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9 July 2021

DASS signs conditional Heads of Agreement with ASIC to settle litigation

ASX Announcement

E&P Financial Group Limited (**EP1** or **Company**) announces that its wholly owned subsidiary, Dixon Advisory & Superannuation Services Pty Ltd (**DASS**), has entered into a heads of agreement with ASIC to resolve the legal proceedings commenced by ASIC against DASS in the Federal Court of Australia on 4 September 2020 (Proceeding No. VID 595 of 2020).

The heads of agreement follows Court-ordered mediation between DASS and ASIC. The terms of the agreement are subject to the approval of the Court, and the completion of steps set out below.

Under the heads of agreement:

- DASS agrees to pay to the Commonwealth a pecuniary penalty of $7.2 million which may be paid in 2 equal instalments on 31 December 2021 and 31 March 2022 if the Court makes final orders in the legal proceedings before 1 November 2021;
- DASS agrees to pay ASIC's legal costs of its investigation and the legal proceedings agreed at $1 million, which may also be paid in 2 equal instalments on 31 December 2021 and 31 March 2022;
- the parties consent to the making of declarations by the Court to the effect that DASS contravened section 961K(2) of the Corporations Act in the period 6 October 2015 to 31 May 2019 on a total of 53 occasions in relation to personal advice provided by its representatives in contravention of:
    - section 961B of the Corporations Act by not acting in the best interests of the client in relation to the advice; and/or
    - section 961G of the Corporations Act, by providing advice in circumstances where it was not reasonable to conclude that the advice was appropriate to the client, had the representative satisfied the duty under section 961B to act in the best interests of the client,

      in respect of the following classes of securities of US Masters Residential Property Fund (ASX: URF):
        - URF Converting Preference Units;
        - URF Notes II; and
        - URF Notes III; and
- ASIC agrees to seek no further declarations of contravention in the proceedings;
- the parties consent to the making of orders by the Court pursuant to section 1101B(1) of the Corporations Act requiring DASS, within such time and in such manner as the Court thinks fit, to:
    - have in place appropriate systems, policies and procedures to ensure that its representatives comply with sections 961B and 961G of the Corporations Act; and
    - provide ASIC with a written report of an independent expert confirming DASS's compliance with the previous point.

In order to give effect to the heads of agreement, the parties agree to complete certain steps within specified time frames including the parties negotiating and agreeing in good faith in an expeditious manner:

- a Final Admissions Schedule in respect of the personal advice constituting the admitted contraventions;
- a Statement of Agreed Facts; and
- joint submissions to the Court.

If the Final Admissions Schedule is not agreed between the parties, in around August 2021, ASIC will notify DASS that the heads of agreement is terminated. The parties agree to maintain the trial date for the legal proceedings as a contested matter until ASIC notifies DASS that it agrees to the Final Admissions Schedule.

Subject to that agreement, and finalising a Statement of Agreed Facts and written submissions, a date for the hearing will be sought from and fixed by the Federal Court.

The Board of EP1 views this as an important step towards resolving the legal proceeding between ASIC and DASS. The Board wishes to make it clear that extensive management and governance changes have occurred across the Group over the last two years to ensure that DASS acts in its clients' best interests at all times. The Company has already commissioned its own external independent review of governance practices and implemented all resulting recommendations. The Board looks forward to sharing the results of the further independent compliance review of DASS with ASIC in due course and to implementing any further appropriate advice protocols which it identifies.

This announcement has been authorised for release by the Board of E&P Financial Group Limited.

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About E&P Financial Group Limited

E&P Financial Group is an Australian Securities Exchange listed financial services group. In E&P Wealth we service approximately 9,200 clients, representing $21.7 billion in funds under advice. In E&P Capital we are an advisor to many leading Australian institutions through the provision of research, institutional sales and trading, corporate advisory, equity capital market and debt capital market services. In E&P Funds, we manage $6.6 billion of assets across a diverse range of asset classes.

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