

# ASX/Chi-X Warrant Client Agreement Form

Share Trading is a service provided by Australian Investment Exchange Ltd (the Participant, we, us, our) ABN 71 076 515 930 AFSL 241400, a participant of the ASX Group and Chi-X Australia. Words used in this Agreement have the meanings given to them in the ASIC Market Integrity Rules (Securities Markets) 2017 or the ASX Operating Rules (as amended from time to time).

**Form ID: 1006**

**Where to send this form?**  
Please provide your completed and signed form with any relevant supporting documents to your adviser.  
**Adviser use only:** Use this Form ID to securely submit the documents via eSubmit. To use eSubmit, log into the CommSec Adviser Services website and go to: **Administration > eSubmit**

 Please complete and return this form to us ensuring that you retain the relevant legal documentation (eg. T&C's, Privacy Policy) for your reference.  
Please note trading of Chi-X Warrants is not available to trading accounts linked to Portfolio Service.

**Section 1 – Account Details**

Trading Account Number

I/We (Client Name/Company Name)

Address

State	Postcode
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Country (if not Australia)

1. I/We have received and read a copy of the Explanatory Booklets issued by the Market Operator in respect of Warrants.
2. I/We have read and understood the Risk Disclosure Statement for Warrants Trading.
3. I/We am/are aware that a Warrant has a limited life and cannot be traded after its expiry date.
4. I/We am/are aware that Warrants do not have standardised Terms of Issue and acknowledge that it is my/our responsibility to become aware of the Terms of Issue of any Warrant in which I/we choose to invest.
5. I/We am/are aware that Warrants may be subject to adjustments after their initial issue. I/we acknowledge that it is my/our responsibility to become aware of any adjustments, which may have been made to any Warrant in which I/we choose to invest.
6. I/We am/are aware that admission to Trading Status of a Warrant does not imply that the Market Operator or the Securities Exchanges Guarantee Corporation Limited gives any guarantee or warranty as to the viability of the Warrant- Issuer or Guarantor.
7. I/We acknowledge that failure of the Warrant-Issuer or the Guarantor (if applicable) to fulfil their obligations does not give rise to a claim against the Market Operator, handling Market Participant or the Securities Exchanges Guarantee Corporation Limited.

**Section 1 – Account Details (continued)**

**Signatures**

Name of Account holder1/Trustee1 or Director1 or Company Secretary (on behalf of Company Account holder)

Signature  Date



Name of Account holder2/Trustee2 or Director2 or Company Secretary (on behalf of Company Account holder)

Signature  Date



Name of Account holder3/Trustee3 or Director3 or Company Secretary (on behalf of Company Account holder)

Signature  Date



**This Risk Disclosure Statement must be signed by all Investors who wish to trade warrants, other than Wholesale clients (as that term is defined by the Market Operator).**

This document does not disclose all aspects of risk associated with the trading of warrants. Trading in warrants is not suitable for some investors. In light of the risks associated with trading warrants, you should invest in them only if you understand the nature of the products (especially your rights and obligations) and the extent of your exposure to risk. Before you invest, you should carefully assess your experience, investment objectives, financial resources and all other relevant considerations. You should also consider seeking appropriate professional investment advice. You should not rely on this Risk Disclosure Statement as a complete explanation of the risks of investing in warrants.

Investors must read both the ASX "Understanding Trading and Investment Warrants" booklet and the Chi-X "Investing In Warrants" booklet before investing in Warrants. You can access a copy of these booklets at the following websites <https://www.asx.com.au/documents/resources/UnderstandingWarrants.pdf> and [https://www.chi-x.com.au/wp-content/uploads/2017/02/Chi-X-Australia-\\_InvestingInWarrantsbooklet2015.pdf](https://www.chi-x.com.au/wp-content/uploads/2017/02/Chi-X-Australia-_InvestingInWarrantsbooklet2015.pdf) or from the forms and brochures section of our website or contact us to request a paper copy to be sent to you via the normal postal mail.

The statements in this Risk Disclosure Statement have been prepared without considering your objectives, financial situation or needs. Before acting on the statements, you should consider the appropriateness of those statements to your circumstances. You should obtain a Product Disclosure Statement (Prospectus) relating to any financial product and consider it before making any decision to acquire, dispose of, or hold that product.

**Disclosure Documents**

The issuer must produce Disclosure Documents, these will be in the form of a Product Disclosure Statement or a Prospectus that will include an Offering Circular and Terms of Issue as required by the Market Operator. These documents contain contractual rights and obligations of both the issuer and warrant holder. It is important for investors to read these documents in order to determine whether the warrant matches the investor's investment profile. Furthermore, there is the possibility that the warrant may have been issued with non-standard conditions which must be disclosed in the Disclosure Documents. It is the responsibility of the investor to ensure that they are familiar with their rights and obligations. Disclosure Documents is available from the issuer upon request.

**Time Decay**

The purchaser of a warrant, whether it is a call warrant or a put warrant, has a known and limited potential loss. Warrants are a wasting asset and if a purchased warrant expires worthless (ie out of the money), the purchaser will lose the total value paid for the warrant (known as the premium), plus transaction costs.

**Effect of 'Leverage' or 'Gearing'**

Transactions in all derivative products traded on the Market carry a degree of risk. The initial outlay of capital may be small relative to the total contract value so that transactions are 'leveraged' or 'geared'. A relatively small market movement may have a proportionately larger impact on the value of the contract. This may work against you as well as for you. You may sustain a total loss of funds in relation to your position.

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**Settlement**

The terms of each warrant are outlined in the Disclosure Documents including the settlement method if the warrant is exercised. Investors should be aware that warrants may be settled either by cash or by physical delivery of the securities. For this reason warrants are referred to as "Cash Settled Warrants" or "Deliverable Warrants". Investors should refer to the Disclosure Documents for specific details of which settlement method is applicable. If a warrant holder does not exercise a deliverable Warrant which expires equal to or more than 5% in-the-money, then the holder of a deliverable warrant may be entitled to an Assessed Value Payment in accordance with section 10.11 of Schedule 10 of the ASX Operating Rules and Chi-X Operating Rules 14.24 and 14.34.

**Fractional Warrants**

Fractional warrants usually require more than one warrant to be exercised in order to acquire or sell one unit of the underlying security. Disclosure Documents will stipulate the number of warrants required to be exercised to be entitled to one unit of the underlying security.

A fractional warrant will have a lower market value than a standard equity warrant with the same exercise price and maturity which can be exercised on a 1-for-1 basis. For example, a 4-for-1 call warrant (with a conversion ratio of 4 warrants for 1 share) means that the holder has the right to buy one share by exercising four warrants.

If a non-standard number of fractional warrants are exercised, the nearest standard number below that number will be exercised and an Assessed Value Payment will be made for the residual warrants.

The market price of a 4-for-1 fractional warrant could be expected to be approximately 25% of the standard equity warrant. Values of sensitivity measures such as delta could also be expected to be approximately 25% of a standard equity warrant.

## Section 2 – Risk Disclosure Statement For Warrants Traded on ASX and Chi-X (continued)

### Comparable Products

Investors should give consideration as to whether a particular warrant suits their financial situation, investment objectives and particular needs. Investors should also familiarise themselves with similar or alternative products (such as Exchange Traded Options) which may equally suit their requirements.

### Issuer Risk

A warrant is a contract between the warrant holder and the warrant issuer and is not cleared through a clearing house such as ASX Clear. This exposes the warrant holder to issuer risk, which is the risk that the issuer of the warrant will not fulfil its obligations (i.e. in the event of exercising the warrant). To assist investors in assessing the credit risk of an issuer, information on the financial situation of the issuer and guarantor (if applicable) is included in the Disclosure Documents. Some issuers are listed on the ASX and therefore provide this information to the market on a regular basis. Credit rating agencies such as Moody's or Standard & Poor's may also provide useful information.

If a Deliverable Warrant is exercised and the issuer fails to fulfil its obligations under the Terms of Issue within 20 Business Days of exercise the investor may, by giving notice to the issuer, request an amount of liquidated damages calculated in accordance with Schedule 10.12.1(c) of the ASX Operating Rules.

### Specific Product Risks

#### *Warrants Traded on the Market*

Warrants are issued over underlying securities, baskets of securities, an underlying index or a currency. Purchasers of warrants should be familiar with the mechanics of the two different types of warrants, call and put warrants, and the nature and extent of the risks, the rights and obligations associated with each.

The value of a warrant will depend on a range of factors, such as the exercise price, the price of the underlying shares or the level of the underlying index, the volatility of the underlying shares or the underlying index, the time remaining to the expiry date, interest rates, dividends and other factors and general risks applicable to markets. For more information on warrants, you should call us and you should read the ASX "Understanding Trading and Investment Warrants" booklet and the Chi-X "Investing In Warrants" booklet.

### Other General Considerations

#### *Risk-Reducing Orders or Strategies*

The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as 'straddle' positions may be more risky than taking simple 'long' positions.

#### *Terms and Conditions of Contracts*

Investors should refer to the Disclosure Documents to familiarise themselves with the terms and conditions of the relevant Exchange Traded Warrant contract.

### *Suspension or Restriction of Trading and Pricing Relationships*

Market conditions (for example, illiquidity) or actions by the Market Operator or the issuer may increase the risk of loss by making it difficult or impossible to effect transactions or close out existing positions.

Normal pricing relationships may not exist in certain circumstances, for example, in periods of high buying or selling pressure, high market volatility or illiquidity in the market for a particular Exchange Traded Warrant.

The Market Operator and warrant issuers have broad powers under the Market Operator Operating Rules and Disclosure Documents to take action in the interests of maintaining fair and orderly markets and, in some circumstances, this may affect your positions.

The Participant or the Market Operator is entitled to cancel a trade without further reference to you as permitted by the current Share Trading Terms and Conditions or the Market Operator's Operating Rules.

### *Cash and Property*

You should familiarise yourself with the protections for money or other property you deposit for transactions, particularly in the event of a broker's insolvency or bankruptcy. The extent to which you may recover money or property which you provide to your broker is governed by the Corporations Act and other legislation and rules. In certain circumstances you may have a claim against the National Guarantee Fund.

### *Commissions and Other Charges*

Before you give instructions to your broker to deal in any Exchange Traded Warrant, you should obtain a clear explanation of all commissions, fees and other charges for which you may be liable.

### *Trading Facilities*

As with all trading facilities and systems, the systems used in the market are vulnerable to temporary disruption or failure which may result in your order not being executed according to your instructions or not executed at all. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the Market Operator, the issuer or your broker.



### **Where to send the completed form?**

Once completed and signed, please return the form by the eSubmit instructions provided on page 1.