

Nominated Advisers

Eligibility Criteria and Framework For Making Applications





1. INTRODUCTION

This document sets out the Stock Exchange of Newcastle Limited's (the Exchange) requirements for applications from potential nominated advisers under its rules.

The responsibilities of a nominated adviser, which are owed solely to the Exchange, are:

- 1) to confirm to the Exchange in writing in such form as the Exchange may from time to time prescribe, that in relation to any application for admission to the official list of the Exchange by an issuer that:
 - a) the directors of the issuer have received advice and guidance (from the nominated adviser or other appropriate professional adviser) as to the nature of their responsibilities and obligations to ensure compliance with the Exchange rules;
 - b) to the best of the knowledge and belief of the nominated adviser, all relevant requirements of the Exchanges rules have been complied with;
- 2) that it will be available at all times to advise and guide the directors of the issuer as to their responsibilities and obligations to ensure compliance by the issuer on an ongoing basis with the Exchange's rules;
- 3) when it ceases to be the issuer's nominated adviser;
- 4) to provide to the Exchange such information in such form and within such time limits as the Exchange may require

The Principals used by the Exchange to establish the eligibility criteria for nominated advisers are designed to:

- 1) Preserve the reputation and integrity of the market
- 2) Promote high professional standards
- 3) Build the framework for nominated advisers around established and reputable organisations and not individuals
- 4) Seek a balance between experience and formal qualifications

A nominated adviser must be either a corporation or a partnership.



2. QUALIFICATIONS FOR APPROVAL

A nominated adviser must be:

- a Participating Organisation of the Exchange; or
- a firm of Certified Practising Accountants; or
- a firm of Chartered Accountants; or
- a firm of solicitors; or
- or an entity Licenced under the Corporations Law to carry on the business of either dealing in securities or investment advising.
- must have at least two responsible officers who have passed the Exchange's responsible officer's examination.
- satisfy the Exchange that it is competent to discharge the responsibilities of a nominated adviser
- undertake to the Exchange to accept the responsibilities of a nominated adviser and to discharge those responsibilities at all times to the satisfaction of the Exchange.



3. CRITERIA

The following minimum criteria need to be met by a nominated adviser in order to satisfy the Exchange that it is competent to fulfil this role. It is emphasised; however, that in assessing the suitability of an applicant to become a nominated adviser the Exchange's overriding consideration will be the preservation of the integrity or reputation of the market. The Exchange reserves the right at its absolute discretion to reject applications if it considers that the integrity and reputation of the market may be impaired notwithstanding that an applicant otherwise meets the minimum requirements.

Employment Of Staff With Relevant Qualifications And Experience

All professional staff, not only the responsible officers managing the nominated adviser engagement, are classed as "executive staff". Administrative, secretarial and support staff are excluded.

Any staff who are involved in an executive capacity in nominated adviser activities and who are not the responsible officers of that nominated adviser must work under the direct supervision of a responsible officer of the nominated adviser.

Nominated advisers must have appropriate controls and procedures to ensure that personnel involved in an executive capacity in nominated adviser activities do not act beyond their proper authority.

Nominated advisers must ensure that all staff not involved in an executive capacity in nominated adviser activities are supervised and managed by professional staff.

Sufficiency of Staff

Arrangements must be in place for a sufficient number of staff to be available to ensure that the nominated adviser responsibilities can be properly discharged at all times.

Nominated advisers must immediately inform the Exchange, in writing, of any responsible officers who leave their employ.

If at any time a nominated adviser has less than two responsible officers the Exchange must be informed without delay. In such circumstances the Exchange may decide to remove the nominated adviser from the register until such time as the position is rectified. A nominated adviser will be given written notice stating the reasons for removal and advised for the right of appeal to the Exchange Appeals Committee.

Independence

An application must give an undertaking not to act as nominated adviser for any organisation from which it is not independent.



Eligibility Criteria And Framework For Making Applications

The question of independence must be determined according to the circumstances of a particular case. However, the following rules apply generally:

- A nominated adviser may not control, be controlled by or be under the same control as the issuer. For this purpose, control will normally include the holding, directly or indirectly, of shares carrying 30 per cent or more of the voting rights of a company. However, if the relevant shareholding is 50 per cent or less, the Exchange may accept that the nominated adviser is independent provided that it is satisfied that no conflict of interest will arise. If the nominated adviser is in any doubt it must consult the Exchange.
- A normal business relationship between the issuer and another company or part of the nominated adviser's group (e.g., banking) will not usually bar a nominated adviser from acting. There are, however, relationships that would give the nominated adviser's group a material interest in the success of the flotation, new issue or other relevant transaction; such relationships may not be consistent with the independence undertaking and a nominated adviser should consult with the Exchange in such cases.
- A nominated adviser may be the auditor or the taxation adviser of the issuer.
- Any interest in the loan capital or the equity of the issuer held by the nominated adviser or an associate of the nominated adviser should be disclosed to the Exchange.

In the case of doubt, all relevant information should be disclosed.

Continuing Eligibility

If at any time the Exchange considers that the integrity or reputation of the market may be or may have been impaired as a result of the conduct or judgment of a nominated adviser the Exchange may remove the nominated adviser from the register of nominated advisers. The Exchange will review the register of nominated advisers annually. This review will consider the conduct of each nominated adviser during the past year. The nominated adviser will be given written notice of the intention to remove it from the register stating the reasons for removal and advising it of the right of appeal to the Exchange appeals Committee.

When considering the conduct of nominated advisers the paramount consideration will be the effect of such conduct on the integrity and reputation of the market but the Exchange may take into account any of the following matters:

- The conduct of companies for which the nominated adviser acts
- The conduct of the nominated adviser in its dealing with the Exchange, and
- Changes to the composition of the staff of the nominated adviser within the previous 12 months.



Annual Statement

Nominated advisers are required to provide an annual statement to the Exchange.

4. THE APPLICATION PROCESS

Applications to become a nominated adviser should be made to the Exchange using the relevant prescribed forms, these being:

Nominated Adviser Application Form

Nominated Adviser Responsible Officer Application Form for use when a nominated adviser applies and for individuals thereafter. Each individual who wishes to be appointed a Responsible Officer of a Nominated Adviser must complete Nominated Adviser Application Form before acting in that capacity and be approved by the Exchange.

All applicants will be required to nominate a person to act as the primary contact with the Exchange concerning the application.

Applicants will be expected to be cognisant of the relevant sections of the Exchange rules and the Corporations Law.

Applicants may be asked to attend for interview and/or to provide a further information during the assessment of their application by the Exchange.

If an application is to be refused, the applicant will be given written notice stating the reasons for rejection.

Register

A register of nominated advisers will be maintained by the Exchange and published on the Exchanges web site.

Designation

Nominated advisers may state on their business documentation that they are a 'Nominated Adviser registered with the 'Stock Exchange of Newcastle Limited'.



5. FEES

An application fee of \$2,750 will be charged.

Annual fees will be charged and will be payable on 1 July each year.

From 1 July 2000 the annual subscription will be \$1,100.

All of the above fees are GST inclusive.

Fees are non-refundable.

6. ADDITIONAL INFORMATION

Application Forms and Additional Information can be obtained from

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