Participants – Criteria for Admission

File Reference:
I:\Participants\Forms\NSX Participant Criteria for Admission_2004.doc

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Introduction

For a company to trade on the NSX they must apply to become a participant.

All Participants must review, understand and operate according to the NSX Business Rules. Participants may be affiliated, members or participants of other exchanges and must operate according to the rules of each to which they are a member.

Further information can be obtained from and all applications should be sent to:

Manager, Admissions
Stock Exchange of Newcastle Limited
PO BOX 283
Newcastle NSW 2300

Phone: +61 2 4929 6377
Fax: + 61 2 4929 1556
http://www.newsx.com.au

Participants Criteria (NSX Business Rule Part A Rule 10)

To be eligible for recognition as a participant of the Exchange, an applicant must be a corporation and must:

1. have a majority of directors who are residents of a state or Territory of Australia;

2. nominate and continue to have at all times at least two (2) responsible officers;

3. have voting shares which carry one vote per share and otherwise confer identical voting rights on each shareholder according to its shareholding;

4. satisfy the Exchange that:

    a. each director;

    b. each responsible officer;

    c. each person who is or would be a substantial shareholder within the meaning of part 6C of the Corporations Act, of the applicant or its holding company (as if that Part applied); and

    d. each person who is entitled to not less than 10% of the non-voting shares of the applicant or the holding company,

    is of good character and high business integrity and has undertaken to the Exchange and to the applicant to comply with and be bound by the Constitution and Rules of the Exchange in connection with the financial services business to be conducted as a participant by the applicant to allow compliance by the Applicant with those constitution and Rules to the extent necessary;

5. hold a licence which authorises the applicant to carry on the business of being a participant;

6. have the required financial resources to meet its obligations as a participant, by:

    a. submitting monthly surplus liquid funds reports to the Exchange Examining Accountant;

    b. satisfying the minimum financial resources required under Business Rule Part E rule 1.1; and

    c. satisfying any financial conditions imposed by the participant's licence and the Corporations Act.

7. have obtained all necessary approvals under the Foreign Acquisitions and Takeovers Act 1975 or the Foreign Investment Policy of Commonwealth Government, whether in respect of the applicant's participation on the Exchange or the holding of an interest in the applicant or as otherwise required;

8. have a constitution which contains provisions:

    a. requiring continued compliance by the applicant with the Exchange's constitution, Rules and regulations; and

    b. authorising the applicant, on its own initiative or at the request of the board, to obtain from its members any information which could be obtained if Part 6C of the Corporations Act applied to the applicant; and

c. satisfy the responsible officer requirements as set out below.

9. On 11 March 2004 those participants that are partnerships prior to this date automatically retain their status as participants.

More Information and Submission of Application:

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Responsible Officers – Criteria (NSX Business Rule Part A Rule 10A)

Each *responsible officer* must:

(a) be resident in Australia;

(b) be of good character;

(c) be capable of carrying out the obligations of a *responsible officer* efficiently, honestly and fairly;

(d) be a *representative* of a *participant* and have executive responsibility for the supervision and control of all or part of the business of being a *participant*;

(e) Either;

- have a full course industry qualification recognised by ASIC; and have the equivalent of three years relevant industry experience over the immediate past five years;

or

have one of the following qualifications:

- a university degree or equivalent in a financial discipline, economics, commerce, business, accounting or equivalent; or
- a university degree or equivalent in a discipline relevant to the duties you will be undertaking (e.g. geology, science or another technical qualification); or
- a recognised similar overseas qualification;

and

- have a short course industry qualification recognised by ASIC; and
- have the equivalent of three years relevant industry experience over the immediate past five years;

(f) undertake ongoing training which the *Exchange* or *ASIC* considers is appropriate;

(g) devote a substantial part of the working week to the business of a *responsible officer*, including, but not limited to, the business of a *participant* as a director, principal, partner, officer, employee or *representative*; and

(h) meet any other criteria set by the *Exchange* from time to time, in accordance with ASIC standards.

Schedule of Fees

Per Responsible Officer

No fees.

Per Participant

	Fee $	GST $	Total $
Application Fee (New participants only)	5,000	500	5,500
Annual Fee (1st July to 30 June, pro-rata)	2,000	200	2,200
Initial Contribution to Fidelity Fund **(New participants only)**	5,000	0	5,000
Annual Contribution to Fidelity Fund *	1,000	0	1,000

* NSX Fidelity Fund does not attract GST.

Trading Fees

	Fee $	GST $	Total $
NETS Trader Workstation Fee (Amount per organisation)	4,000	400	4,400
Trade Fee **	5	0.5	5.50

** Settlement fail fees are applicable.

Notes

1. Whilst the above fees and charges are correct at the date hereof, the Stock Exchange of Newcastle Limited reserves the right to alter the above fees and charges from time to time.
2. Waived fees are reviewed each financial year. The NSX reserves the right to activate these fees as the NSX deems appropriate.
3. For Fees to list securities please see the Listing Fees Practice note.
4. All application and annual fees are payable in advance.
5. Annual fees are calculated on a pro-rata basis.
6. Fees are not refundable
7. Settlement fail fees are applicable to trading. The fee is levied if there is a shortfall in the quantity of securities in a broker's settlement account. The current formula for calculation of fail fees is as follows.
   - 0.10% of the value of the shortfall on a broker's settlement account
   - The minimum fail fee is $50 per broker's settlement account; and
   - The maximum fail fee per broker's settlement holding is $2000.
   - A fail fee is levied on each business day that a shortfall persists. GST is applicable to fail fees.
8. Money contributed to the NSX Fidelity Fund is not refundable.