

# Financial Services Guide

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**Pershing LLC**  
**One Pershing Plaza**  
**Jersey City, New Jersey 07399**  
**USA**

ARBN: 108 110 149  
Australian Financial Services Licence Number: 271837

Pershing LLC, member FINRA, NYSE, and SIPC, is a subsidiary of The Bank of New York Mellon Corporation and an affiliate of Pershing Securities Australia Pty Ltd (ABN 60 136 184 962, AFSL No 338264).

In this guide, when the terms *Pershing*, *We*, *Our* or *Us* are used, it means Pershing LLC member FINRA, NYSE and SIPC as the context requires.

## Purpose of the Guide

This document should be read in conjunction with the Broker's fee schedule (*Fee Schedule*) contained in the information pack from your broker, which was provided to you at the same time as this document. Together these two documents form a Financial Services Guide (*FSG*).

They set out information designed to assist you in deciding whether to use any of the financial services offered under the FSG.

The FSG contains important information about:

- the financial services we make available to you through your Broker;
- how we are paid;
- any potential conflict of interest we may have; and
- our internal and external dispute resolution procedures and how you can access them.

Key information is set out in the answers to the questions below.

We have arrangements with some securities *brokers* ("*Broker(s)*") under which they set up a separate securities *account* for each of its clients with us. The FSG will apply to you if your Broker has such an arrangement with us.

## A guide to our relationship with you

Pershing provides your Broker directly with third party execution, clearing, and settlement services for a wide range of investment products including stocks, bonds, mutual funds, and others under a Clearing Agreement; for a complete understanding of securities available to you through Pershing please speak with your Broker. The custodial and depository services which are referred to in this guide are an ancillary part of these execution and clearing services. Any relationship we have with you, therefore, is through your Broker.

*What financial services are we authorised to provide to you?*

We are authorised under our Australian financial services licence to provide custodial and depository services on behalf of your account. We are not authorised to provide these services for financial products held through investor directed

portfolio services, nor are we authorised to provide either financial product advice, or deal in, margin lending facilities to retail clients.

*Who do we act for when we provide financial services?*

We provide custodial services to you through your Broker who pays us fees, including fees for the custodial services we provide your account.

*How can you give us **instructions** about your Financial Product/s?*

Instructions about the financial products we hold for you as custodian can be given only through your Broker – you cannot contact us directly. Your account is held by Pershing in its role as a clearing broker pursuant to a clearing agreement with your Broker. Pershing receives and may accept instructions from your Broker regarding (i) the financial products we hold as custodian and (ii) any other instructions you may have concerning your account.

*Statement of Advice*

You will **not** receive a Statement of Advice (SoA) in relation to the financial services provided by us as Pershing LLC is not authorized and will not seek authorization to provide personal advice to retail clients under its Australian Financial Services License.

*Cooling off Rights*

Your Cooling off Rights, if any, with respect to the financial products we hold for you as custodian are contained in the relevant Product Disclosure Statement(s) that you received from your Broker, as applicable.

*What relationships do we, and our related bodies corporate, have with product issuers which might reasonably be expected to be capable of influencing us when providing the financial services?*

Pershing and its related bodies corporate may, as part of the group's overall business arrangements, enter into relationships with product issuers, such as mutual funds, under which Pershing may receive reimbursement for the cost of producing such things as trade confirmations, statements, and tax reports to you, or other benefits as a result of making these products or services available through your Broker. Given the nature and limited range of the financial services Pershing is providing on behalf of your account (ie custodial or depository services) services, Pershing does not consider that these relationships could reasonably be expected to have any influence on the way it provides these particular services.

However, to assist you in considering this question, information about payment for order flow, fees

received from related bodies corporate and other matters that could be considered a conflict are disclosed in the Pershing LLC Disclosure Statement (which has been sent to you separately and can be found at: <http://www.pershing.com/disclosurestatement.html>). Additional disclosure information is also available at [http://www.pershing.com/business\\_continuity.html](http://www.pershing.com/business_continuity.html).

*How will you **pay for the financial services** provided by us?*

Under the Clearing Agreement, we receive payment from your Broker for the services we provide (i.e. the custodial services). The Broker decides the extent to which it passes on these charges to you and will be provided in the materials sent to you by your Broker. However, you should also be aware that certain fees relating to the clearing and settlement services which we provide, in addition to the custodial services may, as agreed between your Broker and Pershing, be charged directly to your account.

See the Fee Schedule provided by your Broker for details about these fees.

*How are any **fees, commissions** or other **benefits** calculated for providing the financial services?*

See above and the Fee Schedule for details about fees and other amounts that may be charged to your account.

*How are our representatives remunerated?*

Pershing's representatives who provide the custodial services referred to in this Guide receive a salary and do not directly receive commissions or any remuneration calculated by reference to the amount of fees received by Pershing. They may also be entitled to a bonus or other employment benefit based upon performance and achievement of various objectives by both the employee and Pershing.

*Does Pershing pay any referral or introduction fees?*

Pershing will not pay any third party a fee for referring your Broker to us.

*Who can you contact if you have a **complaint**?*

Complaints concerning services provided by us may be directed to:

Complaints  
Pershing LLC  
Office of the General Counsel  
One Pershing Plaza  
Jersey City, NJ 07399

Telephone: +1 (201) 413-3330

You should describe the circumstances that gave rise to your complaint. We hope to resolve your issues through this contact.

For complaints filed on or after November 1, 2018, if you are not satisfied with our response, however, you may refer your complaint to the Australian Financial Complaints Authority (AFCA) at:

Online: [www.afca.org.au](http://www.afca.org.au)

Email: [info@afca.org.au](mailto:info@afca.org.au)

Phone: 1800 931 678 (free call)

Mail: Australian Financial Complaints Authority  
GPO Box 3, Melbourne VIC 3001

Time limits may apply to complain to the AFCA so you should act promptly or otherwise consult the AFCA websites to find out if or when the time limit relevant to your circumstances expires.

*Who can you contact if you have questions about this guide or require further information?*

Questions and requests for further information may be directed to your broker. You may also contact us directly:

Pershing LLC  
Office of the General Counsel  
One Pershing Plaza  
Jersey City, NJ 07399  
Telephone: (201) 413-3330

*Do we have a **privacy policy** regarding your personal information?*

Yes. At Pershing, we recognize the importance of protecting your privacy and have policies in place to maintain the confidentiality and security of any of your personal information collected and to ensure that it is handled in accordance with the requirements of the Privacy Act (*Cth*) 1988. A copy of our privacy policies can be obtained by visiting the Pershing LLC websites at:

<https://www.pershing.com/emea-privacy-notice>

and;

[https://www.pershing.com/\\_global-assets/pdf/disclosures/per-privacy-policy.pdf](https://www.pershing.com/_global-assets/pdf/disclosures/per-privacy-policy.pdf)

*What kind of **compensation** arrangements do we have in place?*

Pershing holds professional indemnity insurance coverage which satisfies the requirements for compensation arrangements under s912B of the

Corporations Act. This insurance is intended to cover claims in relation to the conduct of Pershing's representatives and employees, even if they no longer work for Pershing at the time a claim is made.

In addition, Pershing is a member of the Securities Investor Protection Corporation (*SIPC*), a non-profit corporation established in the U.S. by the Securities Investor Protection Act of 1970. More detail about the SIPC is set out in the following section.

*How does Pershing hold client money?*

Client money is money that is paid by, or on behalf of, a client to the licensee in connection with a financial service provided to, or a financial product held by, the client. Under section 981B of the Corporations Act, licensees are generally required to hold client money in a separate trust account with an Australian Deposit Taking Institution (such as a bank or credit union) or an approved foreign bank or in a cash management trust.

However, Pershing has obtained an exemption from the need to comply with the requirements of section 981B, from the Australian Securities and Investments Commission (*ASIC*), on condition that :

- it holds any client money in accounts in the name of Pershing at a bank incorporated in the United States;
- the bank is regulated by the Federal Reserve Board; and
- in relation to the client money, Pershing is subject to regulation by the United States Securities and Exchange Commission and under the Securities Investor Protection Act of 1970.

Pershing will hold your money this way, rather than in accordance with section 981B. However, Pershing is prohibited under U.S. law, from using the cash to finance its own investments.

Under the ASIC exemption, we are also required to provide you with the following information about our alternative arrangements.

Risks associated with holding money this way

One risk you will incur is that access to your cash would be interrupted in the event of Pershing's insolvency. As this money would be held in U.S.

dollars, or other currency, you would also face exchange rate risk at the time payment may be made to you. The U.S. laws and regulations which govern how Pershing maintains custody of your cash differ from the laws and regulations to which other Australian financial services licensed dealers are subject. Your rights to recover your cash in the event of Pershing's insolvency may differ from the rights you would have in the event of our insolvency without Pershing's exemption from section 981B of the Corporations Act 2001.

### **Australian law**

- If Pershing did not have an exemption from section 981B and breached that section, your right to recover your cash held by Pershing would be limited to the amount, if any, in any section 981B accounts and any other cash held by Pershing as part of its business.
- Any monies held in the section 981B account would be held on trust for all customers (see the next paragraph). Any other cash held by Pershing would be available to you as an unsecured creditor such that you would rank behind any secured creditors of Pershing or any other creditors ranking in priority to unsecured creditors.
- If Pershing became insolvent or ceased to be licensed (for example, because ASIC cancelled or suspended its licence), the money held in the section 981B account would be applied first to any person who paid the money to Pershing in error, secondly to any person who is insured by Pershing and thirdly to you. If there is not enough money in the account to pay all of Pershing's customers or clients, it would be paid out in proportion to each customer's or client's entitlement.

### **US Law**

Although we will not hold client money in a section 981B account, our insurance arrangements and US law also provide various rights and remedies to our clients in the event of a default by us in relation to any client money it holds.

#### *Insurance coverage*

- Pershing is a member of the Securities Investor Protection Corporation (SIPC). As a result, securities in your account are protected up to USD\$500,000 (of which USD\$250,000 can be for claims for cash awaiting reinvestment). For details, please see [www.sipc.org](http://www.sipc.org).

In addition to the SIPC coverage, Pershing has also obtained coverage in excess of SIPC limits from certain underwriters in Lloyd's insurance market and other commercial insurers. The excess of SIPC insurance program is valid for Pershing LLC accounts and is renewable annually. It provides the following protection for Pershing's global client assets:

- An aggregate loss limit of USD\$1 billion for eligible securities-over all client accounts
- A per-client loss limit of USD\$1.9 million for cash awaiting reinvestment-within the aggregate loss limit of USD\$1 billion.<sup>1</sup>

You should be aware that SIPC and the excess of SIPC insurance policy do not protect you against losses arising from market fluctuations.

However, access to this policy would only arise if Pershing failed financially and client assets for covered accounts, as set forth on SIPC's website, cannot be located due to theft, misplacement, destruction, burglary, robbery, embezzlement, abstraction, failure to obtain or maintain possession or control of client securities, or to maintain the special reserve bank account required by applicable rules.

#### *Federal investor protection schemes*

The federal securities laws of the United States and FINRA which apply to Pershing also provide an extensive investor protection scheme that should ensure the availability of your securities and cash which are in Pershing's custody and your recovery of

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<sup>1</sup> Pershing may decide not to renew the excess of SIPC insurance program in any year. If Pershing does not renew the program, these protections will not apply. You may obtain details of the status of the program from your Broker.

those securities and cash in the event of Pershing's insolvency.

SEC rules, for example, require Pershing to maintain minimum net capital. SEC rules also permit Pershing the use of your cash which we hold to assist you or other customers in financing customer investments. Those rules require Pershing to maintain sufficient cash reserves to satisfy any amounts it owes to customers and to make those funds available to you promptly.

In the event of Pershing's insolvency, you would have a priority claim to your money and securities held in custody by Pershing.

In the event of Pershing's insolvency, a U.S. bankruptcy court would appoint a SIPC trustee, who will notify you by mail of your rights to recover your assets under U.S. law and how to make a claim for those assets. More information on SIPC protection can be found at [www.SIPC.org](http://www.SIPC.org). In addition, to the SIPC rights mentioned above, Pershing itself maintains excess insurance. More information about the excess insurance can be found at [http://www.pershing.com/strength\\_stability.html](http://www.pershing.com/strength_stability.html).

Date: October 2018