



WATERSHED

Appendix A

Managed Discretionary Accounts

This Appendix forms part of this Financial Services Guide including Part 1 – Company information and Part 2 – Advisor information. The three parts together comply with the Managed Discretionary Account Services Instrument 2016/968.

We offer a managed discretionary account (MDA) service via Watershed Funds Management Pty Ltd. If you choose to use this service, we will manage your investment portfolio on a discretionary basis in accordance with an Investment Program recommended by your Financial Adviser. This means that we do not need to contact you for before making a change to your investments that is within the scope of the agreed Investment Program.

Your Financial Adviser will recommend this service in a Statement of Advice if they consider it is suitable for you.

You will need to enter into an MDA Contract with us before we can provide the MDA Service.

The MDA Contract will include the following important information:

- The Investment Program will explain:
 - The investment strategy that we will implement on your behalf;
 - The nature and scope of the discretions you will authorise and require us to exercise when managing your investments;
- Any significant risks associated with the MDA Contract;
- The basis on which your Financial Adviser believes the MDA Contract is suitable for you; and
- That the MDA Contract may not be suitable for you if you have provided your Financial Adviser with limited or inaccurate information about your relevant personal circumstances or if those circumstances change.

You will receive annual portfolio reporting which includes detailed performance analysis and full transaction reporting. Specifically, we must provide to you:

- An Annual Transaction Summary
- Report(s) from our Registered Company Auditor(s) containing opinion(s) regarding;
 - Our internal controls and procedures;
 - Whether the aggregate of assets, liabilities, revenue and expenses have been properly reconciled during the year.

Your Financial Adviser is obligated to review the suitability of the Investment Program and the MDA Contract for you at least every 13 months. You can request changes to your Investment Program at any time through your Financial Adviser, whose contact details can be found in their Statement of Advice.

Significant Risks of our MDA Service

The main risks of our MDA Service include:

- Loss of Investment Control.

Investing through an MDA Service means that we have discretion to make decisions about your portfolio in accordance with your Investment Program without obtaining your instructions before each transaction we undertake. We will exercise any rights (such as voting rights) relating to the investments in your Investment Program on your behalf.

Although you will not know about the changes we make to your investments before they are made, we will only make adjustments which are consistent with our understanding of your relevant personal circumstances and the agreed Investment Program.

It is important you understand what you are authorising us to do on your behalf. Full details are in the MDA Contract. Talk to your Financial Adviser if you are not clear.

- Investment Risks

All investments carry risk. Different strategies may carry different levels of risk, depending on the investments that make up the strategy. Investments with the highest long-term returns may also carry the highest level of short-term risk. The level of risk for each person will vary depending on a range of factors, including age, investment time frames, where other parts of their wealth are invested; and their risk tolerance.

The value of investments and the level of returns will vary. Future returns may differ from past returns. Returns are not guaranteed, and investors may lose some of their money.

An MDA Service is not suitable for all clients. If you want to retain control of all investment decisions, we do not recommend this service for you. However, if you understand the risks associated with having someone else make all of the investment decisions on your behalf then it may be suitable for you.

Administration of your Investments

Our MDA Service is provided through technology platforms operated by licensed external platform providers who undertake the following activities:

- Facilitating investments, share trades and other transactions on our behalf;
- Facilitating currency conversion to transact in and hold financial products listed overseas;
- Providing a contact centre that you can call or email administration queries in relation to your MDA Account;
- Acting as the mail house for the financial products held in your MDA Account;
- Reporting on the transactions in and value of your MDA Account, generally via an online portal; and
- Providing tax reporting and software data feeds to your accountant and/or Financial Adviser.

Your financial adviser will recommend a suitable platform for your MDA account in their Statement of Advice. They will provide you with Product Disclosure Statement or IDPS Guide which contains more information about the platform. We only invest in financial products that are available through the platform.

Custody of your Investments

Your investments are held on trust for you by a licensed custodian appointed by the platform. The custodian holds the legal title to the investments, and you are the beneficial owner. This allows us to trade more cost effectively across multiple MDA accounts, while protecting your investments.

Your Financial Adviser can provide details of the custodian of the technology platform they have recommended. More information about the custodian can be found in the Product Disclosure Statement (or IDPS Guide) for the platform.

Fees and Costs

Consumer Advisory Warning

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100 000 to \$80 000).

You should consider whether the features of an MDA service justify the fees and costs.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a managed investment fee calculator to help you check out different fee options.

The following table shows fees and other costs you will be charged for using our MDA Service. These will be deducted from your MDA Account so it is important to understand their impact on your investments.

Our investment decisions may also have capital gains and income tax consequences for you, depending on your personal circumstances. Your tax adviser will be able to advise you about this.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Type of Fee or Cost	Amount	How and When Paid
Fees when your money moves in and out of your MDA Account		
Establishment Fee The fee to open your account	Nil	Not applicable
Contribution Fee The fee on each amount contributed by you	Nil	Not applicable
Withdrawal Fee The fee on each amount you take out of your MDA Service account	Nil	Not applicable
Exit Fee The fee to close your account	Nil	Not applicable
Management Costs¹ The fees and costs for managing your MDA account		

MDA Service Fee The fee for managing your investments	0.49% pa of the value of the funds in your MDA account	Deducted from your Cash Account within the platform at the end of each month (based on the average balance for the month) and paid to Watershed Funds Management.
Indirect Costs – Balanced Portfolio The fees charged by fund managers and exchange traded funds in which your MDA account is invested	Estimated at 0.22% pa of the value of your MDA account	Deducted by the fund manager and reflected in the value of your investment in the fund. You do not pay this fee. See below for more information about indirect costs.
Service fees		
Switching fee The fee for changing your investment options	Nil	Not applicable

¹

Other fees apply. See “Additional Explanation of Fees and Costs” below

Additional Explanation of Fees and Costs

Management Costs

Indirect Costs - If the MDA portfolio invests in exchange traded funds, listed investment companies or managed investment schemes (managed funds), the investment managers of these products will charge a fee for their services based on the value of your investment (as will the managers of any exchange traded funds, listed investment companies or managed investment schemes in which they invest, and so on.) These are called indirect costs.

The indirect costs estimate in the above table is based on the costs (including any performance fees) incurred in the last financial year by the managed funds in which your account was invested (and any managed fund in which they invested and so on). These costs may change in the future.

Adviser Remuneration - The MDA Service Fee does not include the fees charged by your Financial Adviser for their services. Your Financial Adviser will tell you about their fees in their Financial Services Guide and Statement of Advice.

Transactional and Operational Costs

The following transactional and operational costs will be incurred in addition to the costs shown in the above table

Brokerage – When we buy or sell shares or other investments that are listed on a stock exchange on your behalf, the platform that arranges the transaction will charge brokerage

of between 0.22% and 0.33% of the value of the trade. Generally, the rate of 0.22% applies when the platform can contra a trade against an opposing trade from another platform investor. The brokerage rate of 0.33% applies if a trade is made on a stock exchange.

For example, if we purchase \$10,000 of listed shares for your MDA portfolio, and the platform can contra this trade with another investor wishing to sell these same shares, the platform will charge \$22 of brokerage.

Buy-Sell Spread - When we invest in managed investment schemes on your behalf, there will be a difference between the price paid to acquire the investment and the price for which it could be sold at that time. This is called the buy-sell spread. The estimated buy sell spread is 0.02% on the MDA portfolio. This means that if \$100,000 is invested in the MDA portfolio, the price paid will be \$20 more than the investment could be sold for at that time. The buy sell spread is retained by the investment manager, we do not receive any part of it.

Other Costs

Advice Fees

Our fees do not include the fees that will be charged by your Financial Adviser for recommending our service and reviewing its suitability for you. Your Financial Adviser will tell you about their fees in their Financial Services Guide and Statement of Advice.

Platform Costs – Our fees also do not include the costs of the platform that your Financial Adviser recommends. Your Financial Adviser will advise the exact amount of this cost when recommending the platform, and you will be able to find more information in the Product Disclosure Statement or IDPS Guide for the platform. Platform fees will be deducted from your platform account at the end of each month, based on the average value of your investments.

Example of Annual Fees and Costs

The table on the following page gives an example of how the fees and costs of the MDA Service would apply on an initial \$50,000 investment, and a further \$5,000 deposited during year 1.

Your Financial Adviser can provide details of the custodian of the technology platform they have recommended. More information about the custodian can be found in the Product Disclosure Statement (or IDPS Guide) for the platform.

Example – Balanced Investment program	Balance of \$50,000 with a contribution of \$5,000 during the year
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Contribution Fee	Nil	For every additional \$5,000 you put in, you will be charged \$0
Plus management costs of 0.49% deducted directly and 0.22% deducted indirectly	0.71%	And, for every \$50,000 you have in the Balanced Investment Program, you will be charged \$355 each year
Equals cost of Balanced Investment Program		If you invested \$50,000 at the beginning of the year and put in an additional \$5,000 during that year, you would be charged fees of between \$355 and \$391 ¹ during the year depending on the timing of the \$5,000 deposit

¹In addition, brokerage fees and buy sell costs will be incurred for securities including listed shares and managed investment schemes purchased in your MDA account. For every \$50,000 invested in the Balanced Investment Program, we estimate brokerage costs of \$120 and buy sell costs of \$10.

Professional Indemnity Insurance

Professional indemnity insurance is maintained by Watershed Dealers Services Pty Ltd which covers us for any errors or mistakes relating to our MDA Services. This insurance meets the requirements of the Corporations Act and covers the services provided by us and our employees after they cease working with us provided, we notify the insurer of the claim when it arises, and this is done within the relevant policy period.



WATERSHED

PRIVACY POLICY

Watershed Dealer Services Pty Ltd

Privacy Policy

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Watershed Dealer Services Pty Ltd
ABN: 29 162 693 272
AFSL: 436357
Privacy Policy May 2019 v2

Obligation

As an Australian Financial Services Licensee and a holder of personal information about our clients, it is our objective to ensure that Watershed Dealer Services Pty Ltd and its representatives comply with all relevant aspects of the Australian Privacy Principles (APPs), as set out in the Privacy Amendment (Enhancing Privacy Protection) Act 2012, and with the Notifiable Data Breach Scheme (NDB Scheme).

All APPs require Watershed Dealer Services Pty Ltd to take reasonable steps to protect personal information it holds from misuse, interference and loss, as well as unauthorised access, modification or disclosure under APP11 – Security of Personal Information. Licensees who trade in personal information have additional obligations under the remaining APPs. All Licensees holding personal information are expected to implement a Privacy Policy in compliance with the APPs. In addition, the NDB Scheme applies to entities that have an obligation under APP 11 of the Privacy Act to protect the personal information they hold.

Adherence to the Watershed Dealer Services Pty Ltd Privacy Breach Policy and Data Response Plan (The Policy) is expected and will be monitored to ensure that personal information is secured adequately and breaches, both suspected and actual, are treated appropriately as per the guidelines set by the Office of the Australian Information Commissioner (OAIC).

Expectation

The OAIC's focus of the Privacy Act and NDB Scheme obligations is to increase protection levels across the board and keep individual's personal information more secure. It's the responsibility of APP entities to secure and protect the personal information they hold and prevent breaches from occurring. The NDB Scheme provides a framework that requires businesses to respond swiftly and with transparency to mitigate the damage potentially caused by a breach. This ultimately gives consumers more confidence that their personal information is being appropriately safeguarded and that they will be made aware if their information is compromised.

Watershed Dealer Services Pty Ltd as an organisation has undertaken to ensure that its privacy program embraces the principles established by the APPs under the Privacy Act and abides by the requirements of the NDB Scheme.

Privacy Act 1988 (Privacy Act)

Australian Privacy Principles

APP 1 — Open and transparent management of personal information

APP 2 — Anonymity and pseudonymity

APP 3 — Collection of solicited personal information

- APP 4 — Dealing with unsolicited personal information
- APP 5 — Notification of the collection of personal information
- APP 6 — Use or disclosure of personal information
- APP 7 — Direct marketing
- APP 8 — Cross-border disclosure of personal information
- APP 9 — Adoption, use or disclosure of government related identifiers
- APP 10 — Quality of personal information
- APP 11 — Security of personal information
- APP 12 — Access to personal information
- APP 13 — Correction of personal information

The NDB Scheme (under Part IIIC of the Act)

Commitment

Watershed Dealer Services Pty Ltd is committed to providing you with the highest levels of client service. Watershed Dealer Services Pty Ltd recognises that your privacy is very important to you. As such, this organisation is committed to providing a privacy program that ensure the correct management of personal information, identification of breaches or suspected breaches of the Policy and utilising the breach Response Plan to ensure we are able to respond quickly to suspected data breaches, and take appropriate steps as required under the NDB Scheme.

Watershed Dealer Services Pty Ltd is committed to all stages of the NDB Scheme and the reporting of data breaches from identification of a breach/potential breach including containment, evaluation, notification and review of the breach including taking action to prevent future breaches.

Refer Appendix A; comprehensive information on how this company will undertake its NDB Scheme.

Further information on privacy in Australia may be obtained by visiting the website of the Office of the Australian Information Commissioner at www.oaic.gov.au.

Watershed Dealer Services Pty Ltd believes that this Privacy Policy discloses the purpose, and how the personal information you provide to us and our representatives, is collected, used, held, disclosed and disseminated.

As a Licensee, Watershed Dealer Services Pty Ltd ensures that there are adequate resources in place to develop, implement and maintain the privacy program and response plan. All representatives of Watershed Dealer Services Pty Ltd are made

aware of the privacy program and are encouraged to identify privacy issues and notify directly to Watershed Dealer Services Pty Ltd.

Watershed Dealer Services Pty Ltd is required to meet particular legislative and regulatory requirements. The information that we seek to collect about you will depend on the products or services that we provide. If you provide inaccurate or incomplete information, we may not be able to provide you with the services you requested.

We encourage you to check our website regularly for any updates to our Privacy Policy.

Your Personal Information

When you apply for our products or services, we may ask for identification information. This could include your name, address, contact details and date of birth. We may also collect your tax file number if we are authorised to collect it and if you choose to supply it.

How Watershed Dealer Services Pty Ltd Collects Personal Information

We collect personal information directly from you or from third parties once authorisation has been provided by you. You have a right to refuse us authorisation to collect information from a third party.

How Watershed Dealer Services Pty Ltd Uses Your Personal Information

Primarily, your personal information is used in order to provide you with products or services. We may also use the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed.

From time to time, we may provide you with direct marketing material. This will include articles and newsletters that may be of interest to you. We may only use sensitive information about you for direct marketing once we have obtained your consent.

Watershed Dealer Services Pty Ltd maintains details of the source of your personal information used for direct marketing and you have the right to request these details. We will endeavour to meet your request within two (2) weeks. A register is maintained for those individuals not wanting direct marketing material.

When Watershed Dealer Services Pty Ltd Discloses Your Personal Information*

In line with modern business practices common to many financial institutions and to meet your specific needs we may disclose your personal information to the following organisations:

- superannuation fund trustees, insurance providers, fund managers and other product providers in order to manage or administer your product or service;
- compliance consultants;
- temporary staff to handle workloads during peak periods;
- mailing houses;
- your professional advisers, including your solicitor or accountant as authorised by you;
- information technology service providers;
- Government and regulatory authorities, as required or authorised by law
- another authorised representative of Watershed Dealer Services Pty Ltd if necessary;
- a potential purchaser/organisation involved in the proposed sale of Watershed Dealer Services Pty Ltd.'s business for the purpose of due diligence, corporate re-organisation and transfer or all or part of the assets of the business. Disclosure will be made in confidence and it will be a condition of that disclosure that no personal information will be used or disclosed by them;
- a new owner of the business that will require the transfer of your personal information.

Watershed Dealer Services Pty Ltd.'s employees and the outsourcing companies/contractors are obliged to respect the confidentiality of any personal information held by Watershed Dealer Services Pty Ltd.

The Corporations Act has provided the Australian Securities and Investments Commission (ASIC) with the authority to inspect certain personal information that is kept on Watershed Dealer Services Pty Ltd.'s files about you.

[Licensee Name] takes its obligations to protect your information seriously, this includes if/when Watershed Dealer Services Pty Ltd operates throughout Australia and overseas, as part of its operations. Some uses and disclosures of your information may occur outside your State or Territory and/or outside of Australia. In some circumstances we may need to obtain your consent before disclosure of your information outside Australia occurs.

How Watershed Dealer Services Pty Ltd Stores and Secures Your Personal Information

Watershed Dealer Services Pty Ltd keeps your personal information in your client files or electronically. These files are accessible to authorised personnel only and are appropriately secured and subject to confidentiality requirements.

Personal information will be treated as confidential information and sensitive information will be treated highly confidential.

It is a legislative requirement that Watershed Dealer Services Pty Ltd keeps all personal information and records for a period of seven (7) years. Should you cease to be our client, we will maintain your personal information on or off site in a secure manner for seven (7) years. After this period, the information will be destroyed.

Ensure Your Personal Information Is Correct

Watershed Dealer Services Pty Ltd takes all reasonable precautions to ensure that the personal information collected, used and disclosed is accurate, complete and up to date. To ensure that we can maintain this level of accuracy and completeness, it is recommended you:

- inform us of any errors in your personal information; and
- update us with any changes to your personal information as soon as possible.

Unsolicited Information

Watershed Dealer Services Pty Ltd does not usually collect unsolicited personal information. Where we receive unsolicited personal information, it will be determined whether or not it would have been permissible to collect that personal information if it had been solicited. If Watershed Dealer Services Pty Ltd determines that collection would not have been permissible, to the extent permitted by law, the personal information will be destroyed or de-identified as soon as practicable.

Access to Your Personal Information

You have a right to access your personal information, subject to certain exceptions allowed by law. We ask that you provide your request for access in writing (for security reasons) and we will provide you with access to that personal information. Access to the requested personal information may include:

- providing you with copies;
- providing you with the opportunity for inspection; or
- providing you with a summary.

If charges are applicable in providing access to you, these charges will be disclosed to you prior to providing the information.

Some exceptions exist where Watershed Dealer Services Pty Ltd will not provide you with access to your personal information if:

- providing access would pose a serious threat to the life or health of a person;
- providing access would have an unreasonable impact on the privacy of others;
- the request for access is frivolous or vexatious;

- the information is related to existing or anticipated legal proceedings between Watershed Dealer Services Pty Ltd and the client and would not be discoverable in those proceedings;
- providing access would reveal Watershed Dealer Services Pty Ltd.'s intentions in relation to negotiations with you in such a way as to prejudice those negotiations;
- providing access would be unlawful;
- denying access is required or authorised by or under law;
- providing access would be likely to prejudice certain operations by or on behalf of an enforcement body or an enforcement body requests that access not be provided on the grounds of national security.

Should we refuse you access to your personal information, a written explanation for that refusal will be provided.

Using Government Identifiers

Although in certain circumstances Watershed Dealer Services Pty Ltd is required to collect Government identifiers such as your tax file number, Medicare number or pension card number, Watershed Dealer Services Pty Ltd does not use or disclose this information other than when required or authorised by law or unless you have voluntarily consented to disclose this information to any third party.

Dealing with Watershed Dealer Services Pty Ltd Anonymously

You can deal with us anonymously or by using a pseudonym where it is lawful and practicable to do so. For example, if you telephone requesting our postal address.

Your Sensitive Information

Without your consent Watershed Dealer Services Pty Ltd will not collect information about you that reveals your racial or ethnic origin, political opinions, religious or philosophical beliefs or affiliations, membership of professional or trade association, membership of a trade union, details of health, disability, sexual orientation, or criminal record.

This is subject to some exceptions including:

- the collection is required by law; and
- when the information is necessary for the establishment, exercise or defence of a legal claim.

Watershed Dealer Services Pty Ltd.'s Website

Watershed Dealer Services Pty Ltd.'s website may provide links to third party websites. The use of your information by these third party sites is not within

Watershed Dealer Services Pty Ltd.'s control and Watershed Dealer Services Pty Ltd cannot accept responsibility for the conduct of these organisations. Other websites are not subject to Watershed Dealer Services Pty Ltd.'s privacy standards. You will need to contact or review those websites directly to ascertain their privacy policies.

You may register with Watershed Dealer Services Pty Ltd to receive newsletters and other information. By doing so, your name and email address will be collected and stored on Watershed Dealer Services Pty Ltd.'s database. We will take care to ensure that the personal information you provide on our website is protected. For example, Watershed Dealer Services Pty Ltd.'s website has electronic security systems in place, including the use of firewalls and data encryption.

If you do not wish to receive any further information from Watershed Dealer Services Pty Ltd, or you wish to update your registration details, please email your request. We will endeavour to meet your request within five (5) working days.

Our website utilises cookies to provide you with a better user experience. Cookies also allow Watershed Dealer Services Pty Ltd to identify your browser while you are using the site – the cookies do not identify you. If you do not wish to receive cookies, you can instruct your web browser to refuse these cookies.

Complaints Resolutions

Please contact Watershed Dealer Services Pty Ltd.'s Privacy Officer if you wish to complain about any breach or potential breach of your privacy rights. Your complaint will be responded to within seven (7) days. Watershed Dealer Services Pty Ltd.'s Privacy Officer will investigate the issue and determine the steps to undertake to resolve your complaint. Watershed Dealer Services Pty Ltd.'s Privacy Officer will contact you if any additional information from you is required and will notify you in writing of the determination. If you are not satisfied with the outcome of your complaint, you are entitled to contact the Office of the Australian Information Commissioner.

Privacy Officer

Lv.22, North Tower

459 Collins Street

Melbourne 3000

Email: contact@watershedgroup.com.au

Spam Policy

Spam is a generic term used to describe electronic 'junk mail' - unwanted messages sent to a person's email account or mobile phone. In Australia, spam is defined as 'unsolicited commercial electronic messages'.

'Electronic messaging' covers emails, instant messaging, SMS and other mobile phone messaging, but does not cover normal voice-to-voice communication by telephone.

Watershed Dealer Services Pty Ltd complies with the provisions of the Spam Act when sending commercial electronic messages.

Equally importantly, Watershed Dealer Services Pty Ltd makes sure that its practices are in accordance with the Australian Privacy Principles in all activities where Watershed Dealer Services Pty Ltd deals with personal information. Personal information includes Watershed Dealer Services Pty Ltd.'s clients contact details.

Internal Procedure for Dealing with Complaints

The three key steps Watershed Dealer Services Pty Ltd follows:

Consent – Only commercial electronic messages are sent with the addressee's consent – either express or inferred consent.

Identify – Electronic messages will include clear and accurate information about the person and the Watershed Dealer Services Pty Ltd contact that is responsible for sending the commercial electronic message.

Unsubscribe – Watershed Dealer Services Pty Ltd ensures that a functional unsubscribe facility is included in all its commercial electronic messages and deal with unsubscribe requests promptly.

Comply with the Law regarding Viral Messages

Watershed Dealer Services Pty Ltd ensures that Commercial Communications that include a Forwarding Facility contain a clear recommendation that the Recipient should only forward the Commercial Communication to persons with whom they have a relationship, where that relationship means that person could be said to have consented to receiving Commercial Communications.

Comply with the Age Sensitive Content of Commercial Communication

Where the content of a Commercial Communications seeks to promote or inspire interaction with a product, service or event that is age sensitive, Watershed Dealer Services Pty Ltd takes reasonable steps to ensure that such content is sent to Recipients who are legally entitled to use or participate in the product service or event.

Complaints Resolutions

The Spam Act specifies that the person's consent has been withdrawn within five working days from the date that an unsubscribe request was sent (in the case of electronic unsubscribe messages) or delivered (in the case of unsubscribe messages sent by post or other means).

Please contact Watershed Dealer Services Pty Ltd.'s Privacy Officer if you wish to complain about any breach or potential breach of your privacy rights. Your complaint will be responded to within 7 days.

If you are not satisfied with the outcome of your complaint, you are entitled to contact the Office of the Australian Information Commissioner.

Privacy Officer

Lv.22, North Tower

459 Collins Street

Melbourne 3000

Email: contact@watershedgroup.com.au

APPENDIX A:

Implementation

Watershed Dealer Services Pty Ltd demonstrates commitment to the privacy program by implementing best practices and adherence to privacy standards and compliance with the NDB Scheme with its commitment to:

- Wholesale Securities Privacy Policy and
- Data Breach Response Plan

Watershed Dealer Services Pty Ltd takes reasonable steps to protect personal information it holds from misuse, interference and loss, as well as unauthorised access, modification or disclosure. Should a breach be suspected or occur, Watershed Dealer Services Pty Ltd follows a documented plan covering strategy, assessment, treatment, and review of data breaches.

Response Team

The Watershed Dealer Services Pty Ltd.'s Senior Management and the Compliance Manager (Response Team) will have the overall responsibility for overseeing the Privacy Policy and Data Breach Response Plan. Both internal and external resources will be engaged as required to assist in the management of this function. The responsibilities of this role include but are not limited to:

- Ensuring all staff and representatives and staff are fully trained and aware of their privacy responsibilities;
- Dealing with privacy breaches, including under the NDB Scheme;
- Identifying issues which may lead to privacy breaches;
- Maintaining a detailed level of knowledge in relation to privacy issues i.e. regulatory and industry changes.

Identification of Breaches

All Watershed Dealer Services Pty Ltd.'s representatives will be provided with an Induction Program outlining its policies and expectations that all representatives' actions will be in accordance with Licensee policies, including the identification of privacy breaches.

Notification

When Watershed Dealer Services Pty Ltd is aware of reasonable grounds to believe an eligible data breach has occurred, they are obligated to promptly notify affected individuals of the likely risk of serious harm. The Commissioner must also be notified as soon as practicable through a statement about the eligible data breach.

Record Keeping

The following records are to be maintained with regard to privacy issues:

- Minutes of compliance meetings where privacy breaches are discussed
- Copies of evidence of a privacy breach
- Documents supporting steps of the Response Plan as follows:
 - Preliminary breach assessment
 - Notification to individuals
 - Notification to OAIC
 - Breach risk assessment
 - Review of breach incident outcomes and recommendations to prevent future breaches

Review and prevention

In the case of a breach, Watershed Dealer Services Pty Ltd, led by the Response Team, will review the incident and take action to prevent future breaches.

What Constitutes a Data Breach?

A data breach is unauthorised access to or unauthorised disclosure of personal information, or a loss of personal information an entity holds. A data breach occurs when personal information is lost or subjected to unauthorised access, modification, use or disclosure or other misuse. Data breaches can be caused by a variety of factors, affect different types of personal information and give rise to a range of actual or potential harms to individuals, agencies and organisations.

What is a 'data breach'?

- **Unauthorised access** of personal information occurs when personal information that an entity holds is accessed by someone who is not permitted to have access. This includes unauthorised access by an employee of the entity, or an independent contractor, as well as unauthorised access by an external third party (such as by hacking).

- **Unauthorised disclosure** occurs when an entity, whether intentionally or unintentionally, makes personal information accessible or visible to others outside the entity, and releases that information from its effective control in a way that is not permitted by the Privacy Act. This includes an unauthorised disclosure by an employee of the entity.
- **Loss** refers to the accidental or inadvertent loss of personal information held by an entity, in circumstances where it is likely to result in unauthorised access or disclosure.

What is an eligible data breach?

An eligible data breach arises when the following three criteria are satisfied:

- there is unauthorised access to or unauthorised disclosure of personal information, or a loss of personal information, that an entity holds;
- this is likely to result in serious harm to one or more individuals; and
- the entity has not been able to prevent the likely risk of serious harm with remedial action.

Serious Harm

The risk of serious harm is assessed, from the perspective of a *reasonable person*, regarding the likelihood of the harm eventuating for individuals whose personal information was part of the data breach and the consequences of the harm. ‘Serious harm’ is not defined in the Privacy Act. In the context of a data breach, serious harm to an individual may include serious physical, psychological, emotional, financial, or reputational harm.

NOTE: For the NDB scheme a ‘reasonable person’ means a person in the entity’s position (rather than the position of an individual whose personal information was part of the data breach or any other person), who is properly informed, based on information immediately available or following reasonable inquiries or an assessment of the data breach.

The phrase ‘likely to occur’ means the risk of serious harm to an individual is more probable than not (rather than possible).

Refer Appendix B: Assessment of Risk of Serious Harm

Data Breach Response Plan

This data breach response plan sets out procedures and reporting lines for Watershed Dealer Services Pty Ltd and its management, representatives and staff in the event that they suspect or experience a data breach.

This plan is subject to annual review by the Response Team.

Representative and staff responsibilities: record and report to management

Immediately notify management of the suspected data breach. Record and report:

- time and date suspected breach was discovered
- type of information involved
- cause and extent of the breach, if known
- context of the affected information, if known

Management responsibilities: assess, escalate to Response Team where appropriate

Assess and determine whether a data breach has occurred.

If management has any suspicion that a breach has occurred, the matter will be escalated to the Response Team to undertake the breach response process.

Breach Response Process:

1. Contain the breach and do a preliminary assessment

All Watershed Dealer Services Pty Ltd personnel understand how to identify a breach or suspected breach and how to escalate to management and/or the Response Team.

When a breach has been identified action must be taken immediately to contain it. Where possible, steps are to be taken to stop the unauthorised practice, recover the information, shut down the system that was breached, change computer access codes or correct weaknesses in physical or electronic security. Depending on the type of breach this may include:

- Resetting passwords
- Disabling network access
- Recalling or deleting information
- Installing patches to resolve viruses or technology flaws
- Securing hardcopy files and electronic devices

After prompt collection of information, the Response Team will handle the breach according to the Data Breach Response Plan, starting with the initial breach investigation, assessing:

- a. Personal information the breach involves;
- b. Cause of the breach;
- c. Extent of the breach;
- d. Harms breach could potentially cause to affected persons; and
- e. How the breach can be contained.

Records will be kept relating to the initial investigation and ongoing breach response process with ongoing updates on key developments provided to management as necessary. Depending on the breach not all steps may be necessary, however all steps taken are to be documented.

2. Evaluate the risks associated with the breach

Watershed Dealer Services Pty Ltd will take steps to initiate the assessment, investigate by gathering relevant information and evaluate via an evidence-based decision about whether serious harm is likely.

Watershed Dealer Services Pty Ltd will also consider the need to respond to media inquiries and/or adopting a media strategy by an agreed upon spokesperson.

- Type of information
 - Personal and/or sensitive information?

- Does the type of information mean a greater risk of harm?
 - What individuals are affected?
- Context of information
 - For what purpose is the affected personal information held?
 - Who has gained unauthorised access to the information?
 - How could the information be used?
- Cause and extent of breach
 - How many individuals are affected by the breach?
 - Is there a risk of further exposure or ongoing breaches?
 - Is there evidence of theft?
 - Is the information encrypted or otherwise protected from unauthorised access?
 - How did the breach occur? (may be lower risk if accidental)
 - Has the information been recovered?
 - What remedial action has been taken to mitigate harm?
 - Is this an isolated incident or a systemic problem?
- Risk of harm to the affected individuals – *refer Appendix 1: Assessing the Risk of Serious Harm*
 - What harm to individuals could result from the breach?
 - Who is the recipient of the information?
- Risk of other harms
 - Loss of trust o Damage to reputation
 - Legal liability

Where possible, Watershed Dealer Services Pty Ltd will take steps to reduce any potential harm to individuals. This may include recovering lost information prior to unauthorised access or changing passwords before unauthorised access can occur. If the remedial action taken is successful in making serious harm no longer likely, then notification is not required, and the response can progress to the final review stage.

Keep records of suspected breach, actions by management and the Response Team. Include steps taken to rectify the situation and decision made. A thorough evaluation of the risks will assist Watershed Dealer Services Pty Ltd to determine the course of action to take.

3. **Notification**

Where serious harm is likely, an entity must prepare a statement for the Commissioner and notify affected individuals notifying them of the contents of this statement.

Statement Notifying Commissioner

When Watershed Dealer Services Pty Ltd becomes aware of an eligible data breach as soon as practically possible they will:

- Prepare a statement
- Provide a copy to the Commissioner

Statement to address:

- The identity and contact details of the entity
- A description of the eligible data breach that the entity has reasonable grounds to believe has happened
- The kind or kinds of information concerned; and
- Recommendations about the steps that individuals should take in response.

Note: Watershed Dealer Services Pty Ltd does not have to report all breaches. The obligation to notify the Commissioner or individuals is avoided where remedial action has been taken before unauthorised access, disclosure or loss result in harm.

Notification to Individuals

As soon as practical after the statement is prepared, using the usual means of communicating with individuals, the entity must notify and provide the prepared statement to:

- Each of the individuals to whom the information relates; or
- Each of the individuals who are at risk

-OR-

If, this is not possible:

- Publish a copy of the statement on the Licensee's website; and
- Take reasonable steps to publicise the contents of the statement.

4. **Review to prevent future breaches**

Review the incident and take action to prevent future breaches.

- Fully investigate the cause of the breach, including any internal weaknesses that enabled the breach to occur:
- Develop a plan to prevent similar breaches in future:
- Undertake audits to verify the plan has been implemented:
- Update the data security and response plans and update related policies and procedures as appropriate:

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- Provide enhanced staff training.

Appendix B

Assessment of Risk of Serious Harm

This NDB scheme includes a non-exhaustive list of ‘relevant matters’ that assists Watershed Dealer Services Pty Ltd to assess the likelihood of serious harm. These are set out in s26WG of the Privacy Amendment (Notifiable Data Breaches) Act 2017 as follows:

- the kind or kinds of information
- the sensitivity of the information
- whether the information is protected by one or more security measures
- if the information is protected by one or more security measures – the likelihood that any of those security measures could be overcome
- the persons, or the kinds of persons, who have obtained, or who could obtain, the information
- if a security technology or methodology:
 - was used in relation to the information, and;
 - was designed to make the information unintelligible or meaningless to persons who are not authorised to obtain the information
- the likelihood that the persons, or the kinds of persons, who:
 - have obtained, or who could obtain, the information, and;
 - have, or are likely to have, the intention of causing harm to any of the individuals to whom the information relates;
 - have obtained, or could obtain, information or knowledge required to circumvent the security technology or methodology
- the nature of the harm
- any other relevant matters.

In addition, s26WG provides the following information that may assist Watershed Dealer Services Pty Ltd in its assessment of the information involved in the breach, the circumstances of the breach and the nature of the harm can also assist in the assessment, as follows:

1. The type or types of personal information involved in the data breach

Some kinds of personal information may be more likely to cause an individual serious harm if compromised, for example:

- ‘sensitive information’, such as information about an individual’s health
- documents commonly used for identity fraud (including Medicare card, driver licence, and passport details)
- financial information

- a combination of types of personal information (rather than a single piece of personal information) that allows more to be known about the individuals the information is about.

2. Circumstances of the data breach

The specific circumstances of the data breach are relevant when assessing whether there is a risk of serious harm to an individual, for example:

- Whose personal information was involved in the breach?
- How many individuals were involved?
- Do the circumstances of the data breach affect the sensitivity of the personal information?
- How long has the information being accessible?
- Is the personal information adequately encrypted, anonymised, or otherwise not easily accessible?
- What parties have gained or may gain unauthorised access to the personal information?

3. The Nature of the Harm

It may be helpful for entities assessing the likelihood of harm to consider various scenarios that would result in serious harm and the likelihood of each, for example:

- identity theft
- significant financial loss by the individual
- threats to an individual's physical safety
- loss of business or employment opportunities
- humiliation, damage to reputation or relationships
- workplace or social bullying or marginalisation.



WATERSHED

Continuous Professional Development Policy

Watershed Group Pty Ltd
ABN: 29 162 693 272
AFSL: 436357

Obligation under the Corporations Act 2017

The *Corporations Act 2017* (the Act) requires that all individuals identified as a ‘relevant provider’ are required to meet the requirements for continuing professional development set by the Standards Body (s 921B(5)).

The Act requires the Standards Body to set requirements for continuing professional development in relation to each CPD year of a financial services licensee (s 921U(2)(iv)).

Additionally, it is an obligation under the FASEA Code of Ethics that:

Standard 10: *You must develop, maintain and apply a high level of relevant knowledge and skills.*

Provisional Relevant Provider

The Act does not require a provisional relevant provider to meet the continuing professional development standard (s 921D(2)(a)).

The provisional relevant providers will be engaged in training and education requirements as part of achieving relevant provider status.

Obligation under the Tax Agent Services Act 2009

It is a condition of Tax Agent Services Act 2009 (s20-5)(d) in the case of a renewal of registration— the individual has completed continuing professional education that meets the Board’s requirements.

Commitment

Watershed Group Pty Ltd’s CPD policy is relevant to the business’s strategic context and its goals, objectives and the nature of its business. Management is committed to this process and will ensure that this policy is understood, implemented and maintained at all levels of the organisation.

Responsibility

The Responsible Manager is responsible for ensuring that the CPD Policy processes and procedures of **Watershed** are adequate and meet the requirements The Act.

Overall approach to CPD

The principal objective of **Watershed**’s Continuing Professional Development (CPD) policy (“CPD policy”) is to outline a framework for the continuing professional development of its ‘relevant

providers'. The **Watershed** CPD policy outlines the policy aim, requirements for compliance, types of CPD activities and monitoring and administration of the CPD program.

Watershed CPD Policy Aim.

Watershed believes that CPD is an important foundation of lifelong learning and helps financial services professionals to maintain their competence in this field. Having this CPD policy aims to enable 'relevant providers' to maintain, improve and broaden their professional knowledge, expertise and competence to meet their obligations to provide ethical, effective and competent service to **Watershed** and their clients.

Watershed CPD Responsibilities

Watershed will support its 'relevant providers' in their undertaking of CPD to maintain competence at a level appropriate for the professional services (including financial product advice) that the 'relevant providers' provides.

Watershed will ensure it is satisfied that their 'relevant providers' knowledge and skills are up to date.

Watershed will set the requirements for those returning after a 2 year or more career break to ensure they will upskill with the latest regulatory and licensee requirements as soon as practicable once they return.

In authorising 'relevant providers' who have recently completed their Professional Year, given the extent of training undertaken during the Professional Year, **Watershed** will pro-rata the CPD hours for the period between completion of the Professional Year and the end of the licensees CPD year.

Watershed FASEA CPD Requirements (40 hours per year)

FASEA CPD categories

The competencies expected to be demonstrated for ongoing professional practice are:

- Technical competence: acting as a technically proficient professional
- Client care and practice: acting as a client centric practitioner
- Regulatory compliance and consumer protection: acting as a legally compliant practitioner
- Professionalism and Ethics: acting as an ethical professional

These competencies align with the **Watershed** outcomes expected of qualifying practitioners and the work and training standard. These requirements will provide the full range of developing an expert practice in financial advice. These will include as high-level competencies such as demonstrating capabilities in critical thinking, critical self-reflection and ensuring professional behaviours, vital skills are required to be developed. The table below addresses these skills by reference to CPD categories with minimum hours per year for each category. The balance up to 40 hours must consist of qualifying CPD from these categories or other selected by the Adviser or **Watershed**.

CPD Category		Minimum CPD Hours Per year
1	Technical Competence	5
2	Client Care and Practice	5

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3	Regulatory Compliance and Consumer Protection	5
4	Professionalism and Ethics	9

Watershed agrees that the following types of learning are options that may be considered by a 'relevant provider' in terms of the FASEA CPD that the 'relevant provider' undertakes:

1. Formal relevant education (provided by an Education Provider) may contribute to the FASEA CPD requirement including degree equivalent study to meet legislative requirements (such as bridging courses and approved degree studies) and any formal study towards other qualifications and designations relevant to the practice of the 'Relevant Provider', to a maximum of 30 CPD hours per year.
2. Non-formal education including:
 - a. Education for the purposes of achieving a relevant professional designation (e.g. CFP, FChFP, etc)
 - b. Education for the purposes of meeting requirements in specific financial advice provisions (e.g. Stockbroking, SMSF, Aged Care, etc.)
 - c. Education for the purposes of accreditation in specific forms of financial products relevant to licensing arrangements (e.g. Credit)
3. Other CPD as approved by the Licensee:
 - a. Sessions/Workshops such as conferences, PD days, update sessions, which are relevant to financial advice – approved CPD
 - b. Professional or Technical Reading to a maximum of 4 hours – approved CPD

Watershed believes that education that is measurable, appropriately assessed and leads to further qualification outcomes for participants is preferred as it more likely provides structured and independent results for the participants work and training needs.

Watershed TASA CPD Requirements (20 hours per year)

Watershed agrees that a 'relevant provider' who is registered as a tax (financial) adviser must complete a **minimum of 60 hours of CPD** within a standard three-year registration period, with a minimum of seven hours each year.

Watershed agrees that a 'relevant provider' who has a special condition attached to their registration (ie illness, disability, financial or other hardship) must complete a **minimum of 45 hours** of CPD within a standard three-year registration period, with a minimum of five hours each year.

Watershed agrees that a 'relevant provider' with a registration period is other than three years, must complete CPE on a pro-rata basis.

Watershed agrees that the following types of learning are options that may be considered by a 'relevant provider' in terms of the CPD that the 'relevant provider' undertakes and understand that

the 'relevant provider' should use professional judgement when selecting the relevant CPD activities to undertake:

CPD activities considered appropriate under this CPD policy include:

- seminars, workshops, webinars, courses and lectures
- structured conferences and discussion groups (including by phone or video conference)
- tertiary courses provided by universities, registered training organisations (RTOs), other registered higher education institutions or other approved course providers
- other education activities, provided by an appropriate organisation
- research, writing and presentation by a registered tax (financial) adviser, tax or BAS agent of technical publications or structured training
- peer review of research and writing submitted for publication or presentation in structured training
- computer/internet-assisted courses, audiotape or videotape packages
- attendance at structured in-house training on tax related subjects by persons or organisations with suitable qualifications and/or practical experience in the subject area covered
- attendance at appropriate Australian Taxation Office (ATO) seminars and presentations
- relevant CPD activities provided to members and non-members by a recognised professional association
- a unit of study or other CPE activity on the *Tax Agent Services Act 2009* (TASA) including the Code of Professional Conduct (Code).
- Cyber security awareness training assisting tax practitioners to protect themselves from a cyber-attack and will count towards your CPE.

No more than 25 per cent of CPE should be undertaken through relevant technical or professional reading.

Watershed Approach to CPD plans created for Relevant Providers.

Each 'relevant provider' within **Watershed** will be issued with a CPD plan that will set out the requirements for their CPD in the coming year. It will be incumbent on each 'relevant provider' to complete their intentions for their CPD and ensure that their plan has been signed off by a director of **Watershed**. It is the responsibility of each 'relevant provider' to accurately log the types, category and duration of CPD activities undertaken. The logs must be in a format that can be readily transferred to a master log for **Watershed** to provide for auditing.

Appropriate CPD Activities

Watershed will monitor and vet all CPD activities and providers to ensure that they are provided by persons and/or entities that are appropriate (with accredited standing, expertise and academic

qualifications and practical expertise as appropriate). Any activities found to be non-compliant will be removed from the 'relevant providers' CPD logs

- Approach for those affected by extenuating circumstances such as medical, disability or parental leave;
- Approach for existing 'relevant providers' moving licensees
- Approach for 'relevant providers' who have recently completed their Professional Year
- Approach for 'relevant providers' working part-time;
- Approach to evidencing outcomes of CPD;
- Approach to record keeping; and
- Approach to auditing compliance with the policy.

