

# **MDA CONTRACT TERMINATION POLICY**

## **1. OVERVIEW**

The below is to be read in conjunction with the **MDA Contract**.

- 1.1 The *Corporations Act 2001* ("**Corporations Act**") and the *ASIC Instrument 2016/968* ("**ASIC Instrument**") requires Australian Financial Freedom Pty Ltd T/A Managed Portfolios ("**MP**") to maintain a written policy setting out the steps it will take to ensure, where the MDA Contract is terminated, that the Client Portfolio Assets will be dealt with in accordance with the ASIC Instrument.
- 1.2 The ASIC Instrument states MP:
- (a) must not exercise any discretion in relation to the Client Portfolio Assets once the client terminates the MDA Contract;
  - (b) comply with the terms of the MDA Contract as to how to deal with any Client Portfolio Assets; and
  - (c) determine how and when Client Portfolio Assets will be disposed of or transferred to the Client, where the assets are not held directly by the Client.

## **2. DEFINITIONS**

- 2.1 **Client** means any person or entity who has executed an MDA Contract with MP.
- 2.2 **Client Portfolio Assets** means, in relation to a client, financial products, money or other property that is:
- (a) Client contributions of the Client;
  - (b) borrowed or raised for the purposes of the MDA service provided to the Client;
  - (c) derived directly or indirectly from financial products, money or other property referred to in paragraph (a) and (b) above.
- 2.3 **MDA** means Managed Discretionary Account.

## **3. TERMINATION OF THE MDA CONTRACT**

MP's termination procedures comply with clause 10 of the MDA Contract.

### **3.1 The contract may be terminated immediately:**

- a) If ASIC notifies MP that we may not rely on an exemption relating to the Investment Service;
- b) If MP's AFSL is revoked, cancelled or suspended by ASIC or varied so that we are not authorised to provide the Investment Service;
- c) by MP- if the Client is in default of an obligation under the MDA Contract and fails to rectify it within 5 Business Days' of notice of default;
- d) by MP- if the Client becomes insolvent or an administrator, receiver or similar appointment to the Client or the Clients' property, or event analogous to any of the former occurs with respect to the client;

- e) by MP - if we become aware that a Client's Account is being used fraudulently (including terrorism financing);
- f) by MP - if we become aware that a Client no longer has an Adviser, and by law the Client requires one, and they have not appointed a replacement Adviser to whom we have agreed;
- g) by the Client - if MP become subject to external administration or are liquidated; or
- h) if any fundamental part of the contract becomes unenforceable, void, illegal or invalid.

### **3.2 The Client may request termination of their MDA Contract:**

- a) A Client may request termination of the MDA Contract or MDA discretions by giving two (2) business days' written notice to MP. Written notice may be given by: Post to: PO Box 6048, Wollongong DC NSW 2500 OR electronically to admin@managedportfolios.com.au
- b) Termination of the MDA Contract does not affect transactions or positions commenced or opened prior to termination or any existing rights or obligations incurred prior to termination.
- c) Upon receiving notice of a termination request (and within at least one (1) business day), MP will cease to exercise any further discretions in relation to the Client Portfolio Assets and will proceed to:
  - i. Deem all assets of the Client as *client directed assets* which means MP will not exercise any discretion or make any trades in relation to the Client's Account without the written permission of the Client or a suitably authorised representative of the Client;
  - ii. Where the Client requests the discretions under the MDA Contract be terminated, MP will ensure the Client's account remains open, but no further trading is conducted on the Client's account.

## **4. TRANSFER OF CLIENT PORTFOLIO ASSETS**

On termination of the MDA Contract:

- 4.1 MP remain entitled to all accrued fees;
- 4.2 The Client must provide MP with a written direction within 10 Business Days (or such longer time as is reasonably required) regarding:
  - (a) the sale or, if possible, the transfer of the Securities in their Portfolio; and
  - (b) either the transfer of cash from the Working Cash Account or confirmation that the account is to be taken over by the Client or the Client's nominee and removed from MP's control;
- 4.3 MP will do all things reasonably necessary to transfer the Securities in the Client's Account in accordance with the Client's directions as soon as possible but in any event, the Client acknowledges that there may be delays that are outside MP's control, in transferring or disposing of the Investments in the Client's Portfolio;

- 4.4 If the Client does not provide MP with those directions, MP will not undertake any transactions in relation to the Clients Account and the Securities will remain as they were at the date of termination;
- 4.5 The Client is responsible for making relevant notifications to any and all other persons concerning the transfer of Securities in their Account;
- 4.6 MP will not be liable for any losses a Client sustains as a result of circumstances outlined in [4.3], [4.4] and [4.5].
- 4.7 provided MP's fees have been paid, the Client will retain online access to reports on their Account for at least 30 days after the Securities are sold or transferred in accordance with the Clients instruction. During the 30 day period, the Client will have the ability to download any statements and reports that they may require. Any documentation or reports required once the access has been terminated will be subject to an administrative fee.

## **5. FEES FOR TERMINATION**

- 5.1 MP does not charge fees in relation to the termination of the MDA Contract.