

12 November 2009

2009 Practice Option Prospectus

DKN Financial Group Limited (DKN) is pleased to advise the issue of the 2009 Practice Option Prospectus.

The Prospectus is an offer of up to 3 million Options to practices associated with the DKN Group. Each Option is potentially exercisable from 30 September 2012 until 30 September 2013 at an exercise price which is at least 25% in excess of the price of the shares of the Company on the day of issue.

A copy of the Prospectus containing the terms and conditions of the Options is attached.

For further details please contact:

Derek Russell
Company Secretary
(03) 9667 0700



Financial Group

DKN FINANCIAL GROUP LIMITED

ACN 008 112 150

2009 PRACTICE OPTION PROSPECTUS

An offer of Options to Practices at Nil Consideration.

**Each Option is potentially exercisable from
30 September 2012 until 30 September 2013**

Important Information

This Prospectus contains important information for you and requires your immediate attention.

It should be read in its entirety. If you have any questions as to its contents or the course you should follow, please consult your stockbroker, accountant, solicitor or other professional adviser immediately.

No application monies are payable on the issue of the 2009 Practice Options.



Level 41, 120 Collins Street
Melbourne VIC 3000
Tel: +61 3 9667 0700
Fax: +61 3 9667 0799

Website: www.dkn.com.au

11 November 2009

Dear practice

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

DKN Financial Group Limited (DKN) is pleased to be able to offer you the opportunity to participate in the issue of the 2009 Practice Options.

These Options are being offered by DKN to practices we consider to have complied with the following criteria:

- the practice is a client of the DKN Group;
- it is culturally aligned to the DKN Group by reflecting our values; and
- it has demonstrated appropriate compliance standards.

The Options are designed to retain and build strong loyalty with practices into the future and ensure the ongoing support of the DKN profit drivers.

The terms attaching to the Options and the resultant disclosure requirements are set out in this Prospectus. I recommend you read the Prospectus before applying for Options. If there are any questions arising from this document please contact either myself or Derek Russell, DKN Company Secretary.

We look forward to continuing with a long and mutually beneficial relationship.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Phil Butterworth', with a long, sweeping horizontal stroke extending to the right.

Phil Butterworth
Chief Executive Officer

1. The Issue

This Prospectus is for the offer to entities of practices of 2009 Practice Options (**Options**) at nil consideration. Each Option is potentially exercisable from 30 September 2012 until 30 September 2013 at a price which is at least 25% in excess of the price of the shares of the Company on the day of issue. Holders will be notified of the exercise price by the Company.

The application form accompanying this Prospectus should be completed in accordance with the instructions contained on it. This sets out the maximum amount of Options you can apply for. You should carefully read this Prospectus and the application lodgement instructions before applying for Options.

If you wish to apply, you must complete and send the application form so that it is received by the Company by 20 November 2009. No payment is required to apply. Please use the enclosed envelope, and note that a stamp need not be affixed.

Options are expected to be allotted by 9 December 2009 with the issue of holding statements to follow.

2. Option Terms

Each Option is issued on the following terms:

1. Options will only be issued to entities (each a **Holder**) that operate the underlying practice (**Practice**) which is being rewarded.
2. If prior to 30 September 2012, any of the following are not satisfied (as determined by the Board in its discretion whose decision is final and binding in the absence of manifest error) all Options held by a Holder will lapse:
 - (a) the Practice ceases to be associated with the Company;
 - (b) the Practice ceases to be culturally aligned to the Company; or
 - (c) the Practice ceases to comply with their Australian Financial Services Licence obligations.
3. Subject to these Terms, each Option is exercisable by the Holder at any time from 30 September 2012 until its expiry on 30 September 2013 and any Options not exercised by then will lapse.
4. If:
 - (a) a takeover bid within the meaning of the Corporations Act is made for the Company and the bidder becomes entitled to become the registered holder of at least 90% of the ordinary shares during the bid period, then the Options whether vested or unvested are exercisable by the end of the bid period and any Options not exercised by that date will lapse; and
 - (b) a court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with another entity, the effect of which is that a person will become entitled to not less than 50% of all of the shares in the Company, the Options whether vested or unvested are exercisable by the end of 30 days from that date and any Options not exercisable will lapse.
5. A Holder may exercise all of the Options (and not some of them) by giving a notice in writing to the Company together with payment of the exercise price.

6. The exercise price for each Option will be set at a price which is at least 25% in excess of the closing price of the ordinary shares of the Company as quoted on the ASX on the day of issue of the Option. Holders will be notified of the exercise price by the Company immediately following the issue of the Options.
7. On receipt by the Company of the notice of exercise and payment of the exercise price, the Company must within 10 business days allot to the holder 1 ordinary share in respect of each Option exercised and dispatch the relevant acknowledgement of issue as soon as is reasonably practicable and (assuming that the Company is listed on ASX at that time) shall apply for the shares to be listed on ASX.
8. Shares issued by the Company on the exercise of Options will rank equally in all respects with the then issued ordinary fully paid shares in the capital of the Company and will be subject to the provisions of the Constitution of the Company.
9. In the event of a bonus issue of shares by the Company, the exercise price for each Option will be adjusted in accordance with the ASX Listing Rules applying at that time.
10. If any reorganisation (including reconstruction, consolidation, subdivision, reduction, return or cancellation) of the issued capital of the Company occurs, the number of Options to which the holder is entitled or the exercise price or both must be reorganised to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation at that time.
11. An Option does not confer the right to participate in issues of capital offered to holders of shares during the currency of the Options without first exercising the Options. However the Company will ensure for the purposes of determining entitlements to any such issue that the books closing date will be set in accordance with the relevant timetable of the ASX Listing Rules which will give the Holder the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such new issue.
12. The Options will not be listed on the ASX and may not be assigned or transferred without the express written approval of the Board.
13. The Options do not provide any entitlement to dividends.
14. The Options do not entitle the Holder to vote at any meeting of shareholders.

3. Prospectus for an offer of options to acquire continuously quoted securities.

This Prospectus is issued pursuant to section 713 of the Corporations Act, the Company is a disclosing entity and hence is subject to regular reporting and continuous disclosure obligations. Information that is already in the public domain as a consequence has not been (and is not required to be) included in this Prospectus. Copies of documents lodged with ASIC by or in relation to the Company may be obtained from or inspected at an ASIC office. The Company will provide a copy of each of the following documents free of charge to any person who requests them during the application period for this Prospectus:

- the annual financial report of the Company for the year ended 30 June 2009; and
- any other continuous disclosure notices given by the Company to ASX after 7 October 2009 being the date of lodgement with ASIC of the Company's 2009 annual financial report and before the lodgement of the copy of this Prospectus with ASIC, namely:

Date	Description of Announcement
4 November 2009	Change of Director's Interest Notice
9 November 2009	Chairman's Address to 2009 Annual General Meeting
9 November 2009	Result of 2009 Annual General Meeting

4. Capital Structure

As at the date of this Prospectus, the Company has on issue:

- 141,981,621 Shares;
- 2,946,000 options exercisable at various exercise prices expiring on various dates; and
- 2,250,000 DKN Performance Rights convertible to Shares on a 1:1 basis subject to achievement of certain performance hurdles from March 2010 to March 2011.

The effect of the Issue would be to increase the number of options currently on issue in the Company by up to 3,000,000 Options, the allocation of which is a matter of the Company's discretion. The issue will not of itself raise any cash for the Company.

Refer to section 9 in relation to the proposed issue of 1,000,000 options. Also the Company is inviting employees to subscribe for in aggregate up to a maximum of 4,190,000 options on similar terms.

5. Exercise of Options

Options are potentially exercisable from 30 September 2012 until 30 September 2013. The circumstances of the Company will change at the time of exercise as compared to the date of this Prospectus. Prior to the exercise of Options, holders should make an informed assessment of the merits of doing so. Assuming the Company is listed on ASX at that time, information regarding the Company would be publicly available from ASX's website (www.asx.com.au) as well as from the Company's website at www.dkn.com.au.

6. Rights and liabilities attaching to the Company's Shares

If you exercise your Options you will be issued with Shares in the Company. A shareholding in the Company is held subject to its Constitution which is similar to those of other publicly listed companies and which states that the ASX Listing Rules prevail in the event of any inconsistency. In particular, Shareholders are entitled to receive notices of and attend and vote at general meetings where they have one vote on a show of hands and one vote per ordinary share on a poll. Subject to the Constitution, the Corporations Act and the ASX Listing Rules, Shares are freely transferable. Dividends are payable to Shareholders in proportion to the Shares held by them respectively. In a winding up, the liquidator may with the sanction of a special resolution of Shareholders divide the assets of the Company amongst the Shareholders and may determine how the division shall be carried out as between them. The Constitution may be inspected at the registered office of the Company.

7. Taxation

The potential tax effects relating to the issue of Options and any Shares issued on exercise will vary from person to person. You should satisfy yourself of possible tax consequences by consulting your own professional tax adviser.

8. Other Information

This Prospectus is dated 11 November 2009 and was lodged with the Australian Securities and Investments Commission (ASIC) on that date. ASIC takes no responsibility for the contents of this Prospectus. No Options will be allotted on the basis of the Prospectus later than 13 months after the date of issue of this Prospectus.

9. Directors Interests

Name of Director	Cash remuneration including superannuation		Securities Held
	Year ending 30 June 2009	Year ending 30 June 2008	
Mr Rob Hunwick	\$155,769	\$206,310	1,255,873 Shares
Mr Phil Butterworth*	\$631,003	\$804,288	723,220 Shares 710,000 options exercisable on or before 10 November 2010 at \$1.40
Mr Chris Kelaher	\$62,308	\$56,307	480,000 Shares
Mr Peter Dunn	\$62,307	\$56,037	1,834,514 Shares
Mr Chris Powell	\$60,000	\$31,250	Nil
Mr Greg Della	\$32,500	N/A	Nil
Mr Ken Wright	\$75,000	\$40,625	12,655 Shares

* Shareholders of the Company have approved the issue of 1,000,000 options to Mr Butterworth exercisable four years after the date of issue at a price which is at least a 20% premium to the Company's share price on the date of issue.

Options will not be issued to any Directors or their associates.

10. Disclosure Requirements

Practices have various disclosure obligations relating to the receipt of Options. Details of the disclosures are set out in the **Annexure**. Disclosure details may change from time to time, and the Company may advise Practices of any such changes from time to time. The responsibility for complying with disclosure obligations is that of the Practice.

11. Directors' Authorisation and Consent

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors. Each of the Directors has given, and has not withdrawn, before the date of this Prospectus, his consent to the lodgement of this Prospectus with ASIC.



Rob Hunwick
Chairman



Phil Butterworth
Chief Executive Officer

Annexure Disclosure Requirements (refer to Section 10)

- **Lonsdale Financial Group Limited (Lonsdale) Corporate Authorised Representatives Financial Services Guide**

Insert under heading “Do any relationships or associations exist which may influence the financial advice we provide?” and add as a fourth bullet, after the first three bullets:

The Corporate Authorised Representative entity (the Entity) described in the Adviser Profile may receive share options in DKN based on the Entity’s contributions to DKN’s revenue, as well as its cultural alignment to DKN. As such, the Entity’s shareholders will benefit if it receives DKN options and exercises them. The number and value of these options, if offered, are at DKN’s discretion and will be determined in part by the level of DKN’s profit. More detail will be provided upon your request, or in an SOA, if relevant.

- **DKN Financial Group Limited (DKN) Associate Licensee Financial Services Guide**

In your FSG, you will already have a statement that explains your relationship with DKN and Wrap Account Limited, because you have an agreement with DKN relating to use of the wrap platform owned by Wrap Account Limited. There will also be disclosure if DKN has a shareholding in your practice. The disclosure will look something like this: “We have a support agreement in place with DKN Financial Group Limited (DKN). DKN is listed on the Australian Stock Exchange. Wrap Account Limited (Wrap) is a wholly owned subsidiary of DKN. Wrap may benefit from any of its products that we include on our Approved Product List and recommend to clients. DKN, as the sole shareholder in both Wrap may benefit from any profits either Wrap or we earn.”

If you don’t have a paragraph like that, you will need to disclose your relationship, and explain who DKN is.

After that disclosure, you should insert the following paragraph:

We may receive share options in DKN based on our contributions to DKN’s revenue, as well as our cultural alignment to DKN. As such, our shareholders will benefit if we receive DKN options and exercise them. The number and value of these options, if offered, are at DKN’s discretion and will be determined in part by the level of DKN’s profit. More detail will be provided upon your request, or in an SOA, if relevant.

- **Lonsdale Financial Group Limited Corporate Authorised Representative Statements of Advice**

If you recommend that the client invest in a product offered by Wrap Account Limited (e.g. the badged BT Wrap), then, after all the existing text under the subheading:

“INCLUDE BELOW IF BT WRAP OR WRAP PRODUCTS RECOMMENDED”

which appears under the heading “Other factors that may affect our advice” you must add the following sentence:

Our business (not the adviser) may receive share options in DKN, based on the level of our contribution to DKN’s revenue, as well as our cultural alignment to DKN (including compliance practices and professionalism). As such, our shareholders will benefit if we receive DKN options and exercise them. The number and value of these options, if issued, is at DKN’s discretion and will be determined in part by the level of DKN’s profit, and our contribution to that profit. Investing your funds via the BT Wrap contributes to DKN’s revenue, because Wrap Account Limited, which is owned by DKN, as explained above, receives a fee for distributing the BT Wrap and so it may entitle our business to receive DKN options or increasing the value of those options.

- **DKN Financial Group Limited Associate Licensee Statement of Advice**

If you recommend an SOA that the client invest in a product offered by Wrap Account Limited (e.g. the badged BT Wrap), then you will have included in your SOA an explanation of your relationship with DKN, and the fact that it wholly owns Wrap Account Limited, which offers the BT Wrap. After this explanation, you must add the following sentence:

Our business (not the adviser) may receive share options in DKN, based on the level of the our contribution to DKN's revenue, as well as our cultural alignment to DKN (including compliance practices and professionalism). As such, our shareholders will benefit if we receive DKN options and exercise them. The number and value of these options, if issued, is at DKN's discretion and will be determined in part by the level of DKN's profit, and our contribution to that profit. Investing your funds via the BT wrap contributes to DKN's revenue, because Wrap Account Limited, which is owned by DKN, as explained above, receives a fee for distributing the BT Wrap, and so it may entitle our business to receive DKN options or increasing the value of those options.



DKN FINANCIAL GROUP LIMITED
ACN 008 112 150

2009 Practice Options
APPLICATION FORM

[to be personalised with name and address of Holder and state entitlement]

The person named above hereby applies for the maximum entitlement of 2009 Practice Options as set out above.

(If you wish to alter the name of the applicant or to apply for a lesser number of Options please contact the Company Secretary by email at drussell@dkn.com.au)

By completing and lodging this Application Form, I/we agree that this application for 2009 Practice Options is made upon and subject to the terms of the 2009 Practice Option Prospectus and the Constitution of DKN Financial Group Limited and agree to accept such number of 2009 Practice Options as applied for.

..... / /2009 (Signature and date)

.....(Print name on behalf of the applicant)

This Application Form must be received by DKN Financial Group Limited by no later than **20 November 2009**. No application moneys are payable on the issue of the 2009 Practice Options. Please use the enclosed self-addressed envelope for which no stamp is required.

You should read the 2009 Practice Option Prospectus carefully before completing this Application Form. If you have any questions regarding this Application Form, please consult your stockbroker, accountant, solicitor or other professional adviser immediately.