



## Financial Services Guide

The Financial Services Guide ('FSG') is dated 9th February 2010, Version 1.1 and is an important document that we are required to provide to you under the terms of our Australian Financial Services Licence. The purpose of this FSG is to provide you with important information to assist you in deciding whether to use any of the services offered by HotCopper Services including:

- How to contact us
- Product disclosure and advice
- The financial services and products we offer
- How we are paid and
- Our procedures for dealing with disputes and how you can access those procedures
- FSG VERSION 1.1

## **What is a Financial Services Guide?**

This Financial Services Guide (“FSG”) is an important document which we are required to give to you under the obligations of our Australian Financial Services Licence (AFSL). This FSG is designed to assist you in deciding whether to use any of the services we offer and to provide you with information about Hotcopper Services.

This FSG explains the financial services we can offer to you and the types of products we offer. It also explains how we (and other related persons) are remunerated for these financial services, and includes details of our internal and external complaints handling procedures and how you can access them.

If you choose to use our financial services you may also receive from us a Product Disclosure Statement (PDS) or offer document such as a prospectus.

The FSG sets out the financial services we are authorised to provide to you, our remuneration, our client fee rebate policy and our complaints process.

## **Who are we?**

Our AFSL number is 342716

You can contact us by writing to Hotcopper Services Administration at Level 5, 10 William St, Perth WA 6000 or emailing to: [ipoadmin@hotcopperservices.com.au](mailto:ipoadmin@hotcopperservices.com.au).

## **What services does Hotcopper Services offer?**

We offer our clients the opportunity to invest in companies which have issued an offer document such as a prospectus and have applied to the Australian Securities Exchange (“ASX”) for admission. Companies which are admitted to the official list will be permitted to have their shares, other securities and/or derivatives tradable.

Companies which have applied to the ASX for admission are listed on our website, we will exclude all offers of securities that create a conflict of interest for our clients. Clients may apply for shares in those public floats, however, unless stated otherwise, we cannot guarantee that any client will receive their full or part of their requested allocation of securities.

We do not provide services for the buying and selling of securities and/or derivatives on the ASX or advice with respect to the companies which are seeking admission to ASX.

## **Can you provide me with general or personal advice and can you assist with financial planning or investment strategies?**

No. Hotcopper Services is not licensed to provide general or personal advice to its clients. Accordingly, you will not receive a statement of advice from us. Also, we will not give you personal financial advice or general advice when you visit our website or if we email you from our email list. Any emails sent to you will be of factual nature only and do not represent any advice or recommendation to purchase securities.

## **What specific financial services and products do we offer?**

Hotcopper Services is licensed to carry on a financial services business to:

- (a) deal in a financial product by:
  - (i) apply for, acquiring, varying or disposing of a financial product on behalf of another for:
    - (A) interests in managed investment schemes, excluding IDPS; and
    - (B) securities
- to retail and wholesale clients.

## **What should I know about any risk of the investments available?**

We are not licensed to provide general or personal financial advice to our clients. Accordingly, if after reading the offer document you require further information concerning the risks associated with the company, you may need to obtain professional advice which would take into account your personal circumstances.

Equity securities, in common with all the other asset classes (e.g. real property and government bonds) can decline in value as well as appreciate. The measure of this change in value is often referred to as volatility. The more the value varies over time, the more volatile the asset is and therefore the more risk involved in investing in it. On the other hand the less volatile an asset is, the less likelihood there is for any significant short term capital gain or loss from investing in that asset. Low volatility assets may also decline in value resulting in capital losses.

Equity securities are generally more volatile than other asset classes, however, the markets for other asset classes are often not as efficient or transparent as the stock market in terms of the information available to investors and the process for continuously determining and making public the real market value of the particular asset. For this reason the real volatility of those other assets is often not fully appreciated.

In general, the risks of investing in equities can be categorised in the following manner. Please note that the list below does not purport to be complete, as it would not be feasible to list all the possible risks in each category.

- Overall Market Risk
- Domestic versus International Risk Factors
- Sector Specific Risk Factors
- Stock Specific Risk Factors

Markets can move extremely quickly. Therefore, you should satisfy yourself that the investment you are considering is suitable for your time frame and your risk profile. When assessing your tolerance to risk you need to ask yourself “how much of my capital am I prepared to lose” as well as deciding whether your strategy will employ an aggressive growth strategy (with high risk) but with the potential to achieve a higher return or whether you are more interested in modest returns and capital preservation (with less potential for loss). As has been evidenced by past market events it is possible to lose money on “blue chip” shares.

Share offerings on the site may list on the stock exchange without any broker support and may have poor market liquidity. Given this, it may be very difficult to sell your shares into the market after the listing. Further, many of the share offerings on the website may be mining or technology stocks which may reasonably require ongoing funding which will create further dilution and selling pressure reducing the share price.

## **How can you apply for shares through Hotcopper Services?**

As a client, you can enter the website operated by Hotcopper Services ([www.hotcopper.com.au](http://www.hotcopper.com.au)) to review each of the companies which are seeking to be admitted to and listed on the ASX. You may apply for shares (or other securities and/or derivatives if permitted) in these companies by downloading the offer document and completing the application form.

Unless stated otherwise, we cannot guarantee that any client will receive their full or part of their requested allocation of securities

## **What commissions, fees or other benefits are received?**

Hotcopper Services is remunerated by commissions from the company you are investing in. The commission will be in the range of 0.0% and 10.0%. Hotcopper services may also be remunerated by derivatives and/or shares. The commissions and payments can be found in the disclosure document attached to each IPO. Hotcopper Services may also receive a marketing payment from companies seeking admission of securities to the ASX.

Hotcopper Services may also be paid commissions from CMC markets for clients referred to the CMC Markets website. Hotcopper Services may receive commission from transactions of Stocks, Exchange Traded Option and CFD's. Hotcopper Services may also use other similar services which it may be paid commissions or referral fees. Should you require further information about these commissions, please contact Hotcopper Services.

Our representatives are remunerated on a wholly salary basis. Employees may also be entitled to profit share.

Hotcopper Services and its advisers, directors and associates are required to disclose specific conflicts of interests such as owning shares in the companies you are investing in, commissions received and other fees or benefits. If we do, we will disclose each specific conflict of interest to you.

## **Our client fee rebate policy**

Hotcopper Services will rebate fifty percent (50%) ex GST of the gross commission received from any company to you in connection with an IPO which you have participated in via an application form bearing a Hotcopper Services broker stamp. Once the relevant company has been listed on the ASX, Hotcopper Services will endeavour to rebate 50% of any commission payable by cheque within 90 days of the listing of the securities. **Please note Hotcopper Services will not rebate any options or shares or marketing/advertising received from the relevant company in relation to the capital raising.** The commission payable may vary from one offer to the next and will be disclosed in each relevant disclosure document. Rebates will be subject to the relevant company paying the commission and as such Hotcopper Services cannot guarantee the time frame or reliability of rebate payments.

## **How is my personal information dealt with, what information do you maintain in my file and can I examine my file?**

The purpose of this Privacy Policy is to inform you of the kinds of information we may collect and store about you when you visit our website. Hotcopper Services is strongly committed to protecting your privacy. We will ensure that the personal information collected about you is private. If you wish to complain about any breach or potential breach of our Privacy Policy or the National Privacy Principles, you should contact Hotcopper Services.

Your complaint will be responded to within seven days. We will use our best endeavours to resolve any complaint to your satisfaction. However, if you are unhappy with our response, you may contact the Office of the Privacy Commissioner who may investigate your complaint further.

We collect the names, addresses and email addresses of clients who apply for shares, these are collected from the relevant share registry in order to rebate commissions. We do not collect any other information including details of your investment objectives, financial situation and needs.

We will not disclose your information to any other person except where such disclosure is authorised by the National Privacy Principles or required by law (for example to our regulators).

From time to time we would like to be able to use your personal information to tell you about seminars, services and new offers. If you do not wish to receive this information, please contact us as set out below.

## **Our Professional Indemnity Insurance**

Hotcopper Services confirms that it has arrangements in place to ensure it continues to maintain Professional Indemnity insurance in accordance with s.912B of the Corporations Act 2001 (as amended). Hotcopper Services has in place Professional Indemnity Insurance with Liberty International Underwriters. The Limit of Indemnity is \$3,000,000.

The insurance covers claims in relation to Errors and Omissions (Professional Indemnity Insurance).

Should you wish to obtain further information in relation to our insurance, please contact us via [ipoadmin@hotcopperservices.com.au](mailto:ipoadmin@hotcopperservices.com.au)

### **Who can I complain to if I have a complaint about the advisory service?**

Hotcopper Services has established complaint resolution procedures to deal with and resolve complaints. If you have a complaint about the service provided to you, you should take the following steps.

1. Contact Hotcopper Services and tell us about your complaint. Please contact, the Hotcopper Services Compliance Manager in writing and send it to us addressed to:

Hotcopper Services  
Att: Compliance Manager  
Level 5, 10 William St  
Perth WA 6000.

We will try to resolve your complaint quickly and fairly.

2. If we have not resolved your complaint within ten (10) days or you are not satisfied with our handling of your complaint you may lodge a written complaint with:

The Financial Ombudsman Service  
GPO Box 3  
MELBOURNE VIC 3001

You can call FOS on 1300 78 08 08 or email at [info@fos.org.au](mailto:info@fos.org.au) or fax (03) 9613 6399. The Australian Securities And Investments Commission (ASIC) also has a free call Infoline on 1300 300 630 which you may use to make a complaint and obtain information about your rights.