE maintains a record of its clients' investments as well as any written correspondence relating to these investments. These files are all available for your examination if required.

When a financial product is acquired by an ABE client and held in custody by ABE for the client, the client has a 100% underlying beneficial interest in that product. ABE holds the product as custodian and takes instructions from the client to deal with the product as directed. This means, for example, if the client instructs ABE as custodian that the product is to be sold, ABE must transfer the product in accordance with the client's instructions.

What information must you provide to receive personalised advice?

You need to provide us with details of your personal financial objectives, risk profile, your current financial situation, and any other relevant information, so that we can offer you the most appropriate advice possible.

You have the right not to provide this information. However, if you choose not to provide any or all of the information requested, the advice you receive from us will be general in nature and may not be appropriate to your needs, objectives and financial situation.

In these circumstances you should consider the appropriateness of our advice in the light of your own objectives, financial situation or needs prior to making any investment decision.

Statement of Advice

Whenever we provide you with personal advice, a record of your relevant personal circumstances will be maintained and, for new retail clients, a Statement of Advice (SOA), detailing these personal circumstances and any agreed investment strategy and advice, will be provided to you.

The SOA will tell you:

- The advice
- The basis on which the advice has been provided
- Our fees and commissions
- The basis of the remuneration received by your adviser
- Any associations we have with Financial Product Issuers or other parties which may have influenced the advice we give you.

Thereafter, a new SOA will only be provided if you advise that your circumstances have changed materially. It is your responsibility and in your interests to advise us in a timely manner should your circumstances change.

Further Advice

Whenever we provide you with further advice which takes into account your relevant personal circumstances, an updated SOA will not generally be provided. However, in these circumstances, we will maintain brief details of the basis of advice and you may request, for a period of seven (7) years from when the advice is provided, a copy of the record of advice.

Product Disclosure Statement

If we provide personal financial advice about a product or if we offer or arrange to issue a financial product, we will provide you with a Product Disclosure Statement (PDS) or other disclosure document in relation to the financial product (other than for securities such as Corporate Bonds which do not require a PDS). The PDS will contain information about the product including the features, benefits, fees, and risks associated with

that product to assist you in making an informed decision.

The Australian Bond Exchange Advisor Network

All ABE advisers are Authorised Representatives of ABE under our AFSL.

What will ABE be paid for providing financial services and how are any commissions, fees or other benefits calculated?

ABE derives income from transactions with, and services provided to clients, as follows:

1. Acting as principal: Where you instruct ABE to sell or buy a financial product, ABE acts as the counterparty to the transaction (that is, the buyer or seller of the financial product), and makes a margin from the difference between the purchase price and sale price (for example, ABE purchases the financial product at a price and then sells it to you at a higher price or vice versa). The price quoted to you by ABE for the purchase or sale of a financial product is net of ABE's margin.

The size of ABE's margin may depend upon the liquidity, credit rating, size and duration of the financial product as well as settlement risk and will therefore vary from product to product. These transactions may be executed and settled over-the-counter (OTC) or on an exchange such as the Australian Securities Exchange (ASX) through an ASX Participant.

When acting as counterparty to transactions with you, ABE may sell you financial products which it owns on its own account and ABE may purchase from you financial products to hold on its own account.

2. Interest: ABE earns interest on your money that is held in the Retail Client Trust Account (Retail CTA) operated by ABE with Australia and New Zealand Banking Group Limited ABN 11 005 357 522 (ANZ).
3. Distributing new issues or products: ABE acts as the distributor of new issues of

financial products arranged by ABE or by third parties, whereby ABE may be paid a fee or margin by the issuer or third party at the time of issue to clients and an ongoing management fee. In these instances, the fee payable differs with each issue. The fee will be disclosed in the disclosure document for the issue and is likely to be in the range of 0.25% to 3.00% of the amount issued. The amount paid by ABE to its representatives in respect of their services is relative to the fee received by ABE from third parties.

4. Referral Fees: ABE may also receive fees, margins, commissions, or other benefits or advantages, from a third party who ABE referred you to if you transact with that third party or use their services. Any such referring fees are not fixed or based upon a set formula but will be paid from (and therefore be less than) the margins or commissions received by the third party. You may request particulars of the referral remuneration before any financial service is provided to you by a third party.
5. Custodial services: ABE may provide custodial services whereby your assets are held in custody in ABE's account with ABE's custodial service provider (currently Perpetual). As part of these custodial services, ABE may provide or facilitate reporting services on your holdings, valuations, coupon payments and corporate actions. ABE may charge fees and recover expenses and other outlays in connection with these custodial services. The fee amount and arrangements for recovery of expenses and outlays will be disclosed to you:
 - at the time you open a custody account with ABE and enter into the Client Custody Agreement; or
 - at a later time if notified in accordance with the terms of the Client Custody Agreement where ABE increases fees, introduces new fees or changes the frequency at which fees are payable by you.
6. Advisory Services: ABE may be engaged by clients to provide financial advice including corporate advice on a fee for service basis. The fee will reflect the type of advice given and the

circumstances surrounding the advice including the complexity of the advice.

7. Recouping charges incurred by ABE as a result of actions by you and/or your representatives such as:
 - dishonour fees if the bank account maintained in your name for the purposes of a custody account under the Client Custody Agreement has insufficient funds to make required payments at the time ABE attempts to directly debit that account in accordance with your instructions.
 - A transfer fee if assets held on custody for you are transferred out of ABE's custody service to an external custodian. This fee will be determined by ABE and notified to you on a case by case basis.

ABE may pay fees, commissions, or provide other benefits or advantages, to a third party who referred you to ABE or to someone nominated by the third party, if you complete a transaction with ABE. Any such referral fees are not fixed or based upon a set formula but will be paid from (and therefore be less than) the margins or commissions paid to ABE set out above.

You may request from us particulars of any of ABE's sources of income before any financial service is provided to you.

How are our service entities, advisers and referral sources paid?

1. Service Entities

ABE contracts with service entities under a management agreement to manage the office of ABE in different geographical locations. The service entities employ all staff including Authorised Representatives for each office and are paid monthly. The amount that the service entity is paid depends on the various products, volume levels, agreed commission distribution, and fixed costs associated with the business written by advisers at the relevant managed office.

If your adviser is employed by a service entity, this manner of calculation will be disclosed at the time that personal advice is given to you or as soon as practicable afterwards.

2. Advisers

Advisers are remunerated by their employer by way of salary and/ or a percentage share of commissions and margins earned by ABE from business written by the adviser and/or a share of any profits of the service entity or ABE where the adviser is a shareholder or unit holder of such entity. Advisers may also earn bonus payments based on the individual and the company's performance.

3. Referral Services

If a third person such as a stockbroker, financial planner or an accountant has referred you to us, we may pay to that person a part of any fees or commissions we receive from you. This will be disclosed to you at the time of transacting business.

Valuations and Reporting

ABE may determine the value of your bond portfolio for the purposes of providing you with reports showing the value of your holdings. ABE may, at its reasonable discretion, adopt its own valuation policies, procedures, and methods for the purposes of determining the value of your portfolio in your ABE account. Any valuation may require a combination of actual transaction data and derived data from the broader market.

You are required to give certain acknowledgements and undertakings regarding the use of the valuation data provided by ABE. In addition, you are required to indemnify ABE for claims and losses suffered in respect of the use of any services or information you have received in your dealings with ABE, or any service, report, analysis or publication derived from ABE and related entities

Australian Bond Exchange Client Trust Account

ABE operates a client Trust Account for money received from you for the payment and acquisition of financial products and the receipt of coupons and maturities from financial product issuers. Funds held in your Trust Account may be pooled with all other client money and deposited into the Retail CTA operated by ABE with ANZ. ABE earns interest on the daily balance of deposits in the Retail CTA. The rate earned by Clients on the balance in the Retail CTA will be published on the ABE website.

ABE is not entitled to and will not withdraw your funds from the Trust Account or Retail CTA without your prior written authorisation.

ABE will obtain a written authority from you requesting and authorising ABE to:

1. direct debit your money from the Trust Account or Retail CTA or another account in your name held with an ADI in order to make payments for transactions or investments by you, or your nominees, in accordance with contract notes and trade confirmations issued by ABE.
2. deposit financial products and deposit payments products in custody in designated sub-accounts with ABE's custodial service providers.
3. deposit financial products and deposit payment products in custody with ADIs, and
4. if you have entered into a Client Custody Agreement with ABE, deposit financial products and deposit payment products in custody with ABE.

ABE's Custodial Services

ABE provides custodial services whereby your assets can be held in safe custody in ABE's account with ABE's custodial service provider. Before this custodial service is provided by ABE, you will need to enter into a Client Custody Agreement with ABE. The beneficial ownership of your assets held in custody remains with you at all times. Your assets can only be bought, sold, or otherwise dealt with, on your instructions to ABE. ABE may, at its discretion, charge fees for these custodial services as set out in the Client Custody Agreement.

Alternatively, you can make independent arrangements for the safe custody of your assets by appointing the custodian of your choice including opening your own custody account direct with ABE's custodial service provider.

Anti-Money Laundering and Counter Terrorism Financing Act 2006 (Cth) ("AML/CTF ACT")

ABE has an obligation under the AML/CTF Act to verify your identity before we can provide you with any financial services. ABE will inform you of what documentation you will need to present to satisfy the customer identification requirements of the AML/CTF Act.

What information do you hold on my file and can I access it?

We maintain a record of your personal and other information including details of your objectives, financial situation and needs. We also maintain records of any recommendations made to you and details of specific transactions.

Our Privacy Policy ensures the privacy and security of your personal information. A copy of our Privacy Policy is available from your adviser and on our website.

If you wish to examine your file, please ask us. We will make arrangements for you to do so.

What should you do if you have a complaint?

If you are not happy with the service you receive from us you are entitled to complain. We have established procedures in place to ensure that all enquiries and complaints are properly dealt with.

To save yourself valuable time, gather all the facts and documents about the complaint, think about the questions you want answered and decide what action you want us to take.

The following process has been established to address your concerns as quickly as possible:

- Contact your adviser or their immediate manager and explain the problem. Most issues can be resolved quickly in this way.
- If you are unable to resolve the issue within three (3) business days, please contact the ABE Complaints Officer on (02) 8076 9343 or send your details in writing to:
PO Box R445, Royal Exchange,
NSW 1225.
- If we are unable to resolve the matter to your satisfaction, you can refer your case to the Australian Financial Complaints Authority Limited of which ABE is a member (Member No 38237). Their address is:
GPO Box 3,
Melbourne VIC 3001.
They can be contacted on 1800 931 678 or <https://www.afca.org.au/>.

What compensation arrangements do we have?

Australian Bond Exchange Pty. Ltd. has a comprehensive Professional Indemnity insurance policy to cover claims in relation to the conduct of Authorised Representatives/ employees at the time of the relative incident that gave rise to the claim. This professional indemnity policy includes Australian Bond Exchange Pty. Ltd.

Any questions?

Please contact your adviser if you have any further questions about the financial services we provide. This document should be retained for your future reference.