

Alexandra Pigdon
ASX Markets Supervision Pty Ltd
Level 4, North Tower
525 Collins Street
Melbourne VIC 3000

4 April 2012

By email

Dear Alexandra

Bell Financial Group Ltd (BFG or the Company)

Thank you for your letter of 30 March 2012.

Your letter raises questions about the Company's compliance with two of the ASX Corporate Governance Principles and Recommendations, which we address as follows.

1. Recommendation 3.3

As noted in the Company's 2011 Annual Report, BFG is committed to employing people on the basis of the "best fit" for the job, based on relative ability, performance or potential. The Annual Report referred to the Company's Diversity Policy, which at section 2 sets out a number of commitments, as well as other objectives (for example in section 3 in relation to the appointment process for directors and senior executives). In view of the size and structure of BFG, as well as its workforce mix, the Company considers that a number of those commitments are measurable objectives. As such, the Board will be able to report on them.

2. Recommendation 3.4

Section 5.4 of the 2011 Annual Report referred to the Company's Diversity Policy, which stated that as at the end of 2011 women comprised 31% of employees. The Annual Report contains all details of BFG directors. In view of the Company's approach to employing people on the basis of the "best fit" for the job and BFG's management structure, it was not considered that an assessment of the number of women in "senior executive positions" would assist shareholders in better understanding the decision-making processes of the Company.

The Company understands the importance of a consistently high standard of listed entities' disclosures about the corporate governance recommendations, a standard that BFG has met since listing. I trust that the explanations above satisfy the issues you have raised.

Yours sincerely



Paul Vine
General Counsel and Company Secretary

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30 March 2012

Paul Vine
Company Secretary
Bell Financial Group Limited
Level 29, 101 Collins Street
Melbourne VIC 3000

By Email

Dear Paul,

BELL FINANCIAL GROUP LIMITED (the "Company")

We refer to the corporate governance section of the Company's annual report for the year ended 31 December 2011 ("Annual Report") released to the market on 23 February 2012 and in particular to the reporting against principle 3 dealing with diversity.

Listing rule 4.10.3 requires that an entity include in its annual report:

"A statement disclosing the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed all of the recommendations the entity must identify those recommendations that have not been followed and give reasons for not following them. If a recommendation had been followed for only part of the period, the entity must state the period during which it had been followed."

Principle 3 of the 2010 amendments to the 2nd edition of the ASX Corporate Governance Principles and Recommendations states that Companies should actively promote ethical and responsible decision-making and that:

"Companies should publish their policy concerning diversity, or a summary of that policy, and disclose annually their measurable objectives for achieving gender diversity, their progress toward achieving those objectives and the proportion of women in the whole organisation, in senior management postings and on the board."

More specifically the following recommendations set out in more detail the requirements:-

Recommendation 3.2

"Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them."

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Recommendation 3.3

"Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them."

Recommendation 3.4

"Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board."

Recommendation 3.5

"Companies should provide the information indicated in the Guide to reporting on Principle 3."

The Listed Entities Updates dated 1 October 2010 and 7 February 2012, reminded listed entities of their obligation to report under the 2010 amendments to the 2nd edition of the ASX Corporate Governance Principles and Recommendations as set out above in their annual report for their first financial year commencing on or after 1 January 2011.

ASX Listings (ASXL) has reviewed the diversity policy disclosures in the annual reports of all entities. Upon our review of the Company's Annual Report, ASXL could not identify compliance with the following;

- (a) Recommendation 3.3 – measureable objectives for achieving gender diversity;
- (b) Recommendation 3.4 – disclosure **within** the annual report of the proportion of women employees in the whole organisation, senior executive positions and on the board;

And subject to our concerns regarding the above;

- (c) Recommendation 3.5 – explanation of any departure from the abovementioned recommendations.

ASXL attaches particular importance to encouraging a consistently high standard of listed entities' disclosures about the Council's corporate governance recommendations.

In light of the Company's non-disclosure in respect of the diversity recommendations in its Annual Report, ASXL requires that the Company make additional disclosure to the market in compliance with listing rule 4.10.3 about the extent to which the Company has followed or not followed each of the diversity recommendations of the Council.

The additional disclosure should be sent to me by e-mail at alexandra.pigdon@asx.com.au. It should not be sent to ASX Market Announcements. This is requested as soon as possible and, in any event, not later than **9.30am A.E.S.T. [on 13 April 2012]**.

Under listing rule 18.7A, a copy of this letter and the additional disclosure will be released to the market, so your response should be presented in a suitable form.

Should the Company fail to do so, ASXL may consider suspending the Company's securities from quotation until the Company releases to the market a diversity policy that discloses the required information.

If you have any queries about this letter, or about the Council's recommendations and the Company's reporting obligations in relation to those recommendations, please contact me immediately.

Yours sincerely,

[Sent electronically without signature]

Alexandra Pigdon
Adviser, Listings (Melbourne)