



# New Client Guide



CommSec

Commonwealth Securities Limited ABN 60 067 254 399 AFSL 238814 (CommSec) is a wholly owned but non-guaranteed subsidiary of the Commonwealth Bank of Australia ABN 48 123 123 124 AFSL 234945. CommSec is a Market Participant of ASX Limited and Cboe Australia Pty Limited, a Clearing Participant of ASX Clear Pty Limited and a Settlement Participant of ASX Settlement Pty Limited

# *Becoming CHESS sponsored* by CommSec.

CHESS (Clearing House Electronic Subregister System) is the computer system used by the Australian Securities Exchange Limited (ASX) to record shareholdings and manage the settlement of share transactions.

There are a number of advantages to having your shares CHESS sponsored by CommSec:

- You can automatically keep track of your portfolio and its market value using the online Portfolio Statement at **commsec.com.au**
- You can buy and sell shares immediately because all the required information is at hand (that is, you don't have to ask the company to provide the information)

## **FACTS AND FIGURES**

### **Your responsibilities**

It is your responsibility to monitor your shareholdings and take account of changes resulting from corporate actions, such as consolidations. We make every effort to act on your instructions, but we rely on you to ensure that those instructions are correct. If we act correctly on your instructions and you overbuy or oversell as a result, we will not be held liable.

You must ensure that your contact details are up-to-date at all times. To update your contact details, log on to the website **commsec.com.au**.

## **ACTIONS OF THIRD PARTIES**

If you make an investment decision based on information provided by a third party, whether it is through our website, a share registry or your margin lender, CommSec cannot be held for any loss or damage (including consequential loss, loss of profit and economic loss).

## **DEPOSITS FOR TRADES**

In some circumstances or for some accounts, CommSec may require you to have sufficient funds available before a Buy order is sent to market. This helps us manage risk and ensure your trades can be settled.

Whether a deposit is required, and the amount needed, may depend on:

- the value of the Buy order you are placing; and
- the value of any other Buy orders that are open or have not yet settled.

In many cases, the amount required will reflect the total value of your outstanding Buy orders.

CommSec may also consider factors such as:

- whether you are buying leading or non-leading stocks;
- the cleared funds held in your nominated settlement account; and
- the market value of your CHESSE sponsored holdings.

If sufficient funds are not available at the time an order is placed, the Buy order may be rejected.

Leading stocks are published on the CommSec website and may be varied without notice.

## **ORDER CONFIRMATION**

Whenever an order is executed, you will receive a Confirmation Contract Note by email, post or both, depending on which you have selected as your preference. Confirmation Contract notes are generated on the day of the trade, but may take longer to arrive, depending on the postal system or the Internet. Up-to-date information on the status of your orders is available on the CommSec website at all times. You can also choose to receive confirmation by email when orders are placed.

To set up email notifications, go to **Portfolio > Accounts > View Or Edit Account Details** from the main navigation menu once you have logged into the website with your Client ID and password.

If you request a Confirmation Contract Note to be sent to you by post, a \$1.95 fee will be charged in addition to brokerage, for each Confirmation Contract Note posted to you.

## **PARTIALLY COMPLETED AND PURGED ORDERS**

Your order may not be completely executed in a single transaction, if not enough shares are available at your limit price, or there isn't a buyer for all of the shares you want to sell. Part of your order will remain on the market until it is executed or expires. If this happens, you will be charged the minimum applicable brokerage for each transaction, unless subsequent transactions take the total value of your order over the price threshold.

The ASX may purge (or cancel) outstanding orders for a number of reasons, for example if the price moves too far from the limit, the basis of quotation changes, or trading is suspended on that share. If this happens, the order details will appear in your Manage Order, Cancelled list with a notation "ASX has purged your order. Reason: ASX purged".

## **PAYMENTS AND OFFSETS**

Settlement takes place two business days (T+2) after your order is partially or fully executed. Cleared funds must be available in your nominated account at the start of the second business day after your Buy order is executed. When you sell shares, the proceeds will be placed in your account overnight on the second business day after the sale, and will be available to you on the next business day. When you are logged in to CommSec, you can view your 'Estimated Settlements' on the home screen. This will show the settlement amounts on your account that are due on the current and next day.

We will offset payments when you buy and sell shares on the same day or the next business day. CommSec will transfer the net amount to or from your settlement account.

The following scenarios show when an offset applies:

### OFFSET APPLIES

In the trade scenarios below, Anna can offset the sale against the purchase because she has sold on the next business day after her purchase (**T+1**), and similarly for Brad he can offset the purchase against the sale because he has purchased on the next business day after his sale (**T+1**).

In the scenarios below, the second trade is a lower value than the first trade. In instances where your second trade is a higher value than your first trade, the residual amount after the trades have been offset will be credited or debited to/from your nominated bank account two business days after the higher value second trade.

Day	Buy First	Sell First
<b>Monday</b>	Anna <b>buys</b> \$10,000 worth of shares ( <b>T</b> )	Brad sells <b>\$8,000</b> worth of shares ( <b>T</b> )
<b>Tuesday</b>	Anna <b>sells</b> \$7,000 worth of shares ( <b>T+1</b> )	Brad <b>buys</b> \$5,000 worth of shares ( <b>T+1</b> )
<b>Wednesday</b>	Anna <b>pays</b> <b>\$3,000 (T+2)*</b>	Brad <b>receives</b> <b>\$3,000 (T+2)#</b>

\* You need to ensure that cleared funds are available in your nominated bank account by 8am on this day.

# Credited to your nominated bank account overnight.

### NO OFFSET APPLIES

In the trade scenarios below, no offset applies because Anna's sale is two business days after her purchase, she pays for her purchase two business days after the trade (**T+2**) and then receives the proceeds of her sale two business days after her sale.

Similar for Brad, no offset applies because Brad's purchase is two business days after his sale. In that case he receives the proceeds of his sale two business days after the trade (**T+2**) and then pays for his purchase two business days after the trade.

There are instances where CommSec will not offset trades, for example trades with corporate actions, deferred settlement dates or where shares have not been delivered to settle a sale.

Day	Buy First	Sell First
<b>Monday</b>	Anna <b>buys</b> \$10,000 worth of shares ( <b>T</b> )	Brad sells <b>\$8,000</b> worth of shares ( <b>T</b> )
<b>Tuesday</b>		
<b>Wednesday</b>	Anna <b>pays</b> <b>\$10,000 (T+2)*</b> Anna <b>sells</b> \$7,000 worth of shares ( <b>T</b> )	Brad <b>buys</b> \$5,000 worth of shares ( <b>T</b> ) Brad <b>receives</b> <b>\$8,000 (T+2)#</b>
<b>Thursday</b>		
<b>Friday</b>	Anna <b>receives</b> \$7,000 for sale of shares ( <b>T+2</b> from sell date)#	Brad <b>pays</b> \$5,000 ( <b>T+2</b> from purchase date)*

\* You need to ensure that cleared funds are available in your nominated bank account by 8am on this day.

# Credited to your nominated bank account overnight.

If you do not make a payment for a trade by the settlement date shown on the Confirmation Contract Note, you may be charged:

- Interest on the outstanding amount at the Commonwealth Bank Overdraft Interest Rate plus 3%, calculated daily.
- A late settlement fee to cover our reasonable costs and expenses, as well as GST. Your CommSec account may also be suspended. Failure to receive contract notes is not a valid reason for late payment.
- Please note that your CommSec account may also be suspended due to multiple rejections.



# We're here *to help*

To find out more, call us on **13 15 19**, or visit our web site at **[commsec.com.au](http://commsec.com.au)**

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