

# **International Securities Trading**

**now you can  
invest across  
the world**





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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 Participant of the ASX Group & Chi X Australia. This brochure has been prepared without taking account of the objectives, financial situation or needs of any particular individual. For this reason, any individual should, before acting on the information in this brochure, consider the appropriateness of the information, having regard to the individual's objectives, financial situation and needs and; if necessary, seek appropriate professional advice.

Commonwealth Direct Investment Account is a product of Commonwealth Bank of Australia ABN 48 123 123 124 AFSL 234945 marketed by its wholly owned subsidiary Commonwealth Securities Limited ABN 60 067 254 399 AFSL 238814.

US Exchange Traded Options are issued by Commonwealth Securities Limited ABN 60 067 254 399 AFSL 238814. A Product Disclosure Statement is available for this product by calling 1300 361 170 (24 hours a day on US trading days) or by visiting [commsec.com.au](http://commsec.com.au). The PDS should be considered before making any decisions about the product.

# WELCOME

## TO AUSTRALIA'S MOST POPULAR BROKER – NOW YOU CAN INVEST ACROSS THE WORLD

### TRADE INTERNATIONAL SECURITIES WITH COMMSEC AND PERSHING

In association with Pershing LLC, CommSec provides an easy, cost-effective international trading service. Pershing is a subsidiary of the Bank of New York Mellon Corporation, with over 60 years experience in providing investment products and services. You can access Pershing's trading facilities through the CommSec website or by telephoning the CommSec International Desk on 1300 361 170, 24 hours a day (during US trading days).

The Australian sharemarket makes up less than 2% of the world's sharemarkets by market capitalisation. CommSec's International Securities Trading service not only gives you access to most of the remaining 98%, it also enables you to invest in entire sectors that are either unavailable or have limited representation on the domestic market — sectors such as aerospace, automobiles, microchip technology and pharmaceuticals. By investing in overseas markets you can access new opportunities for enhanced income and capital growth, and diversify your portfolio across sectors, markets and economies.

### INTERNATIONAL TRADING MADE EASY

By registering with CommSec as an International Securities Trading client, you can:

- Trade on a wide range of international markets, including key US, Asian and European stock exchanges
- Trade through your own US account, opened automatically when you become a client
- View online stock quotes for US markets in real time
- Trade US shares online, including securities quoted on the New York Stock Exchange, NASDAQ and the American Stock Exchange
- Trade US Exchange Traded Options and Exchange Traded Funds
- Invest in international fixed-interest securities
- Monitor your portfolio online
- View and print trade confirmations and your transaction history online

## A WORLD OF NEW OPPORTUNITIES

Pershing provide access to most significant markets around the world.\*

MARKET	TRADING METHOD	BROKERAGE <sup>‡</sup>
<b>United States</b> New York Stock Exchange NASDAQ American Stock Exchange	Online or over the phone	USD\$19.95 for trades up to USD\$5,000 USD\$29.95 for trades up to USD\$10,000 0.31% whichever is greater <sup>1</sup>
<b>Canada<sup>†</sup></b>	Over the phone	USD\$39.95 or 0.40% whichever is greater <sup>1</sup>
<b>United Kingdom</b>		
<b>Japan</b>		
<b>Hong Kong</b>		
<b>Other Asia</b> Indonesia Philippines Singapore Thailand		
<b>Europe</b> Austria Belgium Denmark Finland France Germany Ireland Italy Luxembourg The Netherlands Norway Portugal Spain Sweden Switzerland Turkey		
<b>New Zealand</b>		
<b>Middle East</b> Israel		

<sup>1</sup> For all limit and market orders which are not fully executed in the same trading day, normal brokerage will be charged for the total portion executed per day. Brokerage charges may be converted and applied in the local currency. This may result in variances in the USD equivalent brokerage being applied. Unless otherwise indicated, where a fee is expressed as a percentage, it refers to a percentage of the transaction value.

\* The available markets may be varied at any time without notice. Contact the CommSec International Desk on 1300 361 170 for the latest details.

<sup>†</sup> Canadian trades will attract an additional fee of CA\$0.015 per share. For a full list of countries that charge an additional fee, please contact the CommSec International Desk on 1300 361 170.

## TRADE THROUGH YOUR OWN US ACCOUNT

When you register as an International Securities Trading client, Pershing automatically open a US account on your behalf. Settlement of all your international trades is through Pershing's US cash account. You can transfer funds between Pershing's cash account and a CommSec Direct Debit Authorised account. You can also take advantage of CommSec's foreign exchange service, giving you the benefit of competitive Commonwealth Bank exchange rates.

If you wish, you can hold cash in Pershing's account. When you do so, you may receive credit interest at Pershing's standard rate.

In accordance with US laws, all purchases must be settled in full on the respective settlement date. Sale proceeds cannot be used to offset purchases due for settlement on the same day.

## SETTLING YOUR TRADES IN A FOREIGN CURRENCY

You will need to either submit a request online or call the International Desk to request funds to be transferred to or from your US cash balance, as required. Your nominated Australian account will be debited or credited to effect the transfer.

STEP 1	STEP 2	STEP 3
<b>Funds transfer</b> You instruct CommSec either online or via phone to transfer foreign currency to your US cash balance	<b>Buy</b> With the funds transferred into your US account, you are ready to place a buy order.	<b>Automatic settlement</b> The funds are automatically debited from your US cash balance on the settlement date
<b>Sell</b> Sell order executed	<b>Settlement</b> The funds are credited to your US cash balance	<b>Option 1: retain funds in the US</b> You choose to leave the funds in your US cash balance
		<b>Option 2: Funds transfer</b> You instruct CommSec either online or via phone to transfer the funds to your nominated Australian dollar account

If you hold cash in your Pershing trading account, depending on the currency you hold you may receive credit interest on balances over US\$1,000 at Pershing's standard rate. Interest is calculated daily and paid monthly. You can find the current Pershing credit interest rate on the Rateboard in the Quotes and News section of the international trading web site.

**Online research tools make investing easy**

With a wide range of information available online, CommSec and Pershing help make your investment decisions even easier.

<b>Online stock quotes</b>	Real time price information for securities quoted on the New York Stock Exchange, the American Stock Exchange, and the NASDAQ National Market.
<b>Track your portfolio</b>	Set up watchlists to monitor the performance of individual securities and your whole portfolio. The watchlist shows you the current (unrealised) profit or loss (US stocks only) for each individual stock and for the whole portfolio.
<b>Company profiles</b>	Access comprehensive financial filings for US companies.
<b>View major market indices</b>	View both intra-day and daily graphs of US indices, including the NYSE Composite, NASDAQ, S&P 500, and S&P 400 Mid Cap.

## **MORE THAN JUST SHARES**

International securities trading with CommSec means more than just trading equities. You can also access a range of other investment vehicles, including Options and Exchange Traded Funds.

### **Exchange Traded Options**

Exchange Traded Options, or ETO's are derivatives that give you the right, but not the obligation, to buy or sell a share on or before a particular date. They can be a powerful trading tool, significantly increasing your ability to generate returns, even under adverse market conditions.

When you register with CommSec as an International Securities Trading client, you can trade ETO's on major US securities exchange such as: the New York Stock Exchange and the American Stock Exchange.

ETO's provide you with an opportunity to profit from your view of the short-term direction of the market. Because they trade at a fraction of the price of the underlying shares, they enable you to take up a position at a relatively low cost. A small price movement in the underlying share can potentially provide you with substantial returns. Because ETO's are a leveraged investment, your potential losses and gains are multiplied in relation to movements in the price of the underlying assets. (Note: You can only buy call and put options and only write covered call options).

### **Advantages of ETO's trading include:**

- Lower entry costs
- Improved risk management for the professional investor
- Greater potential profits
- Flexibility in creating a range of strategies for different market conditions

For more information, or to apply for ETO trading, call the CommSec International Desk on 1300 361 170. If you already have an International Trading Account, you can also download a US Exchange Traded Options Product Disclosure Statement (PDS) online.



## Exchange Traded Funds

Exchange Traded Funds, or ETFs, are managed funds whose units can be bought and sold on a stock exchange, just like shares. They combine the advantages of a managed fund with the flexibility of shares. You can invest in ETFs in a wide range of global markets, including the US, Hong Kong, and the United Kingdom.

Many ETFs track an index, such as the NASDAQ 100 or the S&P 500. Others invest in a particular sector, country or region. As a result, they enable you to participate in a diversified portfolio of shares in the market of your choice, at a fraction of the cost of a direct investment.

## COMPETITIVE BROKERAGE, WHEREVER YOU TRADE

Our fees and charges are competitive, no matter which market you want to trade on. All figures are in US dollars.

### BROKERAGE – US MARKETS<sup>1</sup>

Equities	USD\$19.95 for trades up to USD\$5,000
Managed Funds	USD\$29.95 for trades up to USD\$10,000
	0.31% whichever is greater <sup>1</sup>
US Exchange Traded Options	USD\$65.00 or 0.75%, whichever is greater, plus USD\$1.10 per contract

### BROKERAGE – NON-US MARKETS<sup>2</sup>

Listed Equities	USD\$39.95 or 0.40% whichever is greater <sup>1</sup>
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## NOTES

- For all limit and market orders which are not fully executed in the same trading day, normal brokerage will be charged for the total portion executed per day. Brokerage charges may be converted and applied in the local currency. This may result in variances in the USD equivalent brokerage being applied. Unless otherwise indicated, where a fee is expressed as a percentage, it refers to a percentage of the transaction value.
- Canadian trades will attract an additional fee of CA\$0.015 per share. For a full list of countries that charge an additional fee, please contact the CommSec International Desk on 1300 361 170

### MISCELLANEOUS FEES AND CHARGES

Custody Fee for inactive accounts <sup>3</sup>	USD\$25.00 per year
Posted Trade Confirmation Fee	USD\$1.80 per trade confirmation
Posted Statement Fee	USD\$1.80 per statement

- Custody fees are assessed to accounts defined as inactive, that is, accounts holding a security position for a calendar year (1 January to 31 December) without generating a trade, or margin interest of USD\$100 or more. Systematic reinvestment activity in mutual funds and/or exchange activity in mutual funds will be considered as a trade. However, dividend investment activity is not considered as a trade.

### INTEREST ON OVERDUE BALANCES:

Interest will be charged on overdue/unpaid accounts. This will be charged directly to your account with Pershing at the Pershing Base Lending rate (PBLR) plus 150 basis points.

## NOTES

CommSec reserves the right to pass through to your account any charges, or changes to existing charges, that CommSec may incur as a result of changes in industry practices or through the course of normal business operations. You will be notified of any of the aforementioned changes prior to their implementation.

**FOREIGN EXCHANGE TRANSACTIONS**

Any foreign exchange facilitated by us may be conducted through the Commonwealth Bank of Australia (the Bank) at its current rates of dealings for such transactions. The exchange rate used to convert currency will be based on the following factors:

- The market spot rate;
- A volatility factor;
- The transaction amount;
- An allowance for the Bank's costs, both fixed and variable, and
- A profit margin.

In order to affect a fund transfer you can either submit a request online or call the International Desk. CommSec will then instruct Commonwealth Bank of Australia to execute a foreign exchange transaction. The settlement process of a foreign exchange transaction will occur as follows:

**Fund Transfer – To place buy order**

- Your Australian bank account will be debited on the same day if you have requested the fund transfer prior to 11am (Sydney time). If requested after 11am (Sydney time) it will be processed the next business day.
- Your foreign currency balance at Pershing is usually credited the same night of the completed transfer.

**Fund Transfer – Foreign currency converted to Australian currency**

In order to request a funds transfer back to Australian currency your foreign currency balance at Pershing must have cleared funds before we can process your request. For example, if you have sold stock you will need to wait until the trade has settled (usually 3 business days after selling your stock) before requesting the funds transfer.\*

- Your foreign currency balance will be debited from your Pershing account on the same day that the fund transfer has been requested\*.
- Your Australian currency will be credited to your nominated Australian cash account usually the same business day after funds transfer has been requested\*.

\*Note: If you request a funds transfer after 11am (Sydney time) you will need to allow another business day for the Australian funds to be credited. You also need to allow for holidays in each country in the currency pair and processing in the overseas country.

## HOW TO APPLY

To apply to become an International Securities Trading client, simply complete an application online or download an International Trading application form from [commsec.com.au](http://commsec.com.au). For further information, call our International Desk on **1300 361 170** (24 hours a day during US Trading Days).

## HOW TO CONTACT US

### **Within Australia**

Phone 1300 361 170

Fax 1300 369 526

### **From Overseas**

Phone +612 9115 1531

### **Postal address**

CommSec International Trading Desk

Reply Paid 60768

Australia Square,

NSW 1214

### **E-mail**

[usshares@commsec.com.au](mailto:usshares@commsec.com.au)

1300 361 170

[commsec.com.au](http://commsec.com.au)