



PRODUCT DISCLOSURE STATEMENT FOR THE ISSUE OF ASX CFDs BY MORRISON SECURITIES PTY LIMITED

PART 1

This document is part of a Product Disclosure Statement and is Part 1.

The other document which makes up the Product Disclosure Statement is a separate Part 2, which deals with Morrison Securities' brokerage fees and Clearing House fees. Together this Part 1 and Part 2 make up the Product Disclosure Statement.

Both Part 1 and Part 2 **MUST** be read and considered in conjunction with each other before making any decision to invest.

This Product Disclosure Statement is issued by Morrison Securities Pty Limited.
Australian Financial Services Licence number 241737.
ABN: 50 001 430 342

The date of this Part 1 is 5 November 2007

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1. THE PURPOSE OF THIS PDS

1.1 WHO IS MORRISON SECURITIES?

Morrison Securities Pty Limited (“Morrison Securities”) ABN 50 001 430 342 is an execution broker and participant of the ASX Group and Sydney Futures Exchange (SFE)

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1.2 MORRISON SECURITIES’ ROLE AS BROKER

Morrison Securities is the holder of Australian Financial Services Licence (“AFSL”) number 241737.

Under the terms of its AFSL, Morrison Securities is authorised to act for clients and buy and sell financial products on the client’s behalf on the ASX and SFE, including CFDs.

When Morrison Securities buys or sells CFDs on the client’s behalf, the Corporations Act deems Morrison Securities to be the “issuer” of that contract. Under the terms of its AFSL, Morrison Securities is authorised to “issue” ASX CFDs.

1.3 PRODUCTS COVERED BY THIS PDS

This PDS covers ASX CFDs traded, settled and cleared on the Sydney Futures Exchange (“SFE”). ASX CFDs include those listed over: the top 50 stocks on ASX (ASX Equity CFDs), key global equity indices (ASX Index CFDs), foreign exchange currencies (ASX FX CFDs), and commodities (ASX Commodity CFDs). A full list of current ASX CFDs is available on www.asx.com.au/cfd.

1.4 THE IMPORTANCE OF THIS PDS

This PDS is designed to assist you in deciding whether the types of ASX CFDs covered in this PDS are appropriate for your needs. This PDS is an important document and you should read it in full. You should contact your adviser if you have any questions arising from the PDS prior to entering into any transactions with Morrison Securities.

1.5 WARNING

The information and any general advice in this PDS do not take into account your personal objectives, financial situation and needs. Before trading in the types of ASX CFDs referred to in this PDS you should consult your financial adviser or obtain other independent advice to be satisfied that any trading you undertake in relation to those types of ASX CFDs is appropriate in view of your own objectives, financial situation and needs.

1.6 READING THIS PDS

When we use terms 'we', 'us' or 'our' in this PDS, the reference is to Morrison Securities.

The ASX has prepared free online courses for SFE Futures education. They can be found at <http://www.asx.com.au/products/cfds/education/index.htm>

2. GENERAL INFORMATION RELATING TO ASX CFDs

2.1 What is a CFD?

A CFD (Contract for Difference) is an agreement between a buyer and a seller to exchange the difference in value of a particular instrument between when the contract is opened and when it is closed. The difference is determined by reference to an 'underlying' - a share, index, FX rate or commodity and the period over which the CFD is held.

CFDs are leveraged instruments. This means that you are fully exposed to price movements of the underlying instrument without having to pay the full price of that instrument. CFDs therefore offer the potential to make a higher return from a smaller initial outlay than investing directly in the underlying security.

Leverage, however, usually involves more risks than a direct investment in the underlying. It is important to understand that this effect may work against as well as for traders - the use of leverage can lead to large losses as well as large gains.

2.2 What are the advantages of trading CFDs?

CFDs have been used by professional investors for over twenty years and emerged first in the over-the-counter (OTC) market. CFD related trading and hedging is one of the fastest growing areas in the Australian and European derivatives markets.

This popularity has arisen from the following main features:

- **Leverage:** CFDs enable you to obtain full exposure to a share or commodity for a fraction of the price of buying the underlying. CFDs require only a small initial margin to secure a trade.
- **The ability to go 'short':** CFDs allow traders to sell shares or commodities they do not already own. This enables traders to make money even when a market is going down.
- **Simplicity:**
 - **Non-expiry:** CFDs do not have an expiry. They are perpetual in nature. The only way to close a position is to trade the opposite side of the position.
 - **The CFD mirrors the price of the underlying:** Unlike other forms of derivatives (i.e. options and futures), cashflows such as carry costs and dividends are not reflected in the price of a CFD. Instead, cashflows are paid whilst the position is open, allowing CFD prices to track the underlying instrument rather than trade at a discount or premium, as can be the case in other forms of derivatives.

2.3 What are the benefits of ASX CFDs?

ASX CFDs include the key features of existing CFDs augmented with the fundamental strengths of exchange-based trading.

Retail traders and investors can be confident trading ASX CFDs because of the unique attributes of exchange traded markets. These include:

Market Independence

ASX is required under the Corporations Act to ensure that its markets are fair, orderly and transparent. ASX ensures a sound operational and front-line regulatory environment for its exchange-traded markets and clearing and settlement facilities, providing effective systems and infrastructure together with services designed to maintain and enhance the integrity, efficiency and effectiveness of its trading, clearing and settlement facilities. For the ASX CFD trader, this means being able to participate in the market with confidence. As the central market operator, ASX is independent of the parties with whom you are receiving advice and dealing through enabling it to act fairly and impartially. The exchange model also ensures that SFE Participants and Introducing Brokers are not conflicted and that your orders are executed in the market in the most cost effective manner possible. Having a central market also means there is one standard contract

specification for all ASX CFDs, not a different product depending on who you execute through. It is a fundamentally better CFD market.

Transparency

Transparency is a key ingredient in a well informed market. Unlike what is the case in OTC markets, ASX reports on all ASX CFDs transacted, open positions, bid, offers and their volumes. In fact, all the market information you are used to seeing from the ASX. This means a fundamentally better informed market. ASX CFDs are traded in the same way as all other ASX traded contracts:

- o All prices are formed in a fully transparent manner in ASX's central market order book. Each trader's order is combined in the central market order book with those from other market participants, including market makers, and becomes an integral part of the price discovery process.

- o All trades are executed on a strict price/time priority. Price/time priority means the first person to enter the best price is traded against first. This results in everyone in the central market order book being treated fairly and consistently, no matter how big or small a trader you are.

- o Importantly, while prices are transparent, the individual trader remains anonymous, which minimises market impact costs (especially those related to others identifying an individual's trading patterns and trading ahead of him/her).

- o Anyone can put in a better bid or offer, as is the case in all exchange based markets. No one is forced to accept the price offered in the market. However, once an order is executed, you are committed to settle the trade.

- o The central market order book will include orders from multiple market makers. Their activities are fully transparent and help ensure the ASX CFD market has competitive prices and deep liquidity.

Improved risk management

When trading ASX CFDs, there is no need to worry about undertaking a risk assessment of your trading counterparty or their ability to meet their settlement obligation. In the ASX CFD market all settlement obligations are guaranteed by SFE Clearing Corporation. When trading ASX CFDs you do not need to verify your margin payments. All ASX CFD margins are calculated by "SPAN", *recognized globally as the leading margin calculation system*. SFE Clearing Corporation has a statutory obligation to operate "fair and efficient" clearing and settlement facilities. These facilities are monitored by both ASIC and the Reserve Bank of Australia (RBA). OTC market providers do not have this obligation.

2.4 Key Features of ASX CFDs

Long and Short Positions

With an ASX CFD it is possible to go both 'long' (to buy) and 'short' (to sell). If you take a long position, you would be anticipating a rise in the value of the underlying instrument and would experience a loss if the value fell. If you take a short position, you would be anticipating a fall in the value of the underlying instrument. If the value actually rose, you would experience a loss. In contrast to shares, where a trader usually buys and then sells later, with an ASX CFD it is possible to firstly go short (or sell) to exploit falling prices and buy back (or go long) later.

Daily Settlement

At the end of each trading day, all positions in ASX CFDs are 'marked to market' using the Daily Settlement Price (DSP). The DSP for ASX Equity, Index and Commodity CFDs is determined by ASX and is generally equal to that of the closing price of the underlying instrument – this being that quoted by the underlying instrument owner (e.g. ASX, the index price provider, etc) or an independent data source such as Reuters (eg in the case of ASX Gold and FX CFDs). For ASX Oil CFDs, the DSP is based on the West Texas Intermediate (WTI) Crude Oil assessment undertaken by Platts, a leading global provider of energy and metals information. The ASX Oil CFD DSP is based on a weighted 1st and 2nd month assessment which derives a smooth spot price, thereby avoiding any price jump as assessments move from one month to the next month. For more details, go to the <http://www.asx.com.au/products/cfds/education/index.htm>

Expiry

ASX CFDs do not expire. They are perpetual in nature. The only way to close a position is to trade the opposite side of your position. There are limited circumstances in which ASX may expire and delist contracts. This is only likely to occur where the contract has open positions in the following situations:

- there is a lack of liquidity in the contract;
- the underlying has been delisted; or
- access to the data of the underlying instrument becomes permanently unavailable (for example, where an index provider ceases to calculate an index or terminates the index provider agreement with ASX).

If the above action were to be taken ASX would provide as much notice to the market as possible to enable the closing out of open positions.

Corporate Actions

Any position in an ASX Equity CFD is adjusted to reflect the same economic effect as the underlying security on which the ASX Equity CFD is based. This means that whenever there is a corporate action - such as a share split, capital repayment, special dividend, bonus issue, takeover etc - the same impact will be reflected back into the ASX CFD position.

ASX Index CFDs track indexes, which are adjusted by the index provider to reflect all corporate actions.

Profit and Loss Situations

The table below sets out profit and loss situations when trading ASX CFDs.

Profitable Trades	Unprofitable Trades
Buy low - Sell high	Buy high - Sell low
Sell high - Buy low	Sell low - Buy high

Trading Hours

Trading hours vary for the different types of ASX CFDs available. Up-to-date trading hours for all ASX CFDs are available on www.asx.com.au/cfd

Exchange for Physical

Traders can convert their ASX Equity or Index CFD position into stock. This conversion is allowed through the Exchange for Physical (EFP) facility. The EFP facility enables you to complete both sides of the conversion at a set price eliminating the risk of a price movement before you complete the transaction.

Further details of the Exchange for Physical (EFP) are available on www.asx.com.au/cfd

Parties to an ASX CFD transaction

Traders of ASX CFDs can either:

- **Buy** - undertake a long transaction; or
- **Sell** - undertake a short transaction.

When you first buy (or sell) an ASX CFD it is called an *opening transaction*. If you then sell (or buy) an ASX CFD to cancel existing bought (or sold) open positions, it is called a *closing transaction*. The market automatically recognises if a trade is an opening or closing trade. Trading on SYCOM is anonymous. This means the identity of the buyer or seller is unknown to the market.

After the trade occurs, the relationship between the two original contracting parties is broken with the SFE Clearing Corporation becoming the counterparty for both buyer and seller. This process, called novation, is a key tool for managing counterparty risk and is a primary benefit of trading “on exchange”.

Margins

Margins are designed to protect the financial security of the market by ensuring that you can meet your obligations. If you trade an ASX CFD, you have a potential obligation to the market because the position may move against you. After your order is executed, the ASX CFD trade is registered with SFECC. This process, called novation, results in SFE Clearing Corporation (SFECC) becoming the counterparty to both the buyer and the seller. Each day, SFECC calculates the margin necessary to ensure you can meet your trading obligations on that day

The total margin for ASX CFDs is made up of two components:

- Initial Margins
- Variation Margins

Initial Margins

Initial margins apply to both buyers and sellers upon opening a contract. They protect SFECC from risk resulting from a negative movement in the value of a position as a result of a change in market prices. The initial margin is typically set at a level designed to cover reasonably foreseeable losses on a position between the close of business on one day and the next. The amount of initial margin for each contract varies according to the price volatility of the underlying, ASX publishes the initial margin rates for all ASX CFDs. You can find these rates on www.asx.com.au/cfd

Initial margins are returned when the contract is closed out.

Variation Margins

Variation margin is the further payments, which is required in addition to the initial margins to open contracts, to cover any adverse price movements in the market. The variation margin is based on the end of day marked to market revaluation of an ASX CFD position. For example, if you have a long position and the price falls then you are required to pay a variation margin large enough to cover the adverse movement in the value of the position. On the other hand, if you have a short position and the price falls, you would receive a variation margin equal to the positive movement in the value of the position. Failure to meet (pay) a variation margin call can lead to the position being compulsorily closed out. The position holder is obligated to pay for any shortfall in funds if variation and initial margins are insufficient to cover the shortfall.

Payment of margins

Margins are recalculated on a daily basis to ensure an adequate level of margin cover is maintained. However, in exceptional circumstances, margins may be recalculated intra-day. This means that you may have to pay more if the market moves against you. Settlement requirements for trading ASX CFDs are strict. You must pay margin calls, when your account is in shortfall. If you do not pay in time, we can take action to close out your positions without further reference to you.

Closing-out

Closing-out can be achieved without reference to the original party with whom the derivatives contract is traded because of a system of novation or substitution of one contracting party for another. The clearing house of SFE, SFE Clearing Corporation Pty Ltd (“Clearing House”), stands between the buying and selling brokers guaranteeing contract performance to each of them. The Clearing House is able to substitute a new buyer as the contract party when an existing buyer sells to close out their position. This can be represented by the following:

A sells to B at \$100 per unit;

B sells to C at \$120 per unit;

B has quit the market and has a profit of \$20 per unit (ignoring transaction costs);

At maturity, A (seller) is matched with C (buyer).

In effect C has replaced B as the buyer of the contract from A. The contracts which B held (one to buy and one to sell) have been settled in cash; B simply receives a profit. Any profit due to B is paid out by the Clearing House in cash, even though the original seller (A) remains in the market. The Clearing House ensures that it is able to pay such profits by calling initial margin and variation margin to cover any unrealised losses in the

market. Variation margin must be paid or satisfied by any client whose derivatives contract is showing a loss; i.e. if the market falls after a purchase or rises after a sale.

Variation margin ensures that if the holder of the opposite contract wishes to offset the obligation before you, the Clearing House will have to have cash on hand to pay the resulting profit. If the market fails to recover before your contract matures, this margin will not be recovered; it would then become a realised loss.

3. AMOUNTS PAYABLE

COMMISSION, FEES AND EXPENSES

Part 2 of this PDS contains information on Morrison Securities' commissions, fees and expenses which you must pay in relation to buying and selling ASX CFDs.

4. RISKS OF TRADING ASX CFDs

LEVERAGE

Leverage is the use of given resources in such a way that the potential positive or negative outcome is magnified.

CFDs are leveraged. They offer the potential to make a higher return from a smaller initial outlay than for a non-leveraged transaction such as direct share investing.

The initial outlay of capital is small relative to the total position value. Consequently, a relatively small market movement has a proportionately larger impact on the amount of funds supporting the position. Leverage can therefore work both for you and against you by magnifying gains and losses.

MARGIN CALLS AND LOSSES

The liability of a Client under a CFD contract is not limited to the initial margin which that Client paid to the broker when the contracts were first opened. If, after paying the initial margin, the price moves against the Client, further margin (known as variation margin) will be called and must be paid on demand. Margin payments can therefore exceed the amount of the initial margin and any variation margin. Initial margin (unless eroded by losses) can be paid to the Client on settlement of the contract. Margins that become realised losses are not refundable. Margins called as a result of unrealised losses are not refundable unless there is a favourable change of direction in market prices before settlement or closing out of the futures contract. The liability of a Client is not limited to the amount of the initial or variation margin paid.

EXCHANGE RATE RISK

If a client trades in CFDs denominated in currencies other than Australian dollars a client may lose money due to exchange rate fluctuations. These losses may be in addition to any losses on the derivatives contract itself.

REGULATORY BODIES

A client may incur losses that are caused by matters outside the Morrison Securities' control. For example, a regulatory authority exercising its powers during a market emergency may result in losses for the client. A regulatory authority can, in extreme situations, suspend trading (for example, in an instrument underlying a CFD) or alter the price at which a position is settled. This could also result in a loss to the client.

MARKET DISRUPTIONS/EMERGENCIES

A market disruption may mean a client is unable to deal in a CFD when desired. The client may suffer a loss as a result. Common examples of disruption include the "crash" of a computer based trading system, fire or other exchange emergency. Also a futures regulatory body could declare an undesirable situation has developed in a particular futures contract and suspend trading.

5. DISPUTE RESOLUTION

You can register a complaint about the financial services provided to you by taking the following steps:

1. Contact us in writing to lodge your complaint. We will seek to resolve your complaint quickly and fairly. Morrison Securities aims to communicate a resolution to a dissatisfied client within 21 days.
2. If your complaint is not satisfactorily resolved and you wish to proceed further, you may refer the matter to an independent complaint handling body. Morrison Securities is a member of the Financial Ombudsman Service (FOS). Their contact details are:

Phone: 1300 78 08 08
Fax: (03) 9613 6399
Website: www.fos.org.au
E-mail: info@fos.org.au
Mail: GPO Box 3, Melbourne VIC 3001

This service is provided to you free of charge.

The Australian Securities and Investments Commission (ASIC) also has a free call info line on 1300 300 360 which you may use to make a complaint and obtain information about your rights.

6. TAXATION IMPLICATIONS

There may be taxation implications relating to your entry into different types of ASX CFDs depending on your particular circumstances. Morrison Securities does not provide advice with respect to taxation and you should seek advice from your tax adviser before you enter into any ASX CFDs.

Based on the law and administrative practice as of July 2007, you may benefit from reviewing Australian Tax Office (“ATO”) ruling TR 2005/15 (available at <http://law.ato.gov.au/pdf/tr2005-015.pdf>) paying particular attention as to how the ruling applies to your facts and circumstances. Issues that may be relevant include:

- your tax residency status;
- Taxation of Financial Arrangements (“TOFA”) implications of trading in foreign currency denominated CFDs; and
- Goods and Service Tax (“GST”) paid in connection with CFD related services/transactions.

However, the varied nature of ASX CFDs will mean that the taxation impact of any gains and losses arising out of such transaction will need to be considered on a case by case basis, with the assistance of your tax adviser in light of your own individual circumstances.

7. COOLING-OFF ARRANGEMENTS

There are no cooling-off arrangements for ASX CFDs. This means that when Morrison Securities arranges for the execution of an ASX CFD, you do not have a right to return the product. You therefore do not have the right to request Morrison Securities to repay the money you have paid to acquire the ASX CFD. If you change your mind after entering into an ASX CFD, you should close out your position by taking an opposite transaction.



PRODUCT DISCLOSURE STATEMENT FOR THE ISSUE OF ASX CFDs BY MORRISON SECURITIES PTY LIMITED

PART 2 – MORRISON SECURITIES’ COMMISSIONS, FEES AND EXPENSES

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This Product Disclosure Statement is issued by Morrison Securities Limited.
Australian Financial Services Licence No. 241 737.
ABN: 50 001 430 342.

The date of this Part 2 is 5 November 2007

PRODUCT DISCLOSURE STATEMENT – PART 2

This Part 2 of this PDS contains information on Morrison Securities' commissions, fees and expenses which you must pay in relation to buying and selling ASX CFDs traded on the Sydney Futures Exchange (SFE).

1. MORRISON SECURITIES' BROKERAGE

Internet Trading

Transaction Value	Commission
\$0.01 - \$12,500.00	\$10.00
\$12,500.00 +	0.08 %

Note: These commissions are charged per order per day. GST would be charged in addition to the above charges

Phone Trading

Transaction Value	Commission
\$0.01 - \$40,000.00	\$40.00
\$40,000.00+	0.10%

Note: These commissions are charged per order per day. GST would be charged in addition to the above charges

Interest

Open Long Positions	You pay RBA Base Rate plus 1.5%
Open Short Positions	You receive RBA Base Rate minus 1.5%

2. TRADING PLATFORM CHARGES

webIRESS:

Number of Trades	Monthly subscription fee
0-9	\$100
10+	FREE

Note: GST would be charged in addition to the above charge. This is payable in advance on the last day of the previous month

3. OTHER MISCELLANEOUS FEES

Service Fee	Amount
Contract Rebooking Fee	\$20.00
Trace Fee for Unidentified Client Deposits	\$50.00
Trace Fee for Payments	\$50.00
Paper Contract Note or Reprint of paper Contract Note	\$ 5.00
Cheque Payment	\$ 5.00
Overseas funds transfer	\$50.00
Bank Cheque	\$50.00
Statement Print	\$10.00
Fail Fee – (Failure to Settle Trades/Debits)	\$100.00 + 0.1% of the amount failed to settle per day

Note: GST would be charged in addition to the above charges.