

KODARI SECURITIES PTY LTD

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LONGHOU CAPITAL MARKETS PTY LTD

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FINANCIAL SERVICES GUIDE

ISSUE DATE

This Financial Services Guide (FSG) is dated 12th February, 2019 and replaces all previous versions. Kodari Securities Pty Ltd [ACN 147 963 755] (hereafter referred to as KOSEC) along with Longhou Capital Markets Pty Ltd (AFSL 292464) (hereafter referred to as Longhou Capital) authorise the distribution of this FSG.

ABOUT THIS GUIDE

This Financial Services Guide (FSG) is designed to assist you in deciding whether to use any of our services and contains important information about:

- Who we are.
- How you can contact us.
- The financial services we offer so you can make an informed decision whether to use those services.
- Information we need from you.
- The cost of our advisory services and how we pay our representatives.
- What to do if you have a complaint about our services.

If you need further information on any of these matters, please ask.

As the Licensee, Longhou Capital is responsible for the advice you receive from us. If your advisor is unable or unwilling to provide you with advice or services in respect of certain products, the advisor will refer you to another representative of Longhou Capital who should be able to assist you.

GENERAL FINANCIAL ADVICE

We will only offer you general financial advice. You should note that general financial advice does not relate specifically to you and therefore may not be appropriate to your particular financial needs, objectives and financial circumstances. You need to take this into account before deciding whether or not to act on it.

BUYING AND SELLING SHARES

Acting as your agent, we will buy and sell securities on the Australian Securities Exchange ("ASX") under your instruction. Once your securities have been bought or sold, you will receive a contract note or confirmation from us or the executing broker setting out the details and costs of the transaction. We will not accept orders for 'short sales' on ASX.

A short sale is where the seller does not presently hold or have the immediate right to hold title to the security.

KOSEC and Longhou Capital are not a participant of ASX and will always engage an executing broker to effect transactions. Executing brokers are clearing participants or engage a clearing participant to settle trades on ASX. Longhou Capital has relationships with several executing brokers who are ASX Market Participants; they are Open Markets and CMC Markets, as well as online trading platforms with Interactive Brokers.

For a list of Providers and Products available to Longhou Capital clients please visit our Approved Product List <https://www.lcmarkets.com.au/about-us/approved-products-list/>

Kodari Securities Pty Ltd (KOSEC), Longhou Capital, the executing broker and the clearing participant have the right to refuse to accept orders from any person at any time and do not have to provide a reason for this refusal.

You may specify how you would like to give us instructions to trade e.g. by telephone, fax or other means. However for transactions greater than \$25,000 we reserve the right to require that instructions are confirmed in writing.

You should be aware that KOSEC and Longhou Capital may record telephone conversations.

If you are buying shares or any other financial product we require you to provide the funds in advance. Please note that in accordance with industry practice and regulation, we cannot accept cash.

Penalties

Fees will be charged on accounts that do not settle in accordance with industry practice. If you owe us money, we reserve the right to charge interest on any amounts outstanding. Default in payment may result in sale of the securities, including any other securities held in a client's account, to recover costs and may incur fees from executing and clearing providers.

PRODUCT DISCLOSURE STATEMENTS

We will also give you, where appropriate, a Product Disclosure Statement issued by the product provider containing information you would reasonably require to make a decision about whether to acquire the financial product. The PDS will disclose details of any fees and charges payable for that product.

WHAT DO WE EXPECT FROM YOU?

We expect that you will use our general advice to enable you to make informed financial decisions.

As a financial service provider, we have an obligation under the Anti-Money Laundering and Counter Terrorism Finance Act to verify your identity and the source of any funds. This means that we will ask you to present identification documents such as passports and driver's license. We will also retain copies of this information. We assure you that this information will be held securely.

We are committed to implementing and promoting a privacy policy which will ensure the privacy and security of your personal information. A copy of our privacy policy will be provided upon your request or it can be found at <http://www.kosec.com.au/privacy-security>

WHAT ARE THE POSSIBLE CONSEQUENCES OF NOT PROVIDING THIS INFORMATION?

You are at liberty to decline our request to provide some, or all of this information. Even though we will only provide General Advice, in certain cases, your failure to provide information may place us in a position where we cannot provide any advice or any financial services to you.

HOW ARE WE PAID FOR THE SERVICES WE PROVIDE?

KOSEC receives remuneration through commission rebates and a yearly advisory fee of \$1089 (including GST).

WHAT FEES, COMMISSIONS OR OTHER BENEFITS?

Employees of KOSEC are remunerated in a variety of ways including salary, wages, bonuses and commissions based on sales generated.

KOSEC charges a 1.1% Commission Fee with a minimum of \$33 per securities transaction and an annual General Advice fee of \$1089 (including GST) or \$1859 (including GST) for 2 years, as well as the KOSEC's premium service, KOSEC GOLD, valued at \$5500 (including GST) for 1 year.

KOSEC and Longhou Capital, its advisers and authorised representatives may from time to time receive non-cash benefits with a cash value less than \$300. Details of benefits between \$100 and \$300 will be maintained on a register.

These benefits will normally be one off and will not be received from a product provider on a regular basis.

You have a right to request further information in relation to the remuneration, the range of amounts or rates of remuneration, and soft dollar benefits received by the licensee and/or representative.

DO ANY RELATIONSHIPS EXIST WHICH MIGHT INFLUENCE THE SERVICE OR ADVICE I RECEIVE?

KOSEC is not owned by any Fund Manager or institution. KOSEC is remunerated by commission rebates through CMC Markets, Open Markets and Interactive Brokers.

Interactive Brokers are providers of online foreign exchange, derivative and securities trading services, offering individual traders, money managers, and institutional customer's proprietary technology, tools and education.

A full list of products provided by Longhou Capital is available on Longhou Capital's website.

<https://www.lcmarkets.com.au/about-us/approved-products-list/>

WILL YOU GIVE ME ADVICE THAT IS SUITABLE TO MY INVESTMENT NEEDS AND FINANCIAL CIRCUMSTANCES?

No. KOSEC is authorised for General Advice only which does not take into account your particular circumstances, such as your objectives, financial situation and needs.

WHAT SHOULD I KNOW ABOUT ANY OF THE RISKS OF THE INVESTMENT RECOMMENDATIONS MADE TO ME?

KOSEC will provide general advice listed securities, however clients who wish to trade in CFDs and Derivatives should be aware these are leveraged financial products, trading on margin carries a high level of risk, and may not be suitable for all investors. The high degree of leverage can work against you as well as for you. Before deciding to invest in any leveraged product you should carefully consider your investment objectives, level of experience, and risk appetite. The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with trading leveraged products, and seek advice from an independent financial advisor if you have any doubts.

WHAT INFORMATION DO YOU MAINTAIN IN MY FILE AND CAN I EXAMINE MY FILE?

We need to hold all information you give us for a period of 7 years. Yes you can view information held by making a request.

HOW CAN I GIVE INSTRUCTIONS REGARDING MY ACCOUNT?

You may specify how you would like to give us instructions, for example, by telephone, email or other means.

WHAT KIND OF COMPENSATION ARRANGEMENTS ARE IN PLACE AND ARE THESE ARRANGEMENTS COMPLIANT?

KOSEC confirms that arrangements are in place to ensure that it continues to maintain Professional Indemnity Insurance in accordance with (Section 912 B of the Corporations Act 2001) (as amended). In particular the Professional Indemnity Insurance, subject to its terms and conditions, provides indemnity up to the sum insured for the Licensee and its authorised representatives in respect of our authorisations and obligations under the Australian Financial Services License.

WHAT SHOULD I DO IF I HAVE A COMPLAINT?

We are committed to providing quality advice to our clients. This commitment extends to providing accessible complaint resolution mechanisms for our clients. If you have any complaint about the service provided to you, you should take the following steps;

Contact KOSEC or your advisor immediately.

If your complaint is not satisfactorily resolved within 7 days please contact KOSEC's authorising licensee (Longhou Capital Markets Pty Ltd) by phone 1300 882 402, or by emailing them at compliance@lcmarkets.com.au

If we cannot reach a satisfactory resolution, you can raise your concerns with the Australian Financial Complaints Authority on 1800 9361 678 (free call).

Longhou Capital Markets Pty Ltd is a member of this complaints resolution service.

The Australian Securities & Investments Commission (ASIC) also has a free call Info line on 1300 300 630 which you may use to make a complaint or obtain information about your rights.

The Longhou Capital Markets Pty Ltd Australian Financial Services Licence authorises the licensee to carry on a financial services business to:

PROVIDE FINANCIAL PRODUCT ADVICE FOR THE FOLLOWING CLASSES OF FINANCIAL PRODUCTS:

- Deposit and payment products limited to: basic deposit products; deposit products other than basic deposit products
- Derivatives
- Foreign exchange contracts
- Debentures, stocks or bonds issued or propose to be issued by a government.
- Life products including; investment life insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds; and, life risk insurance products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds
- Interests in managed investment schemes including; investor directed portfolio services
- Interests in managed investment schemes limited to; MDA services
- Retirement savings accounts ("RSA") products (within the meaning of the Retirement Savings Account Act 1997)
- Securities
- Standard margin lending facility
- Superannuation
- Financial products limited to; miscellaneous financial investment products limited to MDA services

DEAL IN A FINANCIAL PRODUCT BY:

- Issuing, applying for, acquiring, varying or disposing of a financial product in respect of the following classes of financial products; derivatives, interests in managed investment schemes limited to MDA services, financial products limited to miscellaneous financial investment products limited to MDA services.
- Applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of the following classes of products;
 - Deposit and payment products limited to: basic deposit products; deposit products other than basic deposit products
 - Derivatives
 - Foreign exchange contracts
 - Debentures, stocks or bonds issued or propose to be issued by a government.
 - Life products including; investment life insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds; and, life risk insurance products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds
 - Interests in managed investment schemes including; investor directed portfolio services
 - Interests in managed investment schemes limited to; MDA services
 - Retirement savings accounts ("RSA") products (within the meaning of the Retirement Savings Account Act 1997)
 - Securities
 - Standard margin lending facility
 - Superannuation
 - Financial products limited to; miscellaneous financial investment products limited to MDA services