

6 October 2023



The professional's choice

Leveraged Equities Limited
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Sydney NSW 2001
Telephone 1300 307 807
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leveraged.com.au

Dear <Borrower>,

Leveraged Equities Share Investment Loan
Account Name: <XXX>
Account Number: <XXXXXXX>

Notice of Important Changes to Share Investment Loan

Dear <Borrower>,

Changes are being made to your Share Investment Loan

We are writing to notify you of important changes to your Share Investment Loan. Leveraged Equities Limited (ABN 26 051 629 282, AFSL 360118) as Lender is making these changes under clause 36.4 of your Share Investment Loan Terms and Conditions.

Your 'Share Investment Loan' will be renamed as 'Margin Loan' from 9 November 2023, and your existing Share Investment Loan Terms and Conditions will be amended and replaced with a new set of terms and conditions, except in certain important respects which are described in more detail in the following pages.

Why is this happening?

Our reasons for making these changes are twofold. Firstly, changes to unfair contract terms laws will come into effect in November 2023 which is prompting lenders to review their terms and conditions. Secondly, we need to streamline our products and operations to make them more efficient and easier to manage, and to make our processes more transparent to our customers.

As you know, we acquired a portfolio of loans from ANZ in April this year, including your margin loan. These loans were granted by ANZ on different terms and conditions to margin loans that Leveraged would grant to new customers.

It is not efficient or sustainable for Leveraged to continue managing its margin loans separately depending on whether borrowers originated with Leveraged or from another lender. Accordingly, Leveraged has made the decision to replace certain parts of your Share Investment Loan terms and conditions with new terms and conditions of similar effect to the terms and conditions that currently apply to borrowers who originated with Leveraged. This will mean you will also have access to the additional features and benefits that are available to our standard margin loan customers.

When is this change occurring?

These changes to your Share Investment Loan will come into effect on 9 November 2023 ("**Effective Date**").

What is changing?

Enclosed with this <letter/email> is important information on how the operation of your margin loan will change. These changes are material, and we encourage you to read this information and contact us if you have any questions.

You can also find a copy of the new terms and conditions that will apply to your margin loan from the Effective Date, at www.leveraged.com.au/RevisedAgreement/Nov2023.

That said, some terms in your existing agreement with Leveraged will not be changing – in particular, the terms relating to the mortgage and any power of attorney you have granted us, and your direct debit authority (where applicable). More information on this is set out in the following pages and in Section 10 of the new Facility Terms and Conditions.

Except in the respects alluded to above and detailed in the following pages, your renamed 'Margin Loan' will operate similarly to how your Share Investment Loan operates now – just on the new terms and conditions where applicable. In this context, any Authorised Persons you have appointed, and any other third parties you have authorised under your existing agreement (for example, nominated brokers, financial advisers and so on), will continue to be authorised in the same way after the Effective Date.

If you would like to apply for access to additional product features, please get in touch once the new terms and conditions become effective.

What if you do not wish to continue with your facility?

If you do not wish to continue with your margin loan facility in light of the changes being made, we encourage you to contact us to discuss your concerns. Alternatively, you may want to consider moving to another provider or simply request to close your Share Investment Loan. Please contact us using the details shown below if you would like to discuss any of these options.

How you can contact us

If you have any questions or general queries, please do not hesitate to contact us on 1300 307 807 (or +61 2 8282 8282 for international callers) Monday to Friday between 8:30am and 5:30pm Sydney time.

Kind Regards,



Arthur Basha
Head of Customer and Partner Engagement

Changes to your Share Investment Loan Terms and Conditions

The changes described below will take effect from 9 November 2023 ("**Effective Date**"). Terms defined in the new Facility Terms and Conditions (in Part A of the new Terms and Conditions) will have the same meaning when used in this notice. References to 'you' and 'your' below will be taken to refer to the Borrower.

Your facility is being renamed

Your Share Investment Loan is being renamed as 'Margin Loan'. Certain features of the loan will change, as set out below.

Margin Calls

If you do not meet a Margin Call, your facility will be subject to Gearing Adjustment. (Under your current terms and conditions, your Loan will be in default.) Please refer to **Gearing Adjustment** below for more information. See clause 5 in Part A of the new terms and conditions for more details.

Gearing Adjustment

Your facility will generally be subject to Gearing Adjustment when certain circumstances arise, including when you fail to satisfactorily resolve a Margin Call. Gearing Adjustment enables us to take action to manage your Loan Account without needing to take formal enforcement action.

While your account is subject to Gearing Adjustment, you will not be able to borrow or operate your account. We have the right to sell any investments that secure payment of your margin loan to discharge the shortfall amount or the excess amount (as applicable) owed by you. However, we will generally only do this if you do not pay us the amount you owe us within the required time.

Your facility will remain subject to Gearing Adjustment until we determine (acting reasonably) that the event or circumstance giving rise to Gearing Adjustment has been addressed. See clause 8 in Part A of the new terms and conditions for more details.

Additional Product Features

Additional Features will be available for you to add to the facility, should you choose, such as:

- **Rewards Plus** which allows you to earn Qantas Frequent Flyer points in connection with the facility;
- **Short Plus** which allows you to borrow certain securities under your facility to short sell through an approved broker; and
- **Exchange Options Plus** which allows you to combine certain exchange traded options strategies with your facility.

If you have a Regular Geared Savings Plan to help you build your investment portfolio through regular monthly contributions and drawdowns, this will be replaced with the equivalent Leveraged Equities product feature known as **Instalment Plus**. This change will be automatic and you do not need to do anything further.

Fees and charges

The following **new or changed** fees and charges will apply to your facility. (Your existing fees and charges that are continuing are not set out below.) All applicable fees and charges will be on www.leveraged.com.au/fees.

New or changed Transaction fees (from the Effective Date)	
Type	Fee
Dishonour fees (new) Applicable if a funds transfer fails	
Transfer from loan account	\$9.00
Direct debit from a nominated account	\$35.00
Issuer sponsored search (new)	\$16.50
Retrieval of information (new) – Applies when your nominated adviser asks us to retrieve/collate/provide archived or historical information	\$50.00
Break costs (changed) – Applicable if you break a fixed rate loan (see clause 20 of the terms and conditions for more information)	Minimum \$250.00
Company/Executive Company Options (new) Arrange payment to exercise Loan repaid within 4 months	\$250.00 \$200.00 or 1% of exercise application, whichever is greater
Nominate a Platform (new) – To register our Security Interest on the Personal Property Security Register (PPSR) for the Nominated Platform for 7 years or less.	Search fee \$2 Registration Fee \$6

New or changed Facility closing fees (from the Effective Date)

Type	Fee
Release fee (new) Applicable to corporate Security Owners only	\$69.00

Additional Product Feature fees (from the Effective Date) – Fees and charges applying to any Additional Features you may choose will be set out on our Website. We have no present intention of changing (before the Effective Date) the fees and charges on our Website that currently apply to the Additional Features.

Minimum Interest Charge is replacing Monthly Account Keeping Fee

You are currently paying a \$20 monthly account keeping fee if your average Loan Balance is more than \$500 and less than \$20,000.

This fee will be replaced with a minimum interest charge explained below and documented in clause 17.8 in Part A of the new terms and conditions. This change will not apply straightaway, but will start applying on and from 1 July 2024.

How it works is: If on any day your Loan Balance is less than the 'Minimum Interest Balance' (currently, \$20,000), a minimum interest charge will accrue for that day, calculated on a deemed loan balance equal to the Minimum Interest Balance. However, the minimum interest charge will not apply if Instalment Plus is active (formerly Regular Geared Savings Plan) on your Loan Account.

If you wish to avoid paying the minimum interest charge due to your Loan Balance being less than the Minimum Interest Balance, see 'Target Facility Balance' below.

Interest rate

The 'Share Investment Loan' variable rate will no longer be published on the Website but the way in which your variable rate is determined will not change. Your variable interest rate will be based on the published 'Margin Loan' variable rate less the applicable discount.

Default and review

General comment

We will be giving you more notice to rectify defaults and before we make a decision to terminate. Also, certain clauses that give us certain rights are not being reproduced in the new terms and conditions (for example, clause 14.2 in the Share Investment Loan terms and conditions will no longer apply from the Effective Date). Consequently, we have had to revisit the events and circumstances giving rise to a default or a right to terminate under the new terms and conditions.

When will a default occur?

The events or circumstances which will give rise to a default will change. Please see clause 46.1 in Part A for the new list of events that will be a default.

Before we act on a default, we will generally give you 30 days to rectify the matter. However, we do not have to give you notice (or we can give you shorter notice) if it is necessary to manage a material and immediate risk, the default is not able to be rectified or we have already given you time to rectify the default.

Review

We can also review the Loan Account if we consider there is a default (or that one may occur) or at other reasonable times. Following a review, we can decide to continue to provide you with the facility, notify you that we will not continue with the facility or require changes to be made. In each case we will give you notice.

These default and review changes will not apply straightaway, but will start 90 days after the Effective Date. Your current default and review provisions will apply until that time.

See Section 6 in Part A of the new terms and conditions for more details.

****Note: We corrected the following section in the original email/letter (Target Facility Balance and Linked Investment Accounts). Set out below is the corrected version****

Target Facility Balance and Linked Investment Accounts

If you have a Linked Investment Account with sufficient funds, you can request a Target Facility Balance on your Loan Account so that at all relevant times, your Loan Account will have a minimum balance equal to the Target Facility Balance you choose.

When your facility transitioned to us, you may have already given us and our Nominee standing instructions relating to the sweeping of your account. If so, your current instructions (in the context of the Target Facility Balance) would translate to an instruction to maintain the Target Facility Balance in your Loan Account at \$0. These instructions will remain unchanged, unless you tell us otherwise, e.g. if you select another Target Facility Balance amount that is not \$0.

To illustrate, if a minimum interest charge applies to your Loan Account (see **Minimum Interest Charge is replacing Monthly Account Keeping Fee** above) and:

- *If your Target Facility Balance is set at \$0:* Any funds in your Linked Investment Account will be swept into your Loan Account to maintain a Loan Balance of \$0 or as close to \$0 as possible. If your resulting Loan Balance is \$0, no minimum interest charge will be payable on your loan. However, if your resulting Loan Balance is more than \$0 and less than \$20,000, a minimum interest charge will be payable (see **Minimum Interest Charge is replacing Monthly Account Keeping Fee** above);
- *If your Target Facility Balance is set at \$20,000:* You will be taken to have made a borrowing request for the required amount to bring your Loan Balance to \$20,000. The required amount will be deposited into your Linked Investment Account to earn interest. For example, if your Loan Balance is \$12,500 you will be taken to have made a borrowing request for \$7,500 to bring your Loan Balance to \$20,000. The \$7,500 amount will be deposited into your Linked Investment Account to earn interest;
- *If you do not set a Target Facility Balance at all:* If you have a Loan Balance that is more than \$0 and less than \$20,000, you will be required to pay a minimum interest charge as if your

Loan Balance is \$20,000. This applies even if you have enough funds in your Linked Investment Account to reduce the Loan Balance to \$0.

If a guarantor currently has a 'Linked Investment Account', this account will be known as a 'Deposit Account' from the Effective Date.

End of corrected section

Connectivity to Platforms

You will have the ability to link your facility to a range of platforms / wraps / master trusts, who arrange trading, custodial and reporting services across a broad range of financial products domestically and internationally.

Fixed Rate Loans – Interest paid in advance

If you pay interest in advance on a fixed rate loan, prepaid interest may not be refunded if the loan is terminated, or the fixed period is broken or interrupted. See clause 17.7(c) in Part A for more details.

Sponsorship agreement

The Sponsor is also changing the terms and conditions which apply to your Sponsorship Agreement. These are being replaced with the terms set out in Section 5 of Part A.

Guarantees

If a guarantor has provided a guarantee and indemnity to support the Share Investment Loan, the guarantee and indemnity will continue on the same terms and support the facility as amended.

Cheques will no longer be accepted

The banking industry is phasing out the use of cheques. In anticipation of this, we will no longer accept cheques or make payments by way of cheque from the Effective Date.

The terms and conditions that will remain the same

Security terms, nominee arrangements, CHESS sponsorship terms: Section 3 (*Security terms*), Section 4 (*Nominee arrangements*) and Section 5 (*Sponsorship Agreement*) in the new Facility Terms and Conditions will not apply to you or the Guarantor. The equivalent parts in your existing Facility Agreement (or other agreement, if these terms are contained in a different agreement) will continue to apply. For example, if your security terms are contained in the Leveraged Equities Share Investment Loan Terms and Conditions dated 1 April 2023 (SIL), the following parts of the SIL will continue to apply to your facility after the Effective Date: Part B (Security terms), Part C (Nominee arrangements) and Part E (CHESS Sponsorship terms).

Power of attorney: Clause 66 (*Power of attorney*) in the new Facility Terms and Conditions will not apply to you or the Guarantor. Instead, any power of attorney you granted us (and where applicable, the Nominee and the Sponsor) before the Effective Date will continue to apply.

Direct debit arrangements: If you signed a Direct Debit Service Agreement with us before the Effective Date (for example, to pay Regular Geared Savings Plan or Instalment Plus contributions), this agreement will continue to apply.

Authorised Persons and nominated persons: Any Authorised Persons you have appointed, and any other third parties you have authorised under your existing agreement (for example, nominated brokers, financial advisers and so on), will continue to be authorised in the same way after the Effective Date.