

# Business Rules

## Part A

### Participants And Responsible Officers



# TABLE OF CONTENTS

|                                                                                       |           |
|---------------------------------------------------------------------------------------|-----------|
| <b>PART A - PARTICIPANTS AND RESPONSIBLE OFFICERS</b>                                 | <b>3</b>  |
| 1. ADMISSION TO THE <i>EXCHANGE</i>                                                   | 3         |
| 2. NOTICE TO PARTICIPANTS                                                             | 3         |
| 3. RIGHT TO A HEARING                                                                 | 3         |
| 4. RIGHT TO APPEAL                                                                    | 4         |
| 5. CERTIFICATES OF RECOGNITION AS A <i>RESPONSIBLE OFFICER</i> OR <i>PARTICIPANT</i>  | 4         |
| 6. SURRENDER OF <i>PARTICIPANT/RESPONSIBLE OFFICER</i> STATUS                         | 5         |
| 7. TERMINATION OF RECOGNITION AS A <i>PARTICIPANT</i> OR <i>RESPONSIBLE OFFICER</i>   | 5         |
| 8. COMMON OWNERSHIP OF <i>PARTICIPANTS</i>                                            | 6         |
| 9. RECOGNISED AFFILIATES [DELETED SEE RULE 10A]                                       | 8         |
| 10. <i>PARTICIPANT</i>                                                                | 8         |
| 11. CHARACTER                                                                         | 11        |
| 12. APPLICATION FOR RECOGNITION AS A <i>PARTICIPANT</i> OR <i>RESPONSIBLE OFFICER</i> | 11        |
| 13. FEES AND LEVIES                                                                   | 11        |
| 14. ENFORCEMENT                                                                       | 12        |
| 15. AS A <i>PARTICIPANT</i>                                                           | 14        |
| 16. INFORMATION TO BE SUPPLIED TO THE <i>EXCHANGE</i>                                 | 14        |
| 17. <i>PARTICIPANT</i> CONSTITUTED AS A PARTNERSHIP                                   | 16        |
| 18. BUSINESS NAMES                                                                    | 16        |
| 19. BUSINESS OFFICES                                                                  | 16        |
| 20. CONTRACTS BETWEEN <i>PARTICIPANTS</i>                                             | 16        |
| 21. INSURANCE                                                                         | 16        |
| 22. EMPLOYEES OF <i>PARTICIPANT</i>                                                   | 17        |
| 23. ENSURING COMPLIANCE                                                               | 17        |
| 24. DEATH OF AN <i>RESPONSIBLE OFFICER</i> OR INSOLVENCY OF A <i>PARTICIPANT</i>      | 17        |
| 25. DISCIPLINING OF <i>PARTICIPANTS</i> AND <i>RESPONSIBLE OFFICERS</i>               | 18        |
| 26. PROHIBITED CONDUCT                                                                | 18        |
| 27. PENALTIES                                                                         | 19        |
| 28. SEPARATE OFFENCES                                                                 | 19        |
| 29. REASONS FOR DECISION                                                              | 20        |
| 30. NATURAL JUSTICE APPLIES                                                           | 20        |
| 31. JOINT AND SEVERAL LIABILITY                                                       | 20        |
| 32. RECORDING THE CHARGE                                                              | 20        |
| 33. APPEALS                                                                           | 21        |
| 34. LIMITED RIGHT TO INFORM                                                           | 22        |
| 35. PROCEDURES FOR APPEAL                                                             | 23        |
| 36. SUSPENSION OR EXPULSION                                                           | 25        |
| 37. DEFAULTING                                                                        | 26        |
| 38. RULES                                                                             | 27        |
| <b>PART A - INDEX</b>                                                                 | <b>29</b> |

## **PART A - PARTICIPANTS AND RESPONSIBLE OFFICERS**

### **1. Admission to the *Exchange***

- 1.1 An entity may only become a *participant* of the *Exchange* for the purposes of Chapter 7 of the *Corporations Act* if the entity satisfies the requirements set out in the *Rules*.
- 1.2 Subject to Part A *Rules* 3 and 4, the power to admit a person as a *responsible officer* or an entity as a *participant* or to terminate recognition as a *responsible officer* or *participant* is vested in the *board*.
- 1.3 Neither a *participant* nor a *responsible officer* shall share in any distribution of profits of the *Exchange* or in a distribution on a winding up or a reduction of the capital of the *Exchange* except to the extent that they are also a shareholder of the *Exchange*.
- 1.4 Neither a *participant* nor a *responsible officer* shall have any claim whatever on the property or funds of the *Exchange* except to the extent that they are also a shareholder of the *Exchange* in which case any claim on the property or funds of the *Exchange* would be as provided in the *Exchange's* constitution.
- 1.5 Neither a *participant* nor a *responsible officer* shall have any voting rights whatsoever except to the extent that they are also a shareholder of the *Exchange*.

### **2. Notice to participants**

- 2.1 Notice in writing of an application for trading status shall be issued to *participants* at least 10 days before the date on which the *board* considers the application. The notice shall include the names of all the proposed directors of the application. A *participant* who wishes to make a submission to the *board* relating to an application must lodge the submission in writing before the date on which the *board* considers the application.

### **3. Right to a hearing**

- 3.1 The *board* shall not reject an application for *participant* or *responsible officer* unless it first affords the applicant the opportunity to appear at a hearing before the *board* and make submissions to the *board* in relation to the application for *participant*.
- 3.2 A hearing conducted for the purposes of Rule 3.1 above shall be held in private, provided that the *board* may consider submissions or information received from any person and may give directions as to the persons who may be present at the hearing. Subject to disclosure to such employees of the *Exchange* or a related corporation as the *board* sees fit and disclosure for the purposes of any appeal and as otherwise provided in these *Rules* or by law, any evidence or material placed before the *board* or considered by it shall be kept confidential by the *board* and all participants in the hearing.

- 3.3 At a hearing conducted for the purposes of Rule 3.1 above an applicant and any other person authorised by the *board* may appear in person and make submissions and is entitled to be represented by an employee of the person or any other person approved by the *board* or by a barrister or solicitor of the Supreme Court of a State or Territory of Australia or of the High Court of Australia.
- 3.4 A hearing conducted for the purposes of Rule 3.1 above shall be conducted with as little formality and technicality and with as much expedition as a proper consideration of the matters before the *board* permits. The *board* may make a transcript of proceedings at a hearing.
- 3.5 The *board* shall make its decision free of bias and shall give the applicant a fair hearing and shall in all other respects observe the rules of natural justice.
- 3.6 Where the *board* rejects any applicant for *participant* it shall, within 30 days after the conclusion of the hearing, dispatch by registered mail to the applicant at the address of the applicant stated on the application the reasons in writing for the rejection of the application. The applicant shall be deemed to have received the reasons on the third day after dispatch.
- 3.7 The *board* shall determine an application within 6 months of receipt of the application.
- 3.8 An applicant shall meet its own expenses and costs incurred in connection with the determination of its application.

#### **4. Right to appeal**

- 4.1 A person whose application for recognition as a *responsible officer* or *participant* has been rejected by the *board* may appeal to an *appeal committee* established by the *Exchange* under Part A Rule 35. Notice of appeal setting out the grounds of appeal must be lodged with the secretary within 30 days after the reasons in writing for rejection of the application by the *board* are received under Part A Rule 3.6 by the person. The appeal shall be conducted in the manner provided by Part A Rule 35.
- 4.2 The decision of the *appeal committee* shall be final and binding upon the applicant and the *Exchange*.

#### **5. Certificates of Recognition as a *responsible officer* or *participant***

- 5.1 A certificate of recognition as a *responsible officer* or *participant* may be issued by the *board* to any *responsible officer* or *participant*. Such certificate shall remain the property of the *Exchange* and on demand in writing by the Secretary shall be returned to the *Exchange*. The *board* may institute proceedings for the recovery of any certificate retained by any person not being a *participant* of the *Exchange*.

## **6. Surrender of *participant/responsible officer* Status**

- 6.1 A *participant* or *responsible officer* may surrender its recognition as a *participant* or *responsible officer* by giving notice in writing to the *board*. The surrender shall not take effect until it is accepted by the *board*. The *board* shall not unreasonably refuse to accept a resignation.

## **7. Termination of Recognition as a *participant* or *responsible officer***

- 7.1 The *board* may request any *participant* or *responsible officer* who it has reason to think is no longer devoting a reasonable part of the working week to the business of a *participant* or *responsible officer* as a partner, officer, employee or consultant or does not hold any necessary licence pursuant to the *Corporations Act* or authorisation from a licensee, to show cause, by appearing before the *Board* or otherwise, why recognition as a *participant* or *responsible officer* should not cease. If, after considering the representations of the *participant* or *responsible officer*, the *board* resolves (not less than 3 *directors* concurring) that the *participant* or *responsible officer* is in the opinion of the *board* no longer devoting a substantial part of the working week to the business of a *participant* or *responsible officer* as a partner, officer, employee or *representative*, or does not hold any necessary licence under the *Corporations Act* or authorisation from a licensee and should therefore cease to be a *participant* or *responsible officer*, such *participant* or *responsible officer* shall, subject to Part A Rule 33, cease to be recognised as a *participant* or *responsible officer* from the time specified in the resolution.

- 7.2 If, at any time after the admission of an applicant as a *participant* or *responsible officer*, the *board* is satisfied that:

- (a) in the case of a *participant* - an officer or shareholder of the applicant; or
- (b) the case of a *responsible officer* - the applicant

made a wilful omission or miss-statement upon a material point prior to admission in or in connection with the application for admission that *participant* or *responsible officer* shall, subject to Part A Rules 29 and 33, on being given notice to that effect by the *board*, cease to be a *participant* or *responsible officer*.

- 7.3 If, at any time after recognition of a *participant* or *responsible officer*, the *board* is satisfied that the *participant* or *responsible officer* no longer complies with each of the requirements for recognition specified in the *Rules* unless the requirement was unconditionally waived as provided for in the *Rules* as a condition for recognition the *board* may, subject to Part A Rules 29 and 33 give notice to the *participant* or *responsible officer* that the *participant* or *responsible officer* no longer complies with the requirements

for recognition and shall cease to be a *participant* or *responsible officer* on the day specified in the notice.

7.4 A *participant* or *responsible officer* ceases to be a *participant* or *responsible officer* on:

- (a) resignation;
- (b) death;
- (c) becoming bankrupt or insolvent or making an arrangement or composition with creditors of the person's joint or separate estate generally;
- (d) becoming of unsound mind or a person whose person or estate is liable to be dealt with in any way under a law relating to mental health;
- (e) if a corporation, being dissolved or otherwise ceasing to exist, having a liquidator or provisional liquidator appointed to it, or being unable to pay its debts; or
- (f) the *board* terminates the *participant* or *responsible officer* recognition in accordance with these *Rules*.

## 8. Common Ownership of *participants*

8.1 Where one or more *participants* are associated with each other, as defined by this Rule, only one of them is entitled to attend *official meetings* of the *Exchange* conducted by means of the facility of the *Exchange*.

8.2 A *participant* is associated with another *participant* if:

- (a) an officer, employee or consultant of the *participant* is a director, employee, officer or consultant of the other *participant*, and that person's duties include trading or dealing in *securities*;
- (b) the immediate holding company of the *participant* is also a holding company of the other *participant*, and the immediate holding company holds a *licence* under the *Corporations Act* with the authorisations that entitle the immediate holding company to engage in the business of stockbroking as a *participant* of the *Exchange* or as a *participant* of any other *Exchange* licensed market within the meaning of the *Corporations Act*. For the purposes of this paragraph, "immediate holding company" means a company of which the *participant* is a subsidiary by virtue of Section 46(a) of the *Corporations Act*;
- (c) one *participant* is a *related body corporate* of the other *participant*, or a person is entitled to shares in two or more *participants* (unless one of the *participants* is a listed corporation and the

shares constitute less than 10% of the shares of that Corporation)  
if:

- (i) the *participant* does not carry on business in different premises to the other *participant*; or
- (ii) the *participant* has not obtained approval from the *Exchange* for its business name; or
- (d) the *participant* shares computer facilities with or allows its computer facilities to be linked with, that other *participant*, unless the proposed sharing or linkage is approved by the *Exchange*.

8.3 If a person is a *director* of more than one *participant* that person must:

- (a) nominate one *participant* as the primary *participant*, and notify the *Exchange* of the nomination; and
- (b) not request access to the records of orders received for the purchase or sale of securities by *participants* other than the primary *participant*, without the prior written approval of the *Exchange*.

8.4 The *Exchange* may, at its absolute discretion, require a *participant* to give an undertaking stating its compliance with Part A Rule 8.1 and/or 8.3.

8.5 If:

- (a) a *participant* is associated with another *participant* under the *Corporations Act*, but not under the definition of this Rule,

then:

- (b) an existing director, officer, employee or consultant of a *participant* must not hold any position in the abovementioned associated *participants* until either:
  - (i) the expiry of 20 *Business Days*, or
  - (ii) the approval of the *Exchange*

whichever is earlier.

## ELIGIBILITY FOR ADMISSION TO *EXCHANGE*

### 9. recognised affiliates [deleted see Rule 10A]

### 10. *participant*

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

- (a) have a majority of *directors* who are residents of a state or Territory of Australia;
- (b) nominate and continue to have at all times at least two (2) *responsible officers*;
- (c) have voting shares which carry one vote per *share* and otherwise confer identical voting rights on each shareholder according to its shareholding;
- (d) satisfy the *Exchange* that:
  - (i) each *director*;
  - (ii) each *responsible officer*;
  - (iii) 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
  - (iv) 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;

- (e) hold a *licence* which authorises the applicant to carry on the business of being a *participant*;
- (f) have the required financial resources to meet its obligations as a *participant*, by:
  - (i) submitting monthly surplus liquid funds reports to the *Exchange Examining Accountant*;
  - (ii) satisfying the minimum financial resources required under Part E rule 1.1; and



- (iii) satisfying any financial conditions imposed by the *participant's licence* and the *Corporations Act*.
  - (g) 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;
  - (h) have a constitution which contains provisions:
    - (i) requiring continued compliance by the applicant with the *Exchange's constitution, Rules and regulations*; and
    - (ii) 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
    - (iii) satisfy the *responsible officer* requirements at 10A below.
- 10.2 On 11 March 2004 those participants that are partnerships prior to this date automatically retain their status as participants.

## **10A Responsible Officers**

10A.1 Each *responsible officer* must be approved by the *Exchange*.

10A.2 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 (eg 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.

10A.3 Each *responsible officer* undertakes to the *Exchange* to cause the *participant* to comply with and be bound by the *rules*, directions, decisions, and requirements of the *Exchange*.

10A.4 A *participant* must have adequate management structures in place to ensure that each *responsible officer* has effective supervision and control over the business or the parts of the business that they are responsible for.

10A.5 Existing *participants* must have nominated, and have had approved by the *Exchange*, one or more *responsible officers* prior to 11 March 2004.

10A.6 On 11 March 2004, *recognised affiliates* who are *directors* of *participants* will automatically become the *responsible officers* for that *participant*, subject to approval by the *Exchange*.

## 11. Character

- 11.1 Without limiting the discretion of the *Exchange*, for the purpose of deciding a person's good character:
- (a) if a *person* is prohibited under the *Corporations Act* from being a *director* or promoter of, or being in any way concerned in or taking part in the management of, a corporation, that *person* is deemed not of good character; and
  - (b) any conviction of the applicant for any offence at any time (other than a traffic offence) and any adverse mention of the applicant at any time in a report made by or at the request of any government or governmental authority or agency will be taken into account.

## 12. Application for Recognition as a *participant* or *responsible officer*

- 12.1 An applicant for recognition as a *participant* or *responsible officer* must:
- (a) fill out an application in the form required by the *board*; and
  - (b) provide any additional information required by the *board*; and
  - (c) obtain, within three (3) months of admission, either:
    - (i) a *licence* under the *Corporations Act* entitling the applicant to engage in stockbroking; or
    - (ii) if the applicant is a *responsible officer*, be appointed a *representative* of an appropriate *licence* holder.
  - (d) provide a certificate of currency for the *participant's* professional indemnity insurance.
  - (e) a *participant* must be a corporation.

## 13. Fees and Levies

- 13.1 On or before recognition as a *participant* or *responsible officer* each *participant* or *responsible officer* shall pay to the *Exchange* the fee prescribed by the *board* from time to time.
- 13.2 In order to provide funds required for either the operation of the *Exchange* or the compensation arrangement prescribed by the *Corporations Act*, the *board* may determine the levies and the fees to be paid by *participants* and *responsible officers* and may fix the dates for payment thereof.

- 13.3 In determining levies under this Rule the *board* may differentiate between *participants* and *responsible officers* as to the amounts of levies. These fees are not refundable.
- 13.4 In determining fees under this Rule the *board* may:
- (a) determine a fee to be paid by the buying and selling *participants* on each transaction; and
  - (b) determine a fee to be paid by the buying and selling *participants* as a percentage of the total value of all buying and selling transactions in *securities* or in a specified class or classes of *securities*; and
  - (c) determine a fee to be paid in respect of the lodgement or late lodgement of any document required to be lodged with the *Exchange* pursuant to the *constitution, Rules and regulations of the Exchange*.

## 14. Enforcement

- 14.1 If any *responsible officer* or *participant* fails to pay any levy, fee, fine or any sum of money for which he or it is liable to the *Exchange* within one (1) month from the time when such levy, fee, fine or sum of money became payable, the amount of such levy, fee, fine or sum of money shall carry interest at the rate determined by the *board*, and the *board* may on seven (7) days' notice suspend the *participant* or the officers or partners of the *participant* or the *responsible officer* from all privileges of recognition until the said sum and interest is paid and he or they shall be reported forthwith to the *Exchange* as under suspension. If, after the expiry of 3 months of suspension, the said sum and interest thereon is still not paid the *board* may declare the *responsible officer*, the *participant* or the partners of the *participant* or any of them a defaulter.
- 14.2 Any moneys due to a *responsible officer* or *participant* or their legal personal representatives shall be applied by the *board* in or towards payment of such liabilities and claims of which the *board* shall have notice in the order and manner following:
- Firstly In repayment or satisfaction of any accountancy, legal or other costs charges and expenses which may have been incurred by the *Exchange* in relation to such *responsible officer* or any *participant* of which he may have been a *director*; and
  - Secondly In payment at the discretion of the *board* of any claims upon such *responsible officer* or *participant* which may be sanctioned by the *board*.
- 14.3 If any *responsible officer* or *participant* has been:
- (a) declared a defaulter; and/or

- (b) censured; and/or
- (c) fined, and/or
- (d) prohibited from trading; and/or
- (e) suspended; and/or
- (f) required to initiate or upgrade an education and compliance program; and/or
- (g) expelled; and/or
- (h) has ceased to be a *responsible officer or participant*,

the *board* may in its discretion make:

- (i) an announcement of the decision and the name of the *responsible officer or participant* concerned to other *participants* and may in its discretion decide in what form and manner the announcement should be made; and
- (ii) a public announcement of the decision in such form and manner as it thinks fit.

Where the *responsible officer* is a partner in a *participant*, the name of that *participant* may be specified in the announcement.

- 14.4 No action or other proceedings shall under any circumstances be maintainable by that person or *participant* referred to in such announcement against any person for publishing or circulating the same, and this Rule shall operate as leave to any person to publish and circulate such announcement, and shall be pleadable accordingly.

## REGULATION OF *PARTICIPANT'S* ACTIVITIES

### 15. As a *participant*

- 15.1 A *responsible officer* may either carry on business as a *participant* where the *responsible officer* is a partner in a partnership where three quarters or more of the partners are also *responsible officers* (or as close to three quarters as possible or as otherwise approved by the *Exchange*) or, as a *responsible officer* of a *participant* as determined in Part A Rules 10 and 10A.
- 15.2 [deleted]
- 15.3 A *participant* shall not carry on business as a *participant* in partnership with persons other than *participants*.
- 15.4 All *participants* and their *responsible officers* must comply with the Rules.
- 15.5 No *participant* shall carry on the business of being a *participant* unless they hold a *licence* under the *Corporations Act* which entitles the holder to engage in the business of being a *participant*.
- 15.6 A *participant* may only deal in the class or classes of financial products in which it is authorised to deal under its *licence*.
- 15.7 A *participant* may only deal, on the NSX, in the class or classes of financial products that the NSX is authorised to deal in under its *market licence*, being *equity securities*, *loan securities* and *managed investment schemes*.
- 15.8 A *participant* must not permit a person to do an act or engage in conduct associated with dealing in or providing advice on *securities* unless that person is a *representative* of the entity for the purposes of Chapter 7 of the *Corporations Act*.

### 16. Information to be Supplied to the *Exchange*

- 16.1 Each *participant* must supply such information to the *Exchange* as requested by the *Exchange* from time to time, including but not limited to:
- (a) providing to the *Exchange* a copy of each draft resolution, in which a *participant* proposes to make changes to its constitution together with details of the purpose of the proposed changes, at least 14 days prior to the notice convening the shareholder's general meeting is despatched;
  - (b) providing to the *Exchange* information obtained under Rule 10.1(g)(ii) when requested to do so by the *Exchange*;
  - (c)
    - (i) the formation of a new *participant*;

- (ii) the dissolution or alteration of a *participant*;
  - (iii) any issue (including the names of allottees) of *Securities* in a *participant*;
  - (iv) notifying the *Exchange* in writing of any change in shareholders by the next *business day*;
  - (v) for a *participant* admitted to the *Official List* this includes any change in the relevant interests in the voting shares of:
    - (A) a Substantial Shareholder; or
    - (B) an Associate of a Substantial Shareholder;
- (d) notifying the *Exchange* in writing by the next *business day* of any changes in their Directors;
- (e) notifying the *Exchange* 10 days before appointing a new *director* who is not a *responsible officer*;
- (f) immediately notifying the *Exchange* if one *participant* becomes associated with another *participant* as defined in the *Exchange's* Rules;
- (g) notifying the *Exchange* in writing by the next *business day* after which they have been advised by the Australian Securities and Investments Commission or its delegates or any other *person* authorised by the *Corporations Act*, of any action which may be taken against them;
- (h) providing the *Exchange* with copies of the *participant's* licence and notifying the *Exchange* of any alteration or variation of the licence conditions within 2 *business days* of receiving written notification of such alteration or variation; and
- (i) an *responsible officer* not in partnership for the purpose of stockbroking shall register with the *Exchange* the name and address of the *participant* with which that *responsible officer* is associated and using its office facilities. Such a *responsible officer* may be a *representative*, an employee, consultant or be associated with the *participant* in such other capacity as approved by the *board*.

## **17. *participant* constituted as a Partnership**

17.1 Unless the approval of the *board* has been obtained:

- (a) a *director*, officer or employee of a *participant* or its holding company; or
- (b) a *substantial shareholder* within the meaning of Part 6C of the *act* of a *participant* or its ultimate holding company,

must not be a partner in another *participant*.

17.2 A *person* with an interest in a partnership constituted by a *participant* must not have an interest in any other partnership constituted as a *participant* nor be entitled to shares in a *participant* unless it is not more than 10% of the shares in one or more listed *participants*.

## **18. Business Names**

18.1 A *participant* must obtain the approval of the *board* for any business name that a *participant* proposes to use to carry on business. The *board* may at any time, and without providing reasons, withdraw its approval for the use of a business name and upon such withdrawal the *participant* must cease to carry on business under that business name.

## **19. Business Offices**

19.1 Every *participant* intending to open an office must notify the *board* of the address of such office. Each such office must be under the control of a *participant*.

## **20. Contracts between *participants***

20.1 In contracts between *participants*, the parties are deemed to be principals to each other. However, if a *participant* acts as agent for any principal, whether disclosed or not, the liability of the agent *participant* is limited to delivery of valid documents of title and payment of the amount due on settlement in accordance with these *Rules*.

## **21. Insurance**

21.1 Every *participant* must take out and maintain in full force and effect insurance policies covering and indemnifying such *participant* against liability for negligence, errors, omissions, misstatements, statutory warranties and indemnities, and loss, destruction or deprivation of Securities or other documents of title.

21.2 The insurance policy must be with such insurers and in such form and for at least the amount of cover as may be prescribed by the *board* from time to time.



- 21.3 Every *participant* must provide the *board* with a copy of the Certificate of Currency of such insurance policy upon its renewal.
- 21.4 In relation to the insurance policy the *participant* must notify the *Exchange* of:
- (a) the existence of any *claim*; or
  - (b) the receipt of a notice from any *person* of any intention to make a *claim*; and
  - (c) any circumstance which is likely to give rise to a *claim*.

## **22. Employees of *participant***

- 22.1 A *participant* must obtain from each prospective employee one or more references and must ensure to its best ability that the prospective employee is of good character and high business integrity.
- 22.2 A *participant* must retain any references obtained in respect of employees and keep particulars of any enquiries made of former employers for the period of employment and for a further period of 2 years after termination of employment.

## **23. Ensuring Compliance**

- 23.1 Each *participant*, through its responsible officers shall be responsible to the *Exchange* for the conduct of:
- (a) each *representative* of the *participant* *responsible officer*; and
  - (b) any *participant* who is associated with that *participant* within the meaning of Part A Rule 8.2.

for the compliance by any such *representative* or *participant* with the provisions of the constitution, *Corporations Act*, and *Rules*, for all debts liabilities and engagements incurred or undertaken by such *representative* or *participant* in its capacity as a *representative* to or an *responsible officer* of that *participant* or in any way arising out of its connection with that *participant*.

## **24. Death of an *responsible officer* or insolvency of a *participant***

- 24.1 The personal representatives or estate of a deceased *responsible officer* or the liquidator of a *participant* shall have no legal claim whatever, on the property or funds of the *Exchange*.
- 24.2 The *board* may permit the business of a deceased *responsible officer* to be carried on for such period as it may determine pending the grant of probate of the will or letters of administration of the estate of the deceased

*responsible officer* or for such further period as may be agreed upon between the *board* and the executors or administrators of the deceased *responsible officer*. Such business may be conducted through an *responsible officer* or a person appointed by the *Exchange*. The terms upon which the business shall be so conducted shall be as agreed between that person and the executors or administrator. At the request of the *board* those terms shall be disclosed to it. The *board* may revoke or vary its permission under this Rule.

## **25. Disciplining of *participants* and *responsible officers***

25.1 If, in the opinion of the *board*, an *responsible officer* or *participant*:

- (a) engages in conduct inconsistent with just and equitable principles in the *transaction* of business; or
- (b) contravenes:
  - (i) any of the *constitution* or *Rules*; and
  - (ii) any of the provisions of Chapter 7 of the *Corporations Act*; or
  - (iii) any condition of a licence held by the *participant* or *responsible officer*

then the *Exchange* shall give the *responsible officer* or *participant* concerned written notice of the particulars of the charge and of the date (being not less than 7 days after the date when such notice is served) when such charge is to be heard. The *responsible officer*, *participant* or any partner, officer, employee or *representative* of the *participant* shall, if the *responsible officer* or such person so wishes, be heard in answer to the charge.

25.2 If any partner, officer, employee or representative of an *responsible officer* or *participant* does any act or refrains from doing an act which if done or not done (as the case may be) by a *responsible officer* or *participant* would constitute a breach of the constitution, *Corporations Act*, their *licence* or *Rules*, such act or omission shall be deemed for the purposes of this Rule to be the act or omission of the *responsible officer* or *participant*, concerned and punishable hereunder accordingly.

## **26. Prohibited Conduct**

26.1 If the *board* considers an *responsible officer* or *participant* should be charged with *Prohibited Conduct* it shall give the *responsible officer* or *participant* concerned written notice of the particulars of the charge and of the date (being not less than 7 days after the date when such notice is served) when such charge is to be heard. The *responsible officer* or *participant* concerned shall, if the or *participant* so wishes, be heard in answer to the charge.

## 27. Penalties

- 27.1 If any *responsible officer* or *participant* is found guilty by the *board* of a breach of any of the *constitution*, *Corporations Act*, their *licence* or *Rules*, or to have engaged, whether by act or omission in *Prohibited Conduct*, the *board* may:
- (a) censure the *responsible officer* or *participant*; or
  - (b) impose a fine on either the *responsible officer* or the *participant* not exceeding \$25,000 ; and/or
  - (c) suspend the *responsible officer* or *participant* from all or any of the privileges of membership of the *Exchange*; and/or
  - (d) prohibit the *responsible officer* or *participant* from transacting any business with or through any *participant* for a period not exceeding 3 months upon such terms and conditions as the *board* thinks fit; and/or
  - (e) require that the *responsible officer* or *participant* institute in a form directed by the *board* or upgrade to the satisfaction of the *board*, an education and compliance program designed to prevent future contravention of the *constitution* or *licence* or *Rules* or *Corporations Act* by the *responsible officer* or *participant* and the partners, officers, employees, and representatives of the *responsible officer* or *participant*; and/or
  - (f) require the *responsible officer* or *participant* to pay the total commission or gross profit or part thereof arising from the transaction concerned to the *Exchange* and the *board* may deal with such amount in such manner as it thinks fit; and
  - (g) for *Prohibited Conduct* only, expel the *responsible officer*, or a *participant* who is a partner to the *participant*, or a person who is an officer, employee or representative of the *participant*, from participation on the *Exchange*.

## 28. Separate Offences

- 28.1 In the case where an *responsible officer* who is a partner, officer, employee or representative of a *participant* is charged under this Rule, the *board* may also charge the *participant* concerned, and the charges shall be heard and determined as if they constituted separate offences provided the aggregate fines imposed in any case arising out of any one charge shall not exceed the \$25,000.

## 29. Reasons for decision

29.1 If a *responsible officer* or *participant* is:

- (a) censured; and/or
- (b) fined; and/or
- (c) suspended; and/or
- (d) prohibited from transacting business; and/or
- (e) required to institute or upgrade an education and compliance program,

pursuant to this Rule the *board* shall notify in writing such *responsible officer* or *participant* of its determination and the reasons for its determination and the penalty.

No *responsible officer* or *participant* shall be found guilty unless at least 3 members of the *board* of directors concur in such decision.

## 30. Natural Justice applies

30.1 The *board* shall conduct any hearing in accordance with this *Rule* without bias, and shall give the *responsible officer* or *participant* a fair hearing and otherwise shall observe the rules of natural justice.

## 31. Joint and Several Liability

31.1 The *board* may bring a charge under Part A Rule 25 or 26 against a *participant* which is a partnership in the name of the *participant* without charging each partner in the *participant*. If the *participant* is found guilty, each partner shall be jointly and severally liable to pay any penalty imposed and any other sum directed to be paid to the *Exchange*.

31.2 If any *responsible officer* or *participant* is found guilty of an offence pursuant to Part A Rule 25 or 26, the *board* may, in addition to any other penalty that it imposes, direct a *responsible officer* or *participant* to pay the reasonable costs or part thereof incurred by the *Exchange* in connection with the hearing of the matter.

## 32. Recording the Charge

32.1 Where a *responsible officer* or *participant* is determined pursuant to Part A Rule 25 or 26 to have contravened the *Constitution*, *Corporations Act* or the *Rules* or to have engaged in *prohibited conduct*, the *board* shall, notwithstanding any penalty imposed, record such details of the determination in a register and make that register available for inspection by any person during normal business hours. Without limiting the generality of the foregoing, the register shall include:

- (a) the name of the *responsible officer or participant*; and
  - (b) summary details of:
    - (i) the charge or charges established against the *responsible officer or participant*;
    - (ii) the determination of the *board*; and
    - (iii) details of any penalty imposed.
- 32.2 A copy of the register shall be maintained at the registered office of the *Exchange*. No record shall be made in the register in respect of a determination that the *constitution* or the *Rules* have been contravened or *Prohibited Conduct* has been engaged in until expiry of time allowed for an appeal, or where a notice of appeal is lodged in accordance with the *constitution*, until the appeal is determined. After an appeal the details recorded in the register shall only relate to determinations of the *appeal committee* that the *responsible officer or participant* has contravened the *constitution* or the *Rules* or has engaged in *Prohibited Conduct*.

### 33. Appeals

- 33.1 A *responsible officer or participant* determined pursuant to Part A Rule 25 or 26 to have contravened the *constitution*, *Corporations Act* or the *Rules* or to have engaged in *Prohibited Conduct* and penalised under Part A Rule 27 or which has or will cease to be recognised as an *responsible officer or participant* under Part A Rule 7 may appeal to the *appeal committee*.
- 33.2 Notice of appeal setting out the grounds of appeal must be lodged with the Secretary within 14 days after receipt by the appellant of the reasons in writing for the decision against which the appeal is made. The appeal shall be conducted in the manner provided by Part A Rule 35. No person who was a member of a *committee* which made the decision under appeal as a delegate of the *board* may participate in the determination of the appeal.
- 33.3 No action shall be taken by the *board* to implement or announce a decision to:
- (a) censure; and/or
  - (b) fine; and/or
  - (c) suspend; and/or
  - (d) prohibit from transacting business; and/or
  - (e) require the initiation or upgrading of an education and compliance program by; or
  - (f) expel,

a *responsible officer* or *participant* pursuant to Part A Rules 25 or 2, or to implement or announce a resolution that a *responsible officer* or *participant* should cease to be a *responsible officer* or *participant* under Part A Rule 7.1, or to give notice under Part A Rule 7.2 or 7.3, until expiry of the time allowed for appeal, or where notice of appeal is lodged under Part A Rule 33.2 until the appeal is determined.

- 33.4 A *participant* or its *substantial shareholder* / non-member / partner / non-member director that receives a notice from the *Exchange* that the undertaking given or required to be given to the *Exchange* pursuant to the *Rules* or Part A Rule 16 has been breached or has not been given as required, may appeal the content of the notice to the *appeal committee*.
- 33.5 Notice of appeal setting out the grounds of appeal must be lodged with the Secretary within 14 days after receipt by the *participant* or its *substantial shareholder*/non-member/partner non-member/director of the notice from the *Exchange* against which the appeal is made. The appeal shall be conducted in the manner provided by Part A Rule 35.
- 33.6 No action shall be taken by the *board* to implement or announce a decision to give a notice to a *participant* or its *substantial shareholder*/non-member partner/non-member director until expiry of the time allowed for an appeal, or where notice of appeal is lodged under Part A Rule 33.5 until the appeal is determined.

## **34. Limited right to inform**

- 34.1 The *board* shall be entitled to inform the *appeal committee*, members of a *Committee* to whom the *board* has delegated any of its powers, and such employees of the *Exchange* or of a related corporation, as it sees fit, of any matter relating to any act omission or conduct in respect of which a *responsible officer* or *participant* may be or has been:
- (a) censured; and/or
  - (b) fined; and/or
  - (c) suspended; and/or
  - (d) prohibited from transacting business; and/or
  - (e) required to initiate or upgrade an education and compliance program; and/or
  - (f) expelled; or
  - (g) declared a defaulter on the *Exchange* or otherwise penalised.
- 34.2 Without limiting the generality of Part A Rule 34.1 information which may be communicated includes any information which may be relevant to any investigation, or proposed investigation under these *Rules*.

## 35. Procedures for Appeal

- 35.1 For the purposes of hearing appeals against a decision of the *board* on lodgement of a notice of appeal, the *board* shall establish an *appeal committee* consisting of 3 persons. The *appeal committee* shall comprise a chairman being a person nominated by the President of the Law Society of New South Wales and two persons selected by the chairman of the *appeal committee* from an appeal panel. The panel shall comprise not less than 4 Directors other than directors who participated in the making of the decision under appeal.
- 35.2 At an appeal hearing conducted by the *board* or *appeal committee*, proceedings shall take place in private except that the *board* or *appeal committee* shall permit one or more representatives of the *Exchange* to be present and make submissions. A representative of the *Exchange* may be a *responsible officer* or employee of the *Exchange* or any other person approved by the *appeal committee* or a barrister or solicitor of the Supreme Court of a State or Territory of Australia or of the High Court of Australia.
- 35.3 Within 14 days of receipt of notice of appeal, the *board* shall appoint a date, time and place for the appeal hearing and cause notice in writing of the date, time and place to be given to the appellant. The date appointed for the hearing shall not be more than 60 days and not less than 21 days after the date of the notice to the appellant. The *appeal committee* may adjourn and re-convene a hearing as it thinks fit.
- 35.4 If an appellant does not wish to appear in person or be represented by any of the persons referred to in Rule 35.7 before the *board* or the *appeal committee* the appellant may, not less than 10 days before the date of the hearing, lodge with the *board* or the *appeal committee* as the case may be in writing any submissions that the appellant wishes the *board* or the *appeal committee* to take into account in relation to the appeal.
- 35.5 At a hearing of the *board* or *appeal committee*, the proceedings shall be conducted with as little formality and technicality, and with as much expedition, as a proper consideration of the matters before the *board* of the *appeal committee* permit. Subject to this Rule 35, the *board* or the *appeal committee* may conduct its proceedings as it thinks fit and may make a transcript of proceedings at a hearing, a copy of which shall be made available to the *Exchange* and to the appellant.
- 35.6 The *board* or the *appeal committee* shall determine the appeal without bias and shall give the appellant a fair hearing and otherwise shall observe the rules of natural justice.
- 35.7 At a hearing before the *board* or the *appeal committee* an appellant may appear in person or may be represented by an employee of the appellant or any other person approved by the *board* or the *appeal committee* as the case may be or by a barrister or solicitor of the Supreme Court of a State or Territory of Australia or of the High Court of Australia.

- 35.8 Each appeal shall not be conducted as a re-hearing, but the *board* or *appeal committee* may review any findings reached in the decision under appeal. The *board* or *appeal committee* may affirm, vary or set aside the appealed decision, any penalty imposed and any direction under Part A Rules 7, 25, 26, 31 or 32. The *board* or the *appeal committee* may obtain such legal advice as it thinks appropriate in the circumstances and may have its legal advisers present at a hearing.
- 35.9 The decision of the *appeal committee* shall be determined according to a majority of votes of the *appeal committee* members. Each member shall have a deliberative vote. The Chairman shall have a deliberative but not a casting vote. In the event of an equality of votes, the appeal shall be lost.
- 35.10 In the hearing of an appeal by the *board*, the provisions set out in these Rules dealing with proceedings of the *board* shall apply.
- 35.11 If the *board* or *appeal committee* upholds an appellant's appeal in full, the reasonable costs of the appellant shall be met by the *Exchange*. In any other case, the *board* or the *appeal committee*, as the case may be, may in its discretion determine that the reasonable costs or part thereof of the *Exchange* shall be met by the appellant.
- 35.12 The *board* or the *appeal committee* shall, within 30 days of making its decision, give to the appellant and, in the case of an appeal determined by the *appeal committee*, to the *board*, the reasons in writing for its decision.
- 35.13 Each member of the *appeal committee* and each officer of the *Exchange* shall stand indemnified by the *Exchange* against any liability howsoever arising in or in connection with the determination of an appeal other than any liability that by law would attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the *Exchange*.
- 35.14 Notwithstanding anything contained in Rule 35.13 above, each member of the *appeal committee* and each officer of the *Exchange* shall stand indemnified by the *Exchange* against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application in relation to any such proceedings in which relief is granted to him under the *Corporations Act* or a corresponding law of a State or Territory or by any court of competent jurisdiction.



## 36. Suspension or Expulsion

36.1 If, in the opinion of the *board*:

- (a) it is desirable to do so in order to protect the interests of the *Exchange* or of the public; or
- (b) a *responsible officer* or a *participant* has insufficient capital for the conduct of the business; or
- (c) the *participant* has breached Rule 4 of Part C, or
- (d) ASIC suspends or cancels the *licence* of a *responsible officer* or *participant*.

the *board* may resolve either to suspend or expel the *responsible officer* or *participant*.

36.2 In the event of a *responsible officer* or *participant* being suspended:

- (a) the period of suspension shall not exceed 1 month but such period may be extended by resolution of the *board* for not more than 1 month on each occasion;
- (b) the *responsible officer* or *participant* shall not enter into any new transaction with other parties without the approval of the *board* but shall be liable to complete all transactions (including time contracts) with other parties which were open at the time of suspension;
- (c) the *responsible officer* or *participant* shall not deliver any *Securities* or settle any transactions without the approval of the *board*;
- (d) the *board* may at any time during the suspension appoint any person to be the manager of the business of such *responsible officer* or *participant* and may remove such manager and appoint another manager in such manager's place and may fix the remuneration of any such manager. Such remuneration shall be paid by the *responsible officer* or *participant* or may be retained by the manager from the proceeds of realisation of the assets of the *responsible officer* or *participant*; and
- (e) every such manager shall be the agent of the *responsible officer* or *participant* and the *responsible officer* or *participant* shall be responsible for such manager's acts and defaults. Any manager so appointed shall be bound to carry out any directions which may be given to such manager by the *board* in relation to the business of the *responsible officer* or *participant* and may without any consent from the *responsible officer* or *participant* do all things necessary or convenient to be done, including delivery of

*Securities* and settling of transactions to conduct the business and management of the *responsible officer* or *participant* in such manner as the manager thinks fit.

36.3 Every *responsible officer* and *participant* giving notice under Part A Rule 17 irrevocably constitutes the *Exchange* as its attorney to appoint a manager for the purposes of this Rule.

36.4 If during the period of suspension of a *responsible officer* or *participant*, the *board* from its own investigations or from the investigations carried out by the manager of the *responsible officer* or *participant* is of the opinion that the *responsible officer* or *participant* has insufficient capital for the conduct of its business it may resolve that the *responsible officer* or *participant* be expelled.

## 37. Defaulting

37.1 Where a *responsible officer*:

- (a) in the opinion of the *board* has failed or is unable to fulfil the *responsible officer's* engagements;
- (b) is proved to the satisfaction of the *board* to be insolvent; or
- (c) is a partner in a *participant* which is a default under Rule 37.2 below,

the *board* may declare the *responsible officer* to be a defaulter and thereupon the *responsible officer* shall cease to be a *responsible officer*.

37.2 Where a *participant*:

- (a) in the opinion of the *board* has failed or is unable to fulfil its engagements; or
- (b) is proved to the satisfaction of the *board* to be insolvent; or
- (c) has a shareholder or a partner who is a defaulter under Rule 38.1 above,

the *board* may declare the *participant* to be a defaulter and thereupon the *participant* shall cease to be entitled to carry on business as a *participant*.

37.3 The *board* may allow a transaction with a defaulter to be closed in accordance with the rules of a clearing house of which the *Exchange* is a participant.

37.4 At any time after the defaulter is declared as a defaulter, the *board* may appoint a person who is a registered liquidator pursuant to the *Corporations Act* to be a receiver or receiver manager ("the receiver") of the defaulter's business and may remove such receiver and appoint another receiver in his place and may fix the remuneration of any such receiver and such

remuneration shall be paid by the defaulter or subject to any applicable law may be retained by the receiver from the proceeds of realisation of the defaulter's assets.

- 37.5 Every such receiver shall be the agent of the defaulter and the defaulter alone shall be responsible for his act and defaults and such receiver so appointed shall without any consent on the part of the defaulter have power to do all things necessary or convenient to be done for or in connection with, or as incidental to, the conduct of the business management, and the realisation of the assets, of the defaulter in such manner as the receiver thinks fit, and the receiver may exercise all the powers conferred, or which would have been conferred if the defaulter were a corporation, under the *Corporations Act*.
- 37.6 Every *participant* by giving notice under Part A Rule 6 thereby irrevocably constitutes any receiver appointed pursuant to Rule 37.5 above as its attorney for the purpose of enabling it and on behalf of the defaulter to:
- (a) sign or sign seal and deliver all such transfers, conveyances, mortgages, leases, instruments, notices, agreements and other documents whatsoever; and
  - (b) take all such steps and proceedings and do all such acts and things whatsoever as may in the opinion of the receiver be necessary or expedient for carrying into effect, completing or facilitating anything done or proposed to be done by any such receiver in exercising the powers conferred on him under this Rule and in particular to deliver to the persons entitled thereto moneys or documents held by the defaulter in trust.

## 38. Rules

- 38.1 The *board* may make rules not inconsistent with these *Rules* and *Constitution* and the *Corporations Act* for the order and good government of the *responsible officers* or *participants* of the *Exchange* and its affairs including, without limiting the generality of the foregoing, rules with respect to conduct of business by *participants* or, with respect to the activities of partners, officers, employees or representatives of the *responsible officers* or *participants* and may amend, alter or repeal such rules.
- 38.2 If in the opinion of the *board* (not less than three (3) directors concurring) a *state of emergency* exists the *board* may:
- (a) suspend *official meetings* for a designated period but such period shall not exceed 21 days without the approval of ASIC; and
  - (b) make temporary rules, which may be inconsistent with these *Rules* and *constitution* for the order and good government of the *Exchange* including, without limiting the generality of the foregoing, rules with respect to conduct of business by *participants* or with respect to the activities of partners, officers,

employees or representatives and may amend alter or repeal such temporary rules. The *board* shall specify the period, not to exceed 21 days without the approval of ASIC, during which such temporary rules shall remain in force.

- 38.3 In the event of conflict between temporary rules made under Rule 38.2(ii) above and the existing *constitution* or *Rules* the temporary rules shall prevail.

**PART A - INDEX****A**

|                                                         |                      |
|---------------------------------------------------------|----------------------|
| Appeals .....                                           | 3, 4, 21, 22, 23, 24 |
| Australian Securities & Investments<br>Commission ..... | 9, 10, 25, 27, 28    |

**B**

|                        |    |
|------------------------|----|
| Business day .....     | 15 |
| Business Names .....   | 16 |
| Business Offices ..... | 16 |

**C**

|                                                           |   |
|-----------------------------------------------------------|---|
| Common Ownership .....                                    | 6 |
| Constitution . 3, 8, 9, 12, 14, 17, 18, 19, 21, 27,<br>28 |   |

**D**

|                  |    |
|------------------|----|
| Defaulting ..... | 26 |
|------------------|----|

**E**

|                |    |
|----------------|----|
| Expulsion..... | 25 |
|----------------|----|

**F**

|            |    |
|------------|----|
| Fees ..... | 11 |
|------------|----|

|              |    |
|--------------|----|
| Levies ..... | 11 |
|--------------|----|

**I**

|                |    |
|----------------|----|
| Insurance..... | 16 |
|----------------|----|

**L**

|                       |    |
|-----------------------|----|
| Loan securities ..... | 14 |
|-----------------------|----|

**M**

|                                 |    |
|---------------------------------|----|
| Managed investment scheme ..... | 14 |
|---------------------------------|----|

**O**

|                       |       |
|-----------------------|-------|
| Official meeting..... | 6, 27 |
|-----------------------|-------|

**R**

|                                                                                                               |       |
|---------------------------------------------------------------------------------------------------------------|-------|
| Recognised affiliate .....                                                                                    | 8, 10 |
| Responsible officer .. 3, 4, 5, 6, 8, 9, 10, 11, 12,<br>13, 14, 15, 17, 18, 19, 20, 21, 22, 23, 25, 26,<br>27 |       |

**S**

|                            |    |
|----------------------------|----|
| State of emergency .....   | 27 |
| Surplus Liquid Funds ..... | 8  |
| Suspension .....           | 25 |

# Business Rules

## Part B

### Relations with Clients



# **TABLE OF CONTENTS**

|                                                              |           |
|--------------------------------------------------------------|-----------|
| <b>PART B - RELATIONS WITH CLIENTS .....</b>                 | <b>3</b>  |
| 1. <i>Provisions of the Act .....</i>                        | 3         |
| 2. <i>Disclosure required when acting as principal .....</i> | 3         |
| 3. <i>Allocation Policy .....</i>                            | 3         |
| 4. <i>Prohibition of Advice to Client .....</i>              | 4         |
| 5. <i>Incapacity of a client .....</i>                       | 4         |
| 6. <i>Credit reference .....</i>                             | 4         |
| 7. <i>Expenses .....</i>                                     | 5         |
| 8. <i>Nominee shareholdings .....</i>                        | 5         |
| 9. <i>Disclosure of shortfall .....</i>                      | 5         |
| DISCRETIONARY ACCOUNTS AND MANAGED FUNDS .....               | 5         |
| 10. <i>Authorisation .....</i>                               | 5         |
| 11. <i>Excessive Transactions .....</i>                      | 6         |
| 12. <i>Reports .....</i>                                     | 6         |
| 13. <i>Register .....</i>                                    | 6         |
| CLIENT SETTLEMENT .....                                      | 7         |
| 14. <i>Settlement by Client .....</i>                        | 7         |
| 15. <i>Failure to Complete Contract .....</i>                | 7         |
| 16. <i>Confirmations .....</i>                               | 8         |
| 17. <i>Preference of Orders .....</i>                        | 9         |
| 18. <i>Corners .....</i>                                     | 10        |
| 19. <i>Takeovers .....</i>                                   | 11        |
| 20. <i>Supply of Information .....</i>                       | 11        |
| 21. <i>Disputes and Complaints .....</i>                     | 12        |
| <b>PART B – INDEX .....</b>                                  | <b>13</b> |

## PART B - RELATIONS WITH CLIENTS

### 1. Provisions of the Act

- 1.1 The provisions of the *Corporations Act* in Chapter 7 regarding the conduct of financial services businesses apply, and any breach of these provisions constitutes Prohibited Conduct under the *Rules*.

### 2. Disclosure required when *acting as principal*

- 2.1 *participants* must keep a written record of all *substantial shareholders* and *prescribed persons* so as to be fully aware when the *participant* is *acting as principal*.
- 2.2 A *participant* can only deal as principal in any *securities* with a *person* who is not an *responsible officer* or a *participant* of a *recognised stock exchange* if it:
- (a) has clearly disclosed to the *person* with whom it is dealing that it is acting in the *transaction* as principal and not as agent; and
  - (b) the *person* has consented
- in the manner required by the *Corporations Act*.
- 2.3 Unless permitted by the *Corporations Act* and regulations, a *participant* which enters into a *transaction* of sale or purchase of *securities* as a principal with a *person* who is not a *licensee* or an *authorised representative* must not charge that *person* brokerage, commission or any other fee for the *transaction*.
- 2.4 If the *participant* acts as a principal only because it is dealing or entering into a *transaction* on behalf of a *person* associated with it, it may charge brokerage, commission or other fees.
- 2.5 A *participant* may charge a *wholesale client* brokerage, commission or any other fee in respect of a transaction which they enter into as principal, provided that the *wholesale client* has consented to the *participant* charging brokerage commission or any other fee in respect of those transactions.

### 3. Allocation Policy

- 3.1 If a *client* so requests, a *participant* must advise the *client* of its policy for allocating *securities* to buys and sells to fulfil orders placed with it.



#### 4. Prohibition of Advice to Client

- 4.1 For the purposes of this rule, “*Client*” includes a shareholder in a *participant*.
- 4.2 If as a result of its relationship with a *client*, a *participant* is in possession of information in relation to a *security* that is not generally available and which would be likely to materially affect the price of that *security* if the information was generally available, the *participant* must not give any advice to any other *client* of a nature that would damage the interests of either *client*.
- 4.3 A *participant* is not regarded as having possession of information described in Rule 4.2 above if:
- (a) the *participant* has Chinese Walls in place; and
  - (b) the *person* advising the *client* is not in possession of that information.
- 4.4 Advising a *client* that the *participant* is precluded from giving the *client* advice is not, for the purposes of this Rule, to be regarded as giving advice.

#### 5. Incapacity of a client

- 5.1 If a *client* dies or becomes incapable of receiving and paying for, or delivering or transferring *securities* which the *client* has ordered to be bought or sold, and after making reasonable enquiry the *participant* has no knowledge of anyone legally authorised to complete the contract on the *client's* behalf, the *participant* may, with the approval of the *board*, re-sell or re-purchase the *securities* and the *client* (or their estate) is liable for any deficiency and entitled to any surplus which may result.

#### 6. Credit reference

- 6.1 Prior to transacting business with a new *client*, a *participant* must make enquiries of the *Exchange* unless:
- (a) the new *client* is a *participant* of a *recognised stock Exchange*; or
  - (b) that *participant* has reasonable grounds for believing that such enquiry is not necessary in the circumstances.
- 6.2 If a *participant* terminates its contractual relationship with a *client* mainly because the *client* has failed to complete its contract pursuant to Part B Rule 14 and 15, the *participant* must promptly advise the *Exchange* of the name and address of the *client*.

## 7. Expenses

- 7.1 A *participant* is entitled to charge a *client* out-of-pocket expenses incurred in the purchase or sale of *securities*, but those charges must be expressly billed.

## 8. Nominee shareholdings

- 8.1 A *participant* must not register *securities* which are beneficially owned by an unrelated third party, in its own name or in the name of its partners, *directors* or employees except that such *securities* may be registered in the name of a nominee company incorporated in the Commonwealth of Australia under the *Corporations Act* with a name which contains the word “nominee(s)”.
- 8.2 The constitution of such a nominee company must prohibit the nominee company from beneficially owning any *securities* or other property except cash.
- 8.3 The nominee company must be controlled and operated by the *participant*.

## 9. Disclosure of shortfall

- 9.1 A *participant* or a *director* or employee of a *participant* who will be required to acquire *securities* as an underwriter or sub-underwriter must not *offer* such *securities* to *clients* unless they first inform the *clients* of the closing date of the issue or offering of the *securities* and the reasons for the acquisition. This Rule ceases to apply 90 days after the closing date.

## DISCRETIONARY ACCOUNTS AND MANAGED FUNDS

### 10. Authorisation

- 10.1 A *participant* may manage or operate a discretionary account or managed fund for or on behalf of any *client* provided that the *client* has given a written, signed authorisation setting out the terms and conditions of operation of the discretionary account or managed fund and including the rates of brokerage which may be incurred and that the account complies with requirements published by ASIC.
- 10.2 A *participant* which manages or operates a discretionary account or managed fund on behalf of any *client*, must not *bid* or *offer* on behalf of such *client* for or in respect of any *securities* of any *participant* which is part of the *participant*.

## 11. Excessive Transactions

- 11.1 A *participant* which, in the *board's* opinion, has effected an excessive number of transactions on behalf of *clients* for whom the *participant* manages or operates a discretionary account or managed fund is deemed to have engaged in *prohibited conduct* as defined by the *rules*.

## 12. Reports

- 12.1 If a *client* so requests, a *participant* must prepare and forward a report on the *client's* discretionary account or managed fund made up to the end of each quarter in each year to the *client*, on whose behalf it operates the discretionary account or managed fund setting out:
- (a) with respect to the transactions in *securities* executed on behalf of the *client*:
    - (i) the actual value;
    - (ii) the value as a percentage of the market value of the total portfolio held; and
    - (iii) a calculation showing the above; and
  - (b) separately, the brokerage or commission and the management or other fee charged by the *participant* to the *client*, if any, for operating or managing the discretionary account or managed fund during the period.

The report shall be forwarded to the *client* not later than 14 days after the date to which it is made up.

## 13. Register

- 13.1 A *participant* which operates a discretionary account or managed fund for a *client* must keep a written register including the following information:
- (a) the date on which the account was opened;
  - (b) the name and address of the *client*;
  - (c) the date of the *client's* written authorisation;
  - (d) the *client's* account number or numbers;
  - (e) any qualifications, limitations or other *client* directions as to the disposition of the discretionary account or managed fund; and
  - (f) any other information required from time to time by the *board* or *ASIC*..

## CLIENT SETTLEMENT

### 14. Settlement by Client

- 14.1 Where the *participant* and the *Exchange* are obliged as principals and have the Settlement Obligations for an NSX Transaction entered into on behalf of a *client*, the *client* owes its settlement obligations to the *participant* and the *Exchange*.
- 14.2 Without limiting the generality of Rule 15, where a confirmation has been dispatched in accordance with Rule 16, a *client* shall be deemed to have failed to complete a contract if payment in full of the purchase price for the *securities* and other charges for delivery of *securities* which constitute valid deliveries between *participant* is not received by the *participant* for the transaction by the time (if applicable) and date for settlement shown on the confirmation.

### 15. Failure to Complete Contract

- 15.1 Failure by a *client* to deliver or to accept and pay on delivery shall not annul a contract, nor shall a contract be cancelled or liable to cancellation except by mutual agreement.
- 15.2 In the event of a *client* failing to complete a contract or a number of contracts or a portion of a contract in accordance with Rule 14, a *participant* may, on making a demand on the *client* after the failure of the *client* to complete, sell or purchase, or cause to be sold or purchased (as the case may be) sufficient of the *securities* the subject of the contract or contracts at the *client's* risk and expense which expense shall include brokerage and stamp duty.
- 15.3 If a loss results, the *client* shall account to the *participant* for same. If a profit results, the *participant* shall account to the *client* for same.
- 15.4 If a *client* fails to complete a contract or a number of contracts or a portion of a contract by the due date, the *client* may be charged an administration fee calculated by reference to the additional cost which may be incurred by the *participant* as a result of the *client's* failure to complete the contract or contracts by the due date.
- 15.5 Any demand to be made under Rule 14 or 15 shall be made personally or by facsimile, telephone, electronic mail, telex, telegram or pre-paid letter to a *client* at his last notified address or facsimile or telex number, as the case may be and in the case of a facsimile, electronic mail, telex, telegram or pre-paid letter the demand shall be deemed to have been made upon the *client* on the Business Day following transmittal or posting, as the case may be.

- 15.6 Should a *client* fail to comply with the requirements of an Issuer, including those in relation to nationality declarations, Powers of Attorney, probate notations or the company's constitution, then the *client* shall be deemed to have failed to have completed the contract and the provisions of Rule 15 shall apply.

## 16. Confirmations

- 16.1 A *participant* must, immediately after sale or purchase is executed for a *client*, send a confirmation to that *client* in a form prescribed by the *Corporations Act*, which can be printed or electronic.
- 16.2 All confirmations shall include a statement that they are “Issued subject to the *constitution*, regulations and *rules*, customs and usages of the Stock Exchange of Newcastle Limited”.
- 16.3 The confirmation must include the following information:
- (a) for a sale, the time (if applicable) and date on which:
    - (i) the *client* must provide all documents and *security* holder information; and
    - (ii) the net consideration to the *client* falls due;
  - (b) for a purchase, the time (if applicable) and date by which the *client* must provide the consideration;
  - (c) if a *transaction* in *securities* is effected by a *participant* through the use of a correspondent firm who is a *participant* of a *Recognised Stock Exchange* the confirmation must include a statement that “This *transaction* was effected by a correspondent firm of [Name of *participant*] on the [Name of *Recognised Stock Exchange*]”;
  - (d) where *securities* are sold to *clients* pursuant to Part B Rule 9 the confirmation shall be endorsed with a statement to that effect;
  - (e) where a *transaction* in *securities* results from a *crossing*, the confirmations issued to *clients* shall contain a statement to indicate that part or all of a *transaction* in *securities* was effected as a *crossing*; or
  - (f) where Part B Rule 19 applies, the confirmation shall contain a statement indicating the *participant* was unable to give advice to the seller because the provisions of Part B Rule 19 apply and the *participant* is acting for the *offeror* or the *person* on whose behalf the announcement to the *Exchange* was made.
- 16.4 A single *confirmation* can be provided for a series of purchases or sales that make up one order for a single class of *securities* by a *wholesale client* if:

- (a) the *client* has given authorisation for a single confirmation to be provided in respect of the series of sale or purchases;
- (b) the *client's* settlement obligations have been agreed;
- (c) the *confirmation* is sent upon completion of the order; and
- (d) the *confirmation* specifies:
  - (i) all purchases and sales of *securities*;
  - (ii) the average price paid for *securities*; and
  - (iii) is dated the date that the *confirmation* was prepared.

16.5 A *participant* must ensure that the *client* receives a *confirmation*, where the order was placed through a financial adviser or agent.

## 17. Preference of Orders

17.1 The uncompleted orders of *clients* to buy or sell *securities* must be given precedence over a *participant* acting as principal or on the account of a Prescribed Person.

17.2 An order which cannot be executed because of price differences is not an uncompleted order.

17.3 **[Deleted]**

17.4 Unless the prior written consent of a principal or a *director* (or the *director's* appointee) of a *participant* has been obtained, no business is to be transacted by a *participant* on account of:

- (a) a consultant of the *participant*;
- (b) an Associate;
- (c) an employee of the *participant*; or
- (d) any account in which the abovementioned persons have a direct or indirect interest.

17.5 An employee includes:

- (a) any company which that employee controls; and
- (b) members of the employees *immediate family*; and
- (c) any trustee when acting as Trustee of any trust in which an employee has any material interest whether direct or indirect as a beneficiary.

## 18. Corners

18.1 When in the opinion of the *Exchange* a person or company or two or more persons and/or companies acting in concert have acquired such control of a *security* admitted to quotation by the *Exchange* that the same cannot be obtained for delivery on existing contracts except at prices or on terms arbitrarily dictated by such persons and/or companies which are unfair, harsh, or unconscionable, the *Exchange* may, for the purpose of enabling equitable settlement to be effected on these contracts, postpone the times for deliveries on contracts for any such *security* and may for the same purpose from time to time further postpone such times and may at any time by resolution declare that if such *security* is not delivered on any contract requiring delivery on or before the time to which delivery has been postponed such contract shall be settled by payment to the party entitled to receive such *security* or by the credit to such party of a fair settlement price determined as hereinafter provided.

18.2 If the parties to any such contract do not agree on a fair settlement price and set a date for payment, they shall be deemed to have agreed to submit the differences or matter in dispute to arbitration by a special committee comprising three persons appointed by the *Exchange* for that purpose and to be bound by the decision of such special committee.

Such special committee shall make an award on the difference or matters in dispute in accordance with the provisions of the Commercial Arbitration Act (NSW) 1984 as amended from time to time.

No *responsible officer* shall be appointed to the special committee without the consent of all parties.

18.3 Either party to any contract upon which delivery has been postponed under this Rule may require the *Exchange* at any time to appoint a special committee under this Rule.

## 19. Takeovers

### 19.1 Where a *participant*:

- (a) has an order from the offeror acting by virtue of Section 620 of the *Corporations Act*; or
- (b) has made an announcement at an Official Meeting of the *Exchange* to acquire shares in a Target Company by virtue of Section 674 of the *Corporations Act*; or
- (c) acts for a company involved in an on-market buy-back by virtue of the *Corporations Act* Part 2J.1, Division 2,

the *participant* shall not accept, or transact, an order to sell the shares subject of the offer referred to in Rule 19.1(a) or subject to the announcement referred to in Rule 19.1(b) or subject to the on-market buy-back referred to in Rule 19.1(c) unless the *participant*:

- (i) advises the seller that it is acting for the offeror(s) or the person or two or more persons on whose behalf the announcement was made or that it is acting for the company involved in the on-market buy-back and is thus unable to give the seller advice in respect of the proposed sale; and
- (ii) does not give the seller any advice in respect of the proposed sale.

## 20. Supply of Information

20.1 Without derogating from the powers of the *Exchange* to obtain information and to conduct inspections relative to the affairs of an *responsible officer* or *participant*, the *Exchange* may request in particular that a *participant* provide specified information relating to the terms and circumstances of and parties to any dealings in *securities* by *clients* and/or former *clients* of that *participant*. Such request shall be in writing and the *participant* shall provide the information to the *Exchange* within such period as is specified by the *Exchange* being a period of not less than two business days of receipt of the request.

20.2 The *Exchange* shall take all reasonable measures to protect from unauthorised use or disclosure information provided to the *Exchange* in confidence by or on behalf of a *participant* pursuant to the *Rules*. For the purposes of this Rule the disclosure of information:

- (a) pursuant to a Reciprocal Arrangement; or
- (b) required to be disclosed by the *Exchange* under any law or any order of any court or tribunal, authority or regulatory body; or



- (c) which at the time of disclosure to or by the *Exchange*, was generally available to and known by the public; or
- (d) for the purposes of monitoring compliance with, and/or the enforcement of the *Rules* or the adjudication of such matters; or
- (e) to any governmental agency or regulatory authority including, without limitation, a stock *Exchange* (in Australia or elsewhere) which in the proper exercise of its powers relating to:
  - (i) the order and good government of *responsible officers* or *participants*; or
  - (ii) the efficient, honest, fair, competitive and informed trading of *securities* or commodities (in Australia or elsewhere),

requests that the *Exchange* provide the information to it shall not constitute unauthorised use or disclosure.

Nothing in this rule limits what may at common law otherwise constitute, for the purposes of this rule, authorised use or disclosure of information.

## 21. Disputes and Complaints

- 21.1 The *Exchange* shall consider any complaint submitted to it in writing by a person who is not a *participant* or a *responsible officer* against a *participant* or *responsible officer*.
- 21.2 Any dispute between *participants* or a *responsible officer* arising under the constitution or the *rules* (other than arising out of dealings at an *official meeting*) or between a person who is not a *participant* or a *responsible officer* and a *participant* or a *responsible officer* shall be referred to the *board* and the *board* shall investigate the dispute unless the *board* considers that:
  - (a) the issue in dispute is such that it does not warrant an investigation by the *board*; or
  - (b) it would be more appropriate for the dispute to be investigated and heard by a court or other body with jurisdiction to make a decision in respect of the dispute.
- 21.3 Each *participant* or a *responsible officer* affected shall carry out and abide by a decision of the *board* under Part B Rule 21.2. Failure to carry out and abide by the decision shall constitute a breach of the *Rules* and in the event of such failure of the *board* may proceed under Part A Rule 26 or 26.

## PART B – INDEX

### A

---

|                                                |      |
|------------------------------------------------|------|
| Acting as principal                            | 3, 9 |
| Adviser                                        | 9    |
| Australian Securities & Investments Commission | 5, 6 |
| Authorised representative                      | 3    |

### B

---

|              |    |
|--------------|----|
| Bid          | 5  |
| Business day | 11 |

### C

---

|              |          |
|--------------|----------|
| Constitution | 5, 8, 12 |
|--------------|----------|

### I

---

|                  |   |
|------------------|---|
| Immediate family | 9 |
|------------------|---|

### O

---

|                  |       |
|------------------|-------|
| Offeror          | 8, 11 |
| Official meeting | 12    |

### R

---

|                           |               |
|---------------------------|---------------|
| Recognised Stock Exchange | 3             |
| Responsible officer       | 3, 10, 11, 12 |

### S

---

|                        |      |
|------------------------|------|
| Settlement obligations | 7, 9 |
|------------------------|------|

### W

---

|                  |      |
|------------------|------|
| Wholesale client | 3, 8 |
|------------------|------|

# Business Rules

## Part C

## Dealing



# TABLE OF CONTENTS

|                                                                                                |           |
|------------------------------------------------------------------------------------------------|-----------|
| <b>PART C - DEALING.....</b>                                                                   | <b>4</b>  |
| <i>PARTICIPANT'S ENTITLEMENT TO TRADE ON NETS.....</i>                                         | <i>4</i>  |
| 1. <i>Entitlement to Trade.....</i>                                                            | <i>4</i>  |
| 2. <i>Participant.....</i>                                                                     | <i>4</i>  |
| 3. <i>Clearing agreements .....</i>                                                            | <i>4</i>  |
| 4. <i>Suspension of trading permission.....</i>                                                | <i>5</i>  |
| 5. <i>Change of Status .....</i>                                                               | <i>6</i>  |
| <i>TRADING OBLIGATIONS OF PARTICIPANTS.....</i>                                                | <i>7</i>  |
| 6. <i>Responsibility of participants.....</i>                                                  | <i>7</i>  |
| 7. <i>Orderly Market.....</i>                                                                  | <i>8</i>  |
| 8. <i>Prevention of Manipulative Trading .....</i>                                             | <i>9</i>  |
| 9. <i>Observance of the dealing rules.....</i>                                                 | <i>10</i> |
| 10. <i>Overseas activity.....</i>                                                              | <i>10</i> |
| 11. <i>Records and Identification of order Source.....</i>                                     | <i>11</i> |
| 12. <i>Minimum bids .....</i>                                                                  | <i>12</i> |
| 13. <i>Designated trading representatives .....</i>                                            | <i>12</i> |
| <i>FUNCTIONS, POWERS AND LIABILITY OF THE EXCHANGE.....</i>                                    | <i>15</i> |
| 14. <i>Exchange Functions.....</i>                                                             | <i>15</i> |
| 15. <i>Official meetings.....</i>                                                              | <i>15</i> |
| 16. <i>Exchange Powers.....</i>                                                                | <i>15</i> |
| 17. <i>Communications with NETS .....</i>                                                      | <i>17</i> |
| 18. <i>Liability of the Exchange .....</i>                                                     | <i>18</i> |
| 19. <i>Allocation of Unique Identifiers.....</i>                                               | <i>19</i> |
| 20. <i>Action the Exchange Will Take in Respect of Takeover offers.....</i>                    | <i>20</i> |
| <i>DEALING IN SECURITIES NOT YET GRANTED OFFICIAL QUOTATION.....</i>                           | <i>21</i> |
| 21. <i>Dealings in securities of Listed Entities For Which official quotation Sought .....</i> | <i>21</i> |
| 22. <i>Dealings in securities for which official quotation is not sought.....</i>              | <i>22</i> |
| 23. <i>Dealings in securities Suspended from official quotation.....</i>                       | <i>22</i> |
| <i>DEALINGS IN SECURITIES GRANTED OFFICIAL QUOTATION .....</i>                                 | <i>23</i> |
| <i>DEALINGS ON NETS.....</i>                                                                   | <i>23</i> |
| 24. <i>Dealings on NETS.....</i>                                                               | <i>23</i> |
| 25. <i>Trading Priority on NETS.....</i>                                                       | <i>23</i> |
| 26. <i>Pre-opening phase .....</i>                                                             | <i>23</i> |
| 27. <i>Opening phase .....</i>                                                                 | <i>23</i> |
| 28. <i>Normal trading .....</i>                                                                | <i>24</i> |
| 29. <i>Prohibitions in Period Prior to Commencement of normal trading .....</i>                | <i>24</i> |
| 30. <i>Closing single price auction .....</i>                                                  | <i>24</i> |
| 31. <i>Closing phase.....</i>                                                                  | <i>25</i> |
| 32. <i>After hours adjust phase .....</i>                                                      | <i>26</i> |
| 33. <i>The enquire phase.....</i>                                                              | <i>27</i> |
| <i>CROSSINGS .....</i>                                                                         | <i>27</i> |
| 34. <i>Crossings permitted during normal trading .....</i>                                     | <i>27</i> |
| 35. <i>Crossings permitted during the closing phase.....</i>                                   | <i>28</i> |
| 36. <i>Crossings during the after hours adjust phase .....</i>                                 | <i>29</i> |
| 37. <i>Crossings during the enquire phase.....</i>                                             | <i>30</i> |
| 38. <i>Crossings prior to Commencement of normal trading.....</i>                              | <i>30</i> |
| 39. <i>Crossings during an offer period.....</i>                                               | <i>31</i> |
| <i>SPECIAL CROSSINGS .....</i>                                                                 | <i>31</i> |
| 40. <i>Special crossings Permitted .....</i>                                                   | <i>31</i> |
| 41. <i>Loan securities.....</i>                                                                | <i>31</i> |
| 42. <i>Block special crossings.....</i>                                                        | <i>31</i> |
| 43. <i>Portfolio special crossings.....</i>                                                    | <i>32</i> |
| 44. <i>Index Replicating Special Trade.....</i>                                                | <i>33</i> |
| 45. <i>Underwriting Disposals.....</i>                                                         | <i>33</i> |
| 46. <i>Exchange Approval.....</i>                                                              | <i>33</i> |
| 47. <i>Completion of order.....</i>                                                            | <i>33</i> |

|                                                                          |           |
|--------------------------------------------------------------------------|-----------|
| 48. Special crossings Prohibited.....                                    | 34        |
| DEALING ON A DIFFERENT BASIS OF QUOTATION.....                           | 35        |
| 49. General Rule.....                                                    | 35        |
| 50. Exceptions.....                                                      | 35        |
| NON-DISCLOSURE OF QUANTITY OF SECURITIES BID OR OFFERED.....             | 36        |
| 51. General Rule.....                                                    | 36        |
| SHORT SELLING .....                                                      | 36        |
| 52. General Rule.....                                                    | 36        |
| 53. Arbitraging.....                                                     | 36        |
| 54. Permitted short selling of securities.....                           | 37        |
| 55. Prohibitions on short selling.....                                   | 39        |
| 56. Margin of Cover Requirements.....                                    | 39        |
| 57. Designation as approved securities .....                             | 42        |
| 58. Exception from short selling Requirements .....                      | 42        |
| 59. Reporting of short sales .....                                       | 42        |
| CONDITIONAL TRADING.....                                                 | 42        |
| 60. Conditional sale.....                                                | 42        |
| 61. When the Exchange may declare a conditional market .....             | 43        |
| 62. Conditional Market Operation.....                                    | 44        |
| 63. Fulfilment or Non-Fulfilment of condition.....                       | 45        |
| 64. When Cancellation is Effective .....                                 | 45        |
| FORWARD DELIVERY .....                                                   | 46        |
| 65. Requirements for Beneficial Ownership and Legal Title .....          | 46        |
| 66. Deposit Requirements .....                                           | 46        |
| 67. Remedy in Event of Default by Client.....                            | 48        |
| 68. Dividends .....                                                      | 48        |
| 69. Reporting .....                                                      | 48        |
| REPORTING .....                                                          | 48        |
| 70. Application of Rule .....                                            | 48        |
| 71. General Obligation.....                                              | 49        |
| 72. Reporting of special crossings effected during normal trading .....  | 49        |
| 73. Reporting of Dealings after Close of normal trading .....            | 49        |
| 74. Reporting of portfolio special crossings .....                       | 50        |
| 75. Reporting of Index Replicating Special Trade.....                    | 50        |
| 76. Recognised Overseas Stock Exchange Transactions .....                | 50        |
| 77. Reporting of Dealings during enquire phase.....                      | 50        |
| 78. Reporting of crossings prior to Commencement of normal trading ..... | 51        |
| 79. Short sales.....                                                     | 51        |
| 80. Foreign to foreign in for securities .....                           | 51        |
| 81. "Forward Delivery" Transactions .....                                | 51        |
| 82. Transactions in loan securities .....                                | 52        |
| 83. "Buy Back" Sales .....                                               | 52        |
| 84. "Book Value Switch" Sales .....                                      | 52        |
| 85. Directed Reporting.....                                              | 52        |
| SUSPENSIONS AND TRADING HALTS .....                                      | 52        |
| 86. Suspensions.....                                                     | 52        |
| 87. Trading Halts.....                                                   | 53        |
| ERRORS AND CANCELLATIONS .....                                           | 53        |
| 88. Cancellation after Matching on NETS.....                             | 53        |
| 89. Cancellations prior to Matching on NETS Permitted.....               | 54        |
| 90. Contracts between participants .....                                 | 55        |
| 91. No Merger.....                                                       | 55        |
| 92. Deed of Indemnity.....                                               | 55        |
| TAKEOVERS .....                                                          | 56        |
| 93. Announcement.....                                                    | 56        |
| 94. Acquisition of Shares .....                                          | 57        |
| <b>PART C - INDEX .....</b>                                              | <b>58</b> |

## PART C - DEALING

### PARTICIPANT'S ENTITLEMENT TO TRADE ON NETS

#### 1. Entitlement to Trade

- 1.1 Only *participants* may submit *trading messages* into *NETS* and may enter into NSX Transactions.

#### 2. Participant

- 2.1 A *participant* will be allowed to trade on *NETS* if the *participant*:
- (a) has completed that part of the application form which is prescribed by the *Exchange*;
  - (b) (i) has appointed a *settlement agent* for settling all NSX Transactions of the *participant*; or  
(ii) is a CHESSE participant which can settle direct with *ASTC*; and
  - (c) if paragraph (b)(i) is relied upon, has executed and given the *Exchange* a copy of a *clearing agreement* which complies with *Rule 3.1*;
- 2.2 A contract is formed between *participants* when a *bid* is made by one *participant* that sets out the price and the volume of *securities* and this *bid* is matched with an *offer* for transfer of *securities* at the price and the volume specified in the matched *bid* and *offer*.

#### 3. Clearing agreements

- 3.1 If *Rule C 2.1(b)(i)* is relied upon, a *participant* must enter into and maintain a *clearing agreement* with its *clearing participant* setting out the terms and conditions which govern their relationship. The *clearing agreement* must:
- (a) incorporate the terms set out in Appendix 1; and
  - (b) address each of the following functions if relevant:
    - (i) opening, approving and monitoring of accounts and rights of the *clearing participant* to refuse to accept particular persons as clients;
    - (ii) procedures with respect to discretionary accounts;
    - (iii) procedures with respect to receipt and delivery of funds, trust accounts and (if applicable) broker sponsorship;

- (iv) risk management provisions including dealing and position limits;
- (v) extension of credit;
- (vi) communications, trade confirmation and reporting between the *participant* and the *clearing participant*; and
- (vii) fees and stamp duty.

If there is any inconsistency between the terms of the Client Agreement and the terms set out in Appendix 1, the terms in Appendix 1 prevail.

- 3.2 Non compliance by a *participant*, with any term of the *clearing agreement* which is set out in Appendix 1, is a breach of this *Rule 3*.
- 3.3 The *Exchange* will notify the *participant* in writing of any amendments to the *clearing agreement* at least five (5) *business days* prior to an amendment becoming effective.

#### 4. Suspension of trading permission

4.1 If:

- (a) a *participant* ceases to comply with the requirements in *Rule 2*; or
- (i) a *participant* breaches its *clearing agreement* with the *clearing participant*; or
- (b) the *participant*:
  - (ii) is suspended from any or all of the rights or privileges of recognition as a *participant* of the *Exchange*;
  - (iii) if the *participant* is a *participant* of the ASX, has its participation in CHES suspended or restricted by ASTC or ceases to be admitted as a *participant* under ASTC Rule 2.1.1 of the ASTC Rules; or
  - (iv) if the *participant* is a *participant* of the ASX, is suspended from the privileges of being a *clearing participant*, has restrictions imposed on its rights or privileges as a *clearing participant* or has its admission as a *clearing participant* terminated; or
- (c) the *participant* is declared to be a defaulter and thereupon ceases to be entitled to carry on business as a *participant*,

the *Exchange* may suspend the *trading permission* and the entitlement of that *participant* to enter into NSX Transactions and remove all *bids* and *offers* of the *participant* from *NETS* until such time as:

- (d) if the suspension occurred under *Rule 4.1(a)*, the *participant* complies with the requirements of *Rule 2*; or

- (e) if the suspension occurred under *Rule 4.1(c)*:
  - (i) the suspension of the *participant* (as applicable) from any of the rights or privileges of recognition as a *participant* is lifted by the *Exchange*;
  - (ii) the suspension or restriction of the participation in CHES of the *participant* or the *clearing participant* (if the *participant* is a *participant* of the ASX) (as applicable) is lifted by ASTC; or
  - (iii) the suspension of the *participant* or the *clearing participant* (if the *participant* is a *participant* of the ASX) (as applicable) from the privileges of being a *clearing participant* or the restriction imposed on its rights or privileges as a *clearing participant* is lifted by the *Exchange*

4.2 For the avoidance of doubt, the *clearing participant* has the *settlement obligations* for all NSX Transactions of the *participant* which take place prior to the earlier of:

- (a) the suspension of the *participant's trading permission* or removal of all *bids* and *offers* of the *participant* from NETS; or
- (b) the date and time when a *clearing agreement* ends.

## 5. Change of Status

- 5.1 This *Rule* applies only to *participants* who are also *participants* of the ASX.
- 5.2 If a *participant* which is a *clearing participant* no longer wishes to be a *clearing participant*, the *participant* must advise the *Exchange* in writing immediately after it has notified ASX and ASTC.
- 5.2 If a *participant* which is not a *clearing participant* wishes to be a *clearing participant*, the *participant* must advise the *Exchange* immediately after it has notified ASX and ASTC.



## TRADING OBLIGATIONS OF *PARTICIPANTS*

### 6. Responsibility of *participants*

- 6.1 A *participant* is responsible for the accuracy of details, the integrity, and bona fides of, all *trading messages* submitted into *NETS* by means of a *gateway session*, regardless of whether a *designated trading representative* of the *participant* was involved in their submission.
- 6.2 For the avoidance of doubt, if a *trading message* is submitted into *NETS* by means of a *gateway session* of the *participant*, the *trading message* is taken for all purposes under these *Rules* to have been submitted into *NETS* by and with the knowledge of the *participant*.
- 6.3 A *participant* must at all times comply with the *operational requirements* which are specified in *Rules* 6.5 to 6.7 below.
- 6.4 For the avoidance of doubt:
- (a) the general requirement of *Rule* 6.5 (organisational and technical resources) applies in addition to the specific requirements of *Rules* 6.6 (trading management arrangements) and 6.7 (security arrangements); and
  - (b) the *operational requirements* apply to all *orders*.
- 6.5 A *participant* must have and maintain the necessary organisational and technical resources to ensure that:
- (a) *trading messages* submitted into *NETS* by the *participant* do not interfere with:
    - (i) the efficiency and integrity of the markets provided by the *Exchange*; or
    - (ii) the proper functioning of *NETS*; and
  - (b) the *participant* at all times complies with the *Rules*.
- 6.6 A *participant* must have arrangements in place so that the *participant* can at all times determine the origin of all *orders* and *trading messages*, including:
- (a) the different stages of processing each *order* (regardless of whether a *trading message* is generated) and the time at which each stage occurred;
  - (b) the *order* that corresponds to a *trading message*;

- (c) the identity and capacity of the person placing the *order* that corresponds to the *trading message*;
  - (d) the *trader workstation* through which the *trading message* was submitted into *NETS*;
  - (e) the *designated trading representative* with responsibility for that *trader workstation*; and
  - (f) whether the *trading message* was submitted as Principal or for a client.
- 6.7 A *participant* must maintain and enforce at all times appropriate security procedures which are designed to prevent unauthorised persons from having access to a *gateway session* or a *trader workstation* of the *participant*.
- 6.8 A *participant* must answer any request by the *Exchange* for information regarding compliance by the *participant* with the *operational requirements*. If requested by the *Exchange*, a *participant* must provide certification in the form prescribed by the *Exchange* from an appropriately qualified independent person as to compliance by the *participant* with the *operational requirements*.
- 6.9 The *Exchange* or its agent may conduct an audit of compliance by the *participant* with the *operational requirements*, and the *participant* must assist any representative of the *Exchange* appointed to conduct that audit.

## 7. Orderly Market

- 7.1 A *participant* must ensure the conduct of an orderly market by, amongst other things:
- (a) complying with instructions and directions issued by *NETS market control*;
  - (b) complying with the provisions of the *SEATS reference manual*;
  - (c) ensuring that a *designated trading representative* of the *participant* is available to receive communications from other *participants* or the *Exchange* during *normal trading* and the *closing phase*; and
  - (d) not intentionally taking advantage of a situation arising as a result of:
    - (i) a breakdown or malfunction in the *Exchange's* procedures or systems; or
    - (ii) an error in entries made by the *Exchange* within *NETS*.

## 8. Prevention of Manipulative Trading

8.1 A *participant* must not make a *bid* or *offer* for, or deal in, *securities*:

(a) as Principal:

(i) with the intention; or

(ii) if that *bid*, *offer* or dealing has the effect, or is likely to have the effect,

of creating a false or misleading appearance of active trading in any *securities* or with respect to the market for, or the price of, any *securities*; or

(b) on account of any other person where:

(i) the *participant* intends to create;

(ii) the *participant* is aware that the person intends to create; or

(iii) taking into account the circumstances of the *order*, a *participant* ought reasonably suspect that the person has placed the *order* with the intention of creating,

a false or misleading appearance of active trading in any *securities* or with respect to the market for, or the price of, any *securities*.

8.2 In considering the circumstances of the *order*, the *participant* must have regard to the following matters:

(a) whether the *order* or execution of the *order* would be inconsistent with the history of or recent trading in that *security*;

(b) whether the *order* or execution of the *order* would materially alter the market for, or the price of, the *securities*;

(c) the time the *order* is entered or any instructions concerning the time of entry of the *order*;

(d) whether the person on whose behalf the *order* is placed, or another person who the *participant* knows to be a *related party* of that person, may have an interest in creating a false or misleading appearance of active trading in any *securities* or with respect to the market for, or the price of, any *securities*;

(e) whether the *order* is accompanied by settlement, delivery or security arrangements which are unusual;

- (f) where the *order* appears to be part of a series of *orders*, when put together with the other *orders* which appear to make up the series, the *order* or the series is unusual having regard to the matters referred to in this *Rule* 8.2; and
- (g) whether there appears to be a legitimate commercial reason for that person placing the *order*, unrelated to an intention to create a false or misleading appearance of active trading in or with respect to the market for, or price of, any *securities*.

8.3 A *participant* must not:

- (a) enter into a transaction on behalf of a client or as Principal which; or
- (b) make a *bid* or *offer* for *securities* the execution of which,  
  
would involve no change of beneficial ownership, unless the *participant* can show that:
- (c) the *participant* had no reason to suspect that the transaction would involve no change in the beneficial ownership of the *securities*; or
- (d) the purpose or purposes for which the transaction, or *bid* or *offer* was made was not, or did not include, creating a false or misleading appearance of active trading in any *securities* or with respect to the market for, or the price of, any *securities*.

## 9. Observance of the dealing rules

9.1 A *participant* must ensure that all trading on *NETS* by the *participant* is conducted:

- (a) in accordance with the *dealing rules*; and
- (b) by *designated trading representatives*.

## 10. Overseas activity

10.1 A *participant* that proposes to locate a *trader workstation*, or a computer or other device connected to a *trader workstation* of the *participant*, outside Australia (the “**overseas activity**”) must:

- (a) provide prior written notification to the *Exchange* including details of the proposed *overseas activity*;
- (b) obtain all necessary regulatory approvals from any relevant governmental agency or regulatory authority in Australia or elsewhere; and

- (c) comply with the directions of the *Exchange* and any relevant governmental agency or regulatory authority in Australia concerning the supervision of the *overseas activity*.

10.2 Without limiting the generality of the indemnity given pursuant to *Rule 18.5* below, a *participant* indemnifies the *Exchange* in respect of any loss or damage caused to the *Exchange* as a result of a failure by the *participant* to observe the requirements of *Rule 10.1*.

## **11. Records and Identification of order Source**

11.1 In addition to the requirements of Part E of the Business Rules, a *participant* must maintain for a period of seven years, records of:

- (a) the matters referred to in *Rule 6.6* above; and
- (b) the name and contact details of persons in relation to whom unique identifiers are allocated under *Rule 19.2(b)*.

A *participant* must provide those records to the *Exchange* immediately upon request.

11.2 A *participant* must fill the transaction origin identifier field for every *trading message* submitted into *NETS* with details of the unique identifier allocated pursuant to *Rule 19.1(b)* or *Rule 19.2(b)*, as the case may require, to enable the identification of the originator of a *trading message* submitted into *NETS* by means of a *gateway session* of the *participant*.

## 12. Minimum bids

12.1 *Bids and offers may only be entered on NETS in multiples of the minimum bids set out below:*

- (a) *equity securities and redeemable preference shares which are loan securities in accordance with paragraph (c) of the definition of loan securities:*

| <u>Market Price</u>     | <u>Minimum bid</u> |
|-------------------------|--------------------|
| Up to 10c               | 0.1c               |
| Over 10c up to 50c      | 0.5c               |
| Over 50c up to \$998.99 | 1c                 |
| \$999 or greater        | \$1                |

- (b) *loan securities excluding redeemable preference shares which are loan securities in accordance with paragraph (c) of the definition of loan securities:*

| <u>Market Price</u> | <u>Minimum bid</u> |
|---------------------|--------------------|
| Any market price    | 0.1c               |

12.2 The *Exchange* may in its discretion, vary the size of the minimum bid referred to in *Rule 12.1(a)* and (b) above.

## 13 Designated trading representatives

13.1 The function of a *designated trading representative* is to submit *trading messages* into *NETS* using a *trader workstation* of a *participant*.

13.2 Subject to this *Rule 13*, upon receipt of an application in writing from a *participant* in the form prescribed by the *Exchange*, the *Exchange* may register a person nominated by the *participant* as a *designated trading representative* of that *participant*.

13.3 To be eligible for registration as a *designated trading representative*, a person must:

- (a) hold a Licence or be a *representative* or *representative* of the *participant* which allows the person to deal in *securities* under the Licence of the *participant*; and
- (b) have demonstrated knowledge of the *dealing rules* and relevant practices and procedures of the *Exchange*; and
- (c) provide any further information the *Exchange* requests regarding suitability for registration.

- 13.4 The *Exchange* may register a person as a *designated trading representative* subject to any conditions it considers appropriate in the interests of maintaining a fair and orderly market.
- 13.5 Upon registration under *Rule 13.2* above, a *designated trading representative* must continue to meet the requirements of *Rule 13.3* above at all times.
- 13.6 The *Exchange* may refuse to register a person as a *designated trading representative* if the *Exchange* considers that person will not be capable of effectively discharging the functions of a *designated trading representative*, or it is desirable to do so in order to protect the interests of the *Exchange*, the markets conducted by the *Exchange* or the proper functioning of *NETS*.
- 13.7 The *Exchange* may suspend or withdraw a registration previously given to a person as a *designated trading representative* if the *Exchange* considers:
- (a) the person has caused the *participant* to fail to comply with the *Rules*;
  - (b) the person is not effectively discharging the functions of a *designated trading representative*;
  - (c) the person has failed to comply with any conditions imposed under *Rule 13.4*; or
  - (d) it is desirable to do so in order to protect the interests of the *Exchange*, the markets conducted by the *Exchange* or the proper functioning of *NETS*.
- 13.8 The *Exchange* must notify the *designated trading representative* and the relevant *participant* in writing of a refusal, suspension or withdrawal of registration under *Rule 13.6* or *13.7* and the reasons for such refusal, suspension or withdrawal.
- 13.9 If the *Exchange* suspends or withdraws the registration of a person as a *designated trading representative* under *Rule 13.6*, it may direct the *participant* to remove, with immediate effect or otherwise at a time specified by the *Exchange*, that *designated trading representative's* access to any *trader workstation* of the *participant*.
- 13.10 Without abrogating the right of the *Exchange* under *Rules 13.6, 13.7* and *13.9*, a *participant* may make submissions to the *Exchange* in relation to a decision by the *Exchange* to refuse to register or to withdraw the registration of a *designated trading representative* of the *participant*. For the avoidance of doubt, the *Exchange* may suspend the registration of a person as a *designated trading representative* under *Rule 13.6* and *13.7* prior to the making of any submissions to the *Exchange* under this *Rule 13.10*
- 13.11 If:

- (a) a *designated trading representative* ceases to hold a Licence or ceases to be a *representative* of the *participant*; or
- (b) a *participant* wishes the registration of a *designated trading representative* to be withdrawn,

the *participant* must *notify* the *Exchange* in writing of:

- (c) the name of the relevant *designated trading representative*; and
- (d) the *trading day* upon which the withdrawal of the registration is to take effect.

The registration of the *designated trading representative* will be taken to be withdrawn automatically at the end of *after hours adjust phase* on the *trading day* specified in that notice, or, if the *Exchange* so determines, at such earlier time as the *Exchange* shall *notify* the *participant*.

13.12 A *designated trading representative* is not permitted to execute any order on *NETS* for or on account of:

- (a) the *designated trading representative*; or
- (b) the *immediate family*/or Family Entity of the *designated trading representative*,

without the prior written approval of the *participant*.

13.13 A *participant* must ensure that all its *designated trading representatives* comply with the continuing professional education requirements published from time to time by the *Exchange*.



## FUNCTIONS, POWERS AND LIABILITY OF THE EXCHANGE

### 14. Exchange Functions

14.1 The functions of the *Exchange* include the following:

- (a) to provide facilities for fair, efficient and informed trading of *securities*, and any other investment products traded under the *Rules*, including the provision of:
  - (i) facilities for the recording and registration of dealings in *securities* and any other investment products traded under the *Rules*; and
  - (ii) information in relation to those dealings,  
  
in accordance with the *Corporations Act*, the *Rules* and the terms of contractual agreements entered into with *participants* and others;
- (b) to encourage compliance by *participants* and other persons with, and where necessary, to take disciplinary action for contravention of the *Rules*; and
- (c) to co-operate so far as reasonably possible with ASIC and ASTC in carrying out the functions set out in *Rules* 14.1(a) and (b) and to provide such assistance as is reasonably required by the Commission and ASTC in carrying out their functions.

### 15. Official meetings

15.1 *Official meetings* will be held on *trading days* prescribed by the *Exchange*. This *Rule* is subject to *Rule* 16. For the avoidance of doubt, *official meetings* of the *Exchange* shall commence at the beginning of the *pre-opening phase* and conclude immediately prior to the beginning of the *enquire phase*.

### 16. Exchange Powers

16.1 If the *Exchange* reasonably considers that it is necessary for:

- (a) the efficiency and integrity of the markets provided by the *Exchange*; or
- (b) the proper functioning of *NETS*,

the *Exchange* may:

- (c) suspend the *trading permission* of a *participant* whose actions have, in the opinion of the *Exchange*, adversely impacted on that efficiency or integrity or the proper functioning; or

(d) generally suspend access to *NETS*,

until a satisfactory resolution, in the opinion of the *Exchange*, of the act, omission or circumstance which gave rise to the suspension has been implemented.

16.2 If the *Exchange* takes action under *Rule 16.1* in relation to:

(a) a *participant* referred to in *Rule 16.1(c)*; or

(b) *participants* generally,

the *Exchange* will immediately *notify* the *participant* concerned or *participants* generally, as the case may require.

16.3 If requested by a *participant* referred to in *Rule 16.1(c)*, the *Exchange* will give the *participant* an opportunity to either, at the option of the *participant*:

(a) appear in person or be represented before the *Exchange*; or

(b) lodge a written submission for consideration by the *Exchange* as to why the *participant's* actions do not or will no longer adversely impact on the efficiency and integrity of the markets conducted by the *Exchange* or the proper functioning of *NETS*.

The *Exchange* will determine the matter without bias and give the *participant* a fair hearing and otherwise observe the rules of natural justice.

Note: For the avoidance of doubt, a participant dissatisfied with a decision of the *Exchange* may appeal to the appeal committee.

16.4 In the event that access to *NETS* should be generally restricted for whatever reason, the *Exchange* may suspend trading on *NETS* and place the system in the *adjust phase*. When the *Exchange* forms the opinion that *NETS* can recommence, the *Exchange* will *notify participants* of the time at which a new *pre-opening phase* will commence.

16.5 If in the opinion of the *Exchange* it is appropriate for the maintenance of an orderly, fair and informed market, that the market, or any particular *security*, be placed in *pre-opening phase*, the *Exchange* may declare that the market, or any particular *security*, is in *pre-opening phase* for a specified period not exceeding 30 minutes.

16.6 A *participant* must *notify* the *Exchange* as soon as practicable if it is unable to submit *trading messages* into *NETS* in circumstances where access to *NETS* has not been suspended under this *Rule 16*. Upon a *participant* *notifying* the *Exchange* of its inability to submit *trading messages* into *NETS*, the procedures set out in the *SEATS reference manual* will apply.

## 17. Communications with NETS

17.1 If the *Exchange* reasonably believes there is some fact or matter which may impair the ability of a *participant's trader workstation* to communicate *trading messages* reliably with *NETS*, or to correctly process those *trading messages*, the *Exchange* may, on reasonable notice, require a *participant* to undertake testing of its *trader workstation* as specified by the *Exchange*.

17.2 If:

- (a) after the *participant* has undertaken the testing referred to in *Rule 17.1*, the *Exchange* reasonably believes that the ability of the *participant's trader workstation* to communicate *trading messages* reliably with *NETS* or to correctly process those *trading messages* is or will be impaired; or
- (b) the *participant* has not within the time specified by the *Exchange* complied with the *Exchange's* requirement to undertake the testing referred to in *Rule 17.1*,

then notwithstanding *Rule 17.5*, the *Exchange* may immediately take such steps as it considers necessary or desirable for the efficiency and integrity of the market provided by the *Exchange* or the proper functioning or orderly operation of *NETS*, including:

- (c) giving instructions or directions to the *participant* to prevent or minimise impairment to those communications of *trading messages* with *NETS* or the correct processing of those *trading messages*;
- (d) suspending the *trading permission* of the *participant* until such time as the *Exchange* is satisfied that the ability of the *participant's trader workstation* to communicate *trading messages* reliably with *NETS* or to correctly process those *trading messages* is or will no longer be impaired; and
- (e) suspending the connection to *NETS* of any *trader workstations* of the *participant* until such time as the *Exchange* is satisfied that the ability of the *participant's trader workstation* to communicate *trading messages* reliably with *NETS*, or to correctly process those *trading messages* is or will no longer be impaired.

17.3 A *participant* must observe and give effect to any instructions or directions given under *Rule 17.2(c)* above.

17.4 If the *Exchange* takes steps under *Rule 17.2* above, the *Exchange* will notify the *participant* concerned.

17.5 If requested by a *participant* referred to in *Rule 17.2* above, the *Exchange* will give the *participant* an opportunity to either, at the option of the *participant*:

- (a) appear in person or be represented before the *Exchange*; or
- (b) lodge a written submission for consideration by the *Exchange*

as to why:

- (c) the ability of the *participant's trader workstation* to communicate *trading messages* reliably with *NETS* or to correctly process those *trading messages* is, or will not, or will no longer be impaired; and
- (d) the *participant* should not be required to undertake the testing referred to in *Rule 17.1* above.

The *Exchange* will determine the matter without bias and give the *participant* a fair hearing and otherwise observe the rules of natural justice.

*Note:* For the avoidance of doubt, a *participant* dissatisfied with a decision of the *Exchange* may appeal to the appeal committee.

## **18. Liability of the Exchange**

18.1 Nothing in this *Rule 18* excludes, restricts or modifies any condition or warranty implied in the contract constituted by these *Rules* by any applicable statute (including the *Trade Practices Act 1974*) where to do so would render any part of the *Rules* void.

18.2 Subject to *Rules 18.1* above and 18.4 below the *Exchange* and its subsidiaries, and their respective employees and agents, will have no obligation or liability of any kind to a *participant*, or to any of its clients in respect to any loss or damage (including consequential loss or damage) which may be suffered or incurred or which may arise directly or indirectly in respect of the supply of goods or services, a *participant's* use of or inability to use *NETS*, or in respect of a failure, error or omission on the part of the *Exchange* or any of its subsidiaries, including any loss or damage in respect of:

- (a) the results of trading on markets provided by the *Exchange*, or the suspension, interruption, cancellation or closure of trading on those markets;
- (b) any inoperability or malfunction of equipment, software or any other product supplied to a *participant*, or in respect of its installation, maintenance or removal; and
- (c) the exercise by the *Exchange* of a decision making power under the *Rules*,

whether such loss or damage is caused wholly or partially by negligence on the part of the *Exchange*, its subsidiaries or any of their respective employees or agents.

- 18.3 The *Exchange* and its subsidiaries exclude all conditions and warranties implied by statute, general law or custom except any implied condition or warranty the exclusion of which would contravene any statute or cause any part of this *Rule 18* to be void ("**statutory conditions**").
- 18.4 To the maximum extent permitted by law, the liability of either or both the *Exchange* and its subsidiaries for breach of any *statutory condition* or directly or indirectly arising out of the performance of the contract constituted by these *Rules* is limited to either of the following at the discretion of the *Exchange*:
- (a) in the case of goods:
    - (i) the replacement of the goods; or
    - (ii) the repair of the goods;
  - (b) in the case of services:
    - (i) the supply of the services again; or
    - (ii) the payment of the cost of having the services supplied again.
- 18.5 Each *participant* indemnifies and agrees to keep indemnified the *Exchange*, its subsidiaries and their respective employees, contractors and agents ("those indemnified") from and against any loss (including its legal costs and expenses on a solicitor/client basis) or liability reasonably incurred or suffered by *those indemnified* arising from any proceedings against *those indemnified* where such loss or liability arose out of:
- (a) any breach by the *participant* of its obligations under the *Rules*; or
  - (b) any wilful, unlawful or negligent act or omission by a *participant*.

## 19. Allocation of Unique Identifiers

- 19.1 The *Exchange* will allocate a unique identifier to each:
- (a) *participant*;
  - (b) *designated trading representative*; and
  - (c) *trader workstation*.
- 19.2 A *participant* must allocate a unique identifier to each:
- (a) computer or other device which can connect to a *trader workstation* of a *participant*; and
  - (b) *designated trading representative* of that *participant*.

**20. Action the Exchange Will Take in Respect of Takeover offers**

20.1 When the *Exchange* receives information in relation to a:

(a) *takeover bid* (other than a *scheme*);

or

(b) *scheme*,

the *Exchange* will take the action set out in Appendix 2.

## DEALING IN SECURITIES NOT YET GRANTED OFFICIAL QUOTATION

### 21. Dealings in securities of Listed Entities For Which official quotation Sought

21.1 Except as permitted in this *Rule*, a *participant* is prohibited, either in its own office or elsewhere, from making quotations or dealing in a new issue or placement of *securities* (except *loan securities*):

(a) made for the purpose of qualifying a company for admission to the *official list* of the *Exchange*; or

(b) for which *official quotation* will be sought,

until such *securities* have been granted *official quotation*.

21.2 The exceptions to this *Rule* are:

(a) a *participant* may underwrite or sub-underwrite a new issue or placement of *securities*;

(b) a *participant* may dispose of *securities* if those *securities* comprise an underwriting or sub-underwriting shortfall;

(c) where the *securities* have been issued on a pro rata basis to security holders;

(d) where a listed company acquires assets and as part or full consideration, issues new *securities* (except *loan securities*) to the vendor and the *participant* has made a prior firm arrangement with the vendor to place these *securities* as soon as they are issued. The *participant* must then ensure that the details of the issue to the vendor are advised to the *Exchange* by the listed company immediately the *securities* are issued; and

(e) where a *participant*:

(i) makes a placement of new *securities* (except *loan securities*) for which *official quotation* will be sought, and the *participant* ensures that all investors accepting the *securities* are informed in writing that *participants* cannot deal in the *securities* either as Principal or agent until *official quotation* is granted in respect of those *securities*; or

(ii) accepts selling orders in *securities* (except *loan securities*) for which *official quotation* will be sought, and the *participant* takes

all reasonable steps to ensure that the *securities* are not sold before the *securities* have been granted *official quotation*.

## **22. Dealings in securities for which official quotation is not sought**

- 22.1 A *participant* may deal in new *securities* for which *official quotation* will not be sought 24 hours after the entity has advised the *Exchange* of the details of the issue.

## **23. Dealings in securities Suspended from official quotation**

- 23.1 A *participant* must not deal in *securities* which have been suspended from *official quotation* unless prior approval has been given by the *Exchange*.



## DEALINGS IN SECURITIES GRANTED OFFICIAL QUOTATION

### DEALINGS ON NETS

#### 24. Dealings on NETS

- 24.1 Transactions in *securities* granted *official quotation* must be made on *NETS* in accordance with these *Rules*.

#### 25. Trading Priority on NETS

- 25.1 Each *bid* or *offer* price for *securities* entered into *NETS* is placed in priority according to the highest priced *bid* and the lowest priced *offer*. An earlier entered *bid* price has priority over a *bid* at the same price entered at a later time. An earlier entered *offer* price has priority over an *offer* at the same price entered at a later time.

#### 26. Pre-opening phase

- 26.1 During the *pre-opening phase*, *bids* and *offers* may be entered, amended or cancelled in *NETS* (*bids* and/or *offers* remaining in *NETS* from a previous *trading day* may be amended or cancelled).
- 26.2 Unless a *bid* or *offer* is amended or cancelled, the *bids* and *offers* which were in *NETS* at the close of *normal trading* on the previous *trading day*, retain the priority determined in accordance with the trading priority procedures of *Rule 27* below.
- 26.3 During the *pre-opening phase* no *bids* or *offers* will be matched.

#### 27. Opening phase

- 27.1 During the *opening phase*, *bids* or *offers* must not be entered, amended or cancelled in *NETS*.
- 27.2 During the *opening phase* all *bids* and *offers* will, subject to *Rule 27.3* below, be matched automatically by *NETS* in accordance with the following procedures:
- (a) the priority *bid* is matched with the priority *offer* so that either the *bid* or the *offer* is fully satisfied;
  - (b) a new priority of *bids* and *offers* is established after deducting the quantity of *securities* paired;

- (c) the pairing and re-establishment of priority set out in *Rule 27.2(a)* and (b) is repeated until the priority *bid* price is below the priority *offer* price; and
- (d) all paired *bids* and *offers* are then matched at the *weighted price* for the last *bid* and *offer* to be paired before the priority *bid* price is below the priority *offer* price.

*Note: An example of the above procedures is in the ASX SEATS reference manual.*

27.3 Where the highest *bid* and lowest *offer* prices respectively do not match or overlap such *bids* and *offers* will not participate in the procedures outlined in *Rule 27.2* above.

27.4 Any *bids* or *offers* which have not been matched at the completion of the procedures described in *Rule 27.2* above will be carried through to *normal trading*.

## **28. Normal trading**

28.1 Subject to these *Rules*, during *normal trading*, *bids* and *offers* may be entered, amended or cancelled in *NETS* and matched in accordance with *Rule 25* above.

28.2 A *participant* may withdraw *bids* or *offers* after the close of *normal trading* and re-enter the *bids* or *offers* so withdrawn on the following *trading day*. However, the *bids* and *offers* withdrawn will lose, at the time of that withdrawal, the priority then held for the purposes of *Rule 25* above.

## **29. Prohibitions in Period Prior to Commencement of normal trading**

29.1 A *participant* dealing as Principal must not *bid* or *offer securities* to any client resident in Australia prior to the commencement of *normal trading* on any *trading day*. This prohibition does not apply to *special crossings*.

29.2 A *participant* acting on behalf of a member of a Recognised Overseas Stock Exchange must not *bid* for or *offer securities* to any client resident in Australia prior to commencement of *normal trading* on any *trading day*. This prohibition does not apply to *bids* or *offers* entered during or existing from the previous *trading day*.

29.3 Unless, *Rule 30.4* applies, a *participant* acting on behalf of an overseas resident client must not *bid* firm or *offer* firm *securities* to any client resident in Australia prior to the commencement of *normal trading* on any *trading day*.

## **30. Closing single price auction**

30.1 For the purpose of conducting the closing single price auction during the end of *normal trading*, *NETS* will be placed in *pre-opening phase* for the period prescribed by the *Exchange*.

- 30.2 At the end of the period of the *pre-opening phase* referred to in *Rule 30.1*, all paired *bids* and *offers* will be matched automatically by *NETS* in accordance with the procedures set out in *Rule 27* above.
- 30.3 Any *bids* or *offers* which have not been matched at the completion of the matching procedures referred to in *Rule 30.2* above, will be carried through to the *closing phase*.
- 30.4 The prohibition in *Rule 29.3* does not apply to *crossings* during the *closing phase*, the *after hours adjust phase* and the *enquire phase* which are made in accordance with *Rules 35, 36 and 37*.

### 31. Closing phase

- 31.1 For a period of one hour immediately after the close of *normal trading* or such other period as is prescribed by the *Exchange*, *NETS* will be placed in the *closing phase*.
- 31.2 Where a *participant* receives an *order* after the close of *normal trading* and the *participant* desires to deal with another *participant* during the *closing phase*:
- (a) that *participant* must:
    - (i) enter a *bid* or *offer* on *NETS* at the price at which it desires to deal; and
    - (ii) *bid* the *securities* to priority sellers as shown on *NETS* in order of priority from the lowest *offer* price up to and including the price at which the *participant* desires to deal; or
    - (iii) *offer* the *securities* to priority buyers, as shown on *NETS* in order of priority from the highest *bid* price down to and including the price at which the *participant* desires to deal; and
    - (iv) *bid* or *offer* the *securities* to priority buyers or priority sellers by telephone;
  - (b) if any of the priority buyers or priority sellers desire to deal at the *participant's* price, the *participant*:
    - (i) shall deal only with those priority buyers or priority sellers in accordance with the order of priority described in *Rule 25.1*; and
    - (ii) may only effect a transaction with any other *participant* after the priority buyers or priority sellers have been fully satisfied up to the quantity of *securities* which have been entered on *NETS*;

- (c) a *participant* which has entered a *bid* or *offer* on *NETS* in accordance with *Rule 31.2(a)* must trade the quantity of *securities bid* or *offered* at the *bid* or *offer* price;
- (d) a *participant* must take immediate action to manually amend or remove any *bid* or *offer* which is partly or fully satisfied during the *closing phase*; and
- (e) a *participant* which makes a transaction in accordance with this *Rule 31* above must report the transaction in accordance with *Rule 73.1* below.

## 32. After hours adjust phase

32.1 For a period of two hours immediately after the *closing phase* or such other period as is prescribed by the *Exchange*, *NETS* will be placed in the *after hours adjust phase*.

32.2 Where a *participant* receives an *order* to buy or to sell *securities* after the close of *normal trading* and the *participant* desires to deal with another *participant* during the *after hours adjust phase*:

- (a) that *participant* must:
  - (i) *bid* the *securities* to priority sellers as shown on *NETS* in order of priority from the lowest *offer* price up to and including the price at which the *participant* desires to deal; or
  - (ii) *offer* the *securities* to priority buyers, as shown on *NETS* in order of priority from the highest *bid* price down to and including the price at which the *participant* desires to deal; and
  - (iii) *bid* or *offer* the *securities* to priority buyers or priority sellers by telephone;
- (b) if any of the priority buyers or priority sellers desire to deal at the *participant's* price the *participant*:
  - (i) must deal only with the priority buyers or priority sellers in accordance with the order of priority described in *Rule 25.1* above; and
  - (ii) must only effect a transaction with another *participant* after the priority buyers or priority sellers have been fully satisfied up to the quantity of *securities* which have been entered on *NETS*;

- (c) a *participant* which deals in accordance with this *Rule 32* must trade the quantity of *securities bid* or *offered* at the *bid* or *offer* price if the *participant* entered a *bid* or *offer* on *NETS* for those *securities* during the *closing phase*;
- (d) a *participant* must take immediate action to manually amend or remove any *bid* or *offer* which is partly or fully satisfied during the *closing phase*; and
- (e) a *participant* which makes a transaction in accordance with this *Rule 32* must report the transaction in accordance with *Rule 73.1* below.

### **33. The enquire phase**

- 33.1 At the expiration of the *after hours adjust phase*, *NETS* will be placed in the *enquire phase* until commencement of the *pre-opening phase* on the next trading day.
- 33.2 Where a *participant* receives an *order* to buy or to sell *securities* during the *enquire phase* and that *participant* desires to effect a transaction with another *participant*, the transaction may be effected at a price which is mutually acceptable.
- 33.3 A *participant* which makes a transaction in accordance with this *Rule 33* must report the transaction in accordance with *Rule 77.3* below.

## **CROSSINGS**

### **34. Crossings permitted during normal trading**

- 34.1 *crossings* during *normal trading* must be effected in accordance with this *Rule 34.2* to *34.6*
- 34.2 The *participant* must enter either a *bid* or an *offer* at the price at which the *participant* wishes to *cross*.
- 34.3 Where a *bid* is entered, the *bid* shall be matched with *offers* in order of priority from the lowest *offer* price, up to but not including *offers* at the price at which the *participant* desires to *cross*.
- 34.5 Where an *offer* is entered, the *offer* shall be matched with *bids* in order of priority from the highest *bid* price down to but not including *bids* at the price at which the *participant* desires to *cross*.
- 34.5 Any quantity of *securities* which remains available after the procedure required by *Rules 34.3* and *34.5* have been followed, may then be *crossed*.
- 34.6 A *crossing* must only be effected in accordance with this *Rule*:

- (a) where the highest *bid* price and lowest *offer* price are not more than one minimum *bid* apart; and
- (b) where the *participant* has created a *crossing* market in order to satisfy paragraph (a), after the flashing indicator on *NETS* has ceased (being a period not less than 10 seconds).

### **35. Crossings permitted during the closing phase**

35.1 Where a *participant* receives an *order* to buy or an *order* to sell *securities* after the close of *normal trading* and the *participant* desires to *cross* the *order* with an opposite *order* to sell or buy *securities* during the *closing phase* the *participant* must effect that *crossing* in accordance with this *Rule 35*.

35.2 The *participant* must:

- (a) enter a *bid* and/or an *offer* on *NETS* at the price at which the *participant* desires to *cross* and, if necessary, make a *crossing* market not more than one minimum *bid* apart; and
- (b) *bid* the *securities* to priority sellers, as shown on *NETS* in order of priority from the lowest *offer* price up to but not including the price at which the *participant* desires to *cross*; or
- (c) *offer* the *securities* to priority buyers, as shown on *NETS* in order of priority from the highest *bid* price down to but not including the price at which the *participant* desires to *cross*; and
- (d) *bid* or *offer* the *securities* to priority buyers or priority sellers by telephone.

35.3 Should any of the priority buyers or priority sellers desire to deal at the *participant's* price, the *participant* must:

- (a) deal only with priority buyers or priority sellers in accordance with the order of priority as set out in *Rule 25.1* above; and
- (b) only effect a *crossing* or effect a transaction with any other *participant* after the priority buyers or priority sellers have been fully satisfied up to the quantity of *securities* which have been entered on *NETS*.

35.4 A *participant* which has entered a *bid* or *offer* on *NETS* during the *closing phase* in accordance with this *Rule 35* must trade the quantity of *securities* *bid* or *offered* at the *bid* or *offer* price.

35.5 A *participant* must immediately amend or remove any *bid* or *offer* which was entered pursuant to this *Rule 35*, when the *order* to which the *bid* or *offer* relates is partly or fully satisfied.

35.6 A *participant* which makes a *crossing* in accordance with this *Rule* 35 must report the *crossing* in accordance with *Rule* 73.1 below.

### 36. Crossings during the after hours adjust phase

36.1 Where a *participant* receives an *order* to buy or an *order* to sell *securities* after the close of *normal trading* and the *participant* desires to *cross* the *order* with an opposite *order* to sell or buy the *securities* during the *after hours adjust phase* the *participant* must effect that *crossing* in accordance with this *Rule* 36.

36.2 The *participant* must:

- (a) *bid* the *securities* to priority sellers as shown on *NETS* in order of priority from the lowest *offer* price up to but not including the price at which the *participant* desires to *cross*; or
- (b) *offer* the *securities* to priority buyers as shown on *NETS* in order of priority from the highest *bid* price down to but not including the price at which the *participant* desires to *cross*; and
- (c) *bid* or *offer* the *securities* to priority buyers or priority sellers by telephone.

36.3 Should any of the priority buyers or priority sellers desire to deal at the *participant's* price, the *participant* must:

- (a) deal only with priority buyers or priority sellers in accordance with the order of priority set out in *Rule* 25.1 above; and
- (b) only effect a *crossing* or effect a transaction with any other *participant* after the priority buyers or priority sellers have been fully satisfied up to the quantity of *securities* which have been entered on *NETS*.

36.4 Where a *participant* is unable to contact the priority sellers or priority buyers by telephone, the *participant* must not effect a *crossing*.

36.5 A *participant* that makes a *crossing* in accordance with this *Rule* 36 must:

- (a) trade the quantity of *securities* *bid* or *offered* at the *bid* or *offer* price if the *participant* entered a *bid* or *offer* on *NETS* for those *securities* during the *closing phase*; and
- (b) immediately amend or remove any *bid* or *offer* which was entered when the *order* to which the *bid* or *offer* relates is partly or fully satisfied.

36.6 A *participant* that makes a *crossing* in accordance with this *Rule* must report the *crossing* in accordance with *Rule* 73.1.

### 37. Crossings during the enquire phase

37.1 Where a *participant* receives an *order* to buy or to sell *securities* during the *enquire phase*, the price at which a *crossing* may be made shall be:

- (a) the price negotiated on account of the clients; or
- (b) when the *participant* sells or buys the *securities* as Principal, the price agreed between the client and the *participant*.

37.2 A *participant* that makes a *crossing* in accordance with this *Rule 37* must report the *crossing* in accordance with *Rule 77.1* below.

### 38. Crossings prior to Commencement of normal trading

38.1 A *crossing* may be effected up to 15 minutes prior to the commencement of *normal trading* at the beginning of any *trading day* when:

- (a) an overseas resident client is involved in both sides of the transaction; or
- (b) an overseas resident client is involved in one side and the *participant* is acting as Principal on the other side of the transaction; and
- (c) a stock market maintained by a *recognised stock exchange*:
  - (i) in the overseas client's country of residence; or
  - (ii) if both sides of the transaction involve overseas resident clients, in the country of residence of one of those clients,

is open for trading at that time.

38.2 A *participant* which makes a *crossing* in accordance with this *Rule 38* must report the *crossing* in accordance with *Rule 78* below.



### 39. Crossings during an offer period

- 39.1 A *crossing* must not be effected pursuant to *Rule 37* above in a class of *equity securities* of a company which is subject to the *Corporations Act* where the *crossing* is at a price which is at or below the offer price for that class of *equity securities* during an offer period under a *takeover bid*.

## SPECIAL CROSSINGS

### 40. Special crossings Permitted

- 40.1 A *special crossing* may only be effected in accordance with this *Rule 40* and subject to *Rule 48* below.
- 40.2 A *special crossing* must be reported in accordance with *Rules 70* to *86* below.

### 41. Loan securities

- 41.1 A *special crossing* in *loan securities* may be effected by a *participant* when the consideration for the transaction is not less than \$100,000 or such other amount greater than \$100,000 as is prescribed by the *Exchange*.

### 42. Block special crossings

- 42.1 A *block special crossing* in *equity securities* may be effected by a *participant* if:
- (a) the consideration for the transaction is not less than \$100,000 or such other amount, greater than \$100,000, as is prescribed by the *Exchange*;
  - (b) the *equity securities* to be bought or sold are:
    - (i) of a single *issuer*; and
    - (ii) of the same class and paid up value; or
    - (iii) are of different classes which differ only in relation to the amount of dividend payable;
  - (c) either the *equity securities* are:
    - (i) bought by the *participant* as Principal, or as agent on behalf of one or more clients of the *participant* or in both capacities; and
    - (ii) sold by the *participant* as a Principal or as agent on behalf of one client of the *participant*. That client may be a *funds manager* acting on behalf of more than one client account; or

the *equity securities* are:

- (iii) sold by the *participant* as Principal, or as agent on behalf of one or more clients of the *participant* or in both capacities; and
- (iv) bought by the *participant* as Principal or as agent on behalf of one client of the *participant*. That client may be a *funds manager* acting on behalf of more than one client account.

#### **43. Portfolio special crossings**

43.1 A *portfolio special crossing* may be effected by a *participant* if:

- (a) the portfolio comprises a number of purchases and/or sales of different *equity securities* pursuant to a single agreement for an agreed price;
- (b) the *participant*:
  - (i) acts as agent for both the buyer and seller of the portfolio; or
  - (ii) as Principal buys from or sells to the client, the portfolio;
- (c) there are at least 3 purchases and/or sales of different *equity securities* which have a consideration of not less than \$20,000 each, or such other amount greater than \$20,000 as is prescribed by the *Exchange*, although additional purchases and/or sales of less than \$20,000 (or the amount otherwise prescribed by the *Exchange*) may be included;
- (d) the total consideration for all purchases and/or sales making up the portfolio is not less than \$50,000, or such other amount greater than \$50,000 as is prescribed by the *Exchange*.

#### 44. Index Replicating Special Trade

- 44.1 For the purpose of this Rule 44.1, “**approved index**” means an index approved by the *Exchange* and listed in Appendix 4 of the *Rules*. For the purposes of this Rule 44.1, the *Exchange* may, in the interests of market integrity and efficiency, approve an Index as an “*approved index*” but only if at least 20% of the classes of *securities* comprising the index are, in the opinion of the *Exchange*, illiquid.
- 44.2 A *special crossing* in *equity securities* may be effected by a *participant* where the *participant* is acting as Principal and the other party to the *special crossing* is the entity which is acquiring the *equity securities* and at the time of the *special crossing*:
- (a) the *equity securities* comprise not less than 90% of all classes of *securities* which are included in an *approved index*; and
  - (b) the aggregate value of the *equity securities* is not less than the minimum amount of the consideration permitted for a “**block**” special crossing under the *Rules* or 90% of the value of the Approved Index (where the method of valuation is prescribed by the *Exchange* and listed in Appendix 4 of the *Rules*), whichever is the greater.

#### 45. Underwriting Disposals

- 45.1 *Special crossings* may be effected where the transaction involves the initial disposal by the *participant* of the underwriter’s or sub-underwriter’s commitment.

#### 46. Exchange Approval

- 46.1 A *special crossing* of *equity securities* may be effected by a *participant* with the prior approval of the *Exchange* where:
- (a) the sale is for the purpose of enabling an *issuer* to maintain or obtain a spread of holders in accordance with the Listing Rules; or
  - (b) the sale results from an approach to holders of *equity securities* of an *issuer* wishing to aggregate small holdings.

#### 47. Completion of order

- 47.1 A *special crossing* of *securities* may be effected by a *participant* when the *securities* constituting the sale comprise less than a *marketable parcel* and the sale is made for the purpose and will have the effect of completing a client’s order in accordance with the terms of that order.

**48. Special crossings Prohibited**

48.1 A *special crossing* of any *equity securities* of an *issuer*, which is a company under the *Corporations Act* must not be effected in either of the following cases:

- (a) during an *offer period* for any *equity securities* of the *issuer*; or
- (b) on behalf of an *issuer* during the term of an on-market buy back offer by the *issuer*.

## DEALING ON A DIFFERENT BASIS OF QUOTATION

### 49. General Rule

- 49.1 A *participant* must, unless *Rule 50* below applies, deal on *NETS* in a quoted *security* on the basis it is quoted.

### 50. Exceptions

- 50.1 A *participant* may deal on *NETS* in a quoted *security* on a basis different to the existing quotation if a market for such dealing is established in accordance with the following procedures:
- (a) the *participant* must advise *NETS market control* of the proposal to deal on a different basis of quotation and *NETS market control* may then cause an announcement to be made on *NETS*;
  - (b) dealing on the different basis of quotation will not commence until the expiry of a period of Pre-Opening of at least 15 minutes after the announcement referred to in *Rule 50.1(a)* has been made. However *participants* may change *bid* and *offer* prices during that period of Pre-Opening;
  - (c) trading on the different basis of quotation will only be permitted on the *trading day* on which the different basis of quotation was announced in accordance with *Rule 50.1(a)*.
- 50.2 A *participant* may effect a *special crossing* in *securities* in accordance with *Rules 40 to 48* above on a basis different to the existing basis of quotation provided the *participant* reports that different basis of quotation through *NETS*.

## NON-DISCLOSURE OF QUANTITY OF SECURITIES BID OR OFFERED

### 51. General Rule

- 51.1 A *participant* must, unless *Rule 51.2* applies, when entering a *bid* or *offer* into *NETS*, specify both the price and quantity of the *securities* the subject of that *bid* or *offer*.
- 51.2 A *participant* may elect not to disclose the quantity of the *securities* the subject of a *bid* or *offer* entered by the *participant* into *NETS* when the value of the *securities* the subject of that *bid* or *offer* exceeds the amount prescribed by the *Exchange*. The amount prescribed by the *Exchange* for this purpose will not be less than \$100,000 or an amount to be prescribed by the *Exchange* from time to time.

## SHORT SELLING

### 52. General Rule

- 52.1 A *participant* is only permitted to effect a *short sale* in accordance with the *Corporations Act* and this *Rule 52*.
- 52.2 *Rule 53* below complements the requirements of Section 1020B(4)(b) of the *Corporations Act* and must be observed when a *participant* wants to effect a *short sale* as part of an arbitrage transaction.
- 52.3 Subject to *Rule 54.3*, *Rules 54* to *56* contain requirements which must be observed when a *participant* wants to effect a *short sale* in accordance with Section 1020B(4)(e) of the *Corporations Act*.
- 52.4 *Rule 54.4(b)* refers to reporting requirements which must be observed when a *participant* wishes to effect a *short sale* in accordance with Section 1020B(4) of the *Corporations Act*.

### 53. Arbitraging

- 53.1 A *participant* which is registered with the *Exchange* as an arbitrager, may sell *securities* before buying the same *securities* on a bona fide arbitrage account in another market. In doing so, the conditions of *Rule 53.2* must be satisfied.

## 53.2 Either:

- (a) the sale obligation must be covered by the acquisition of *securities* to fill it, prior to the close of business on the second business day after the sale; or
- (b) the shortfall in *securities* to meet the sale obligation must be Notified to the *Exchange*:
  - (i) by the time specified in *Rule 53.2(a)*; and
  - (ii) then, daily,

until the shortfall no longer exists and the sale obligation is covered.

53.3 If a *participant* effects a sale in another market which, in the opinion of the *Exchange* is not a bona fide arbitrage transaction, the registration of the *participant* as an arbitrager will be cancelled.

## 54. Permitted short selling of securities

54.1 A *participant* may short sell:

- (a) an *approved security*; or
- (b) a *public security*,

in accordance with this *Rule 54* and subject to *Rules 55* and *56*.

54.2 Except as otherwise provided in this *Rule 54*, the Business Rules of the *Exchange* apply to *short sales* of *approved securities* and *short sales* of *public securities* in accordance with this *Rule 54* as if they were *conventional sales*.

54.3 *Participants* must advise the *Exchange* by no later than 7.30 pm (or such other time as prescribed by the *Exchange* from time to time) on each *trading day* of their net *short sale* position as at 7.00 pm on that *trading day* in the manner prescribed by the *Exchange*.

54.4 For the purposes of *Rule 54.3*, a 'net *short sale* position' includes:

- (a) *securities* which are short sold pursuant to this *Rule 54*;
- (b) *securities* where, at the time of the sale, the seller:
  - (i) has borrowed the *securities*; or
  - (ii) has entered into a borrowing agreement or arrangement under which he or she will be able to borrow the *securities* in order to be able to deliver the *securities* at settlement.

- 54.5 A client who requests a *participant* to effect a transaction that, under these *Rules*, is a *short sale*, must at the time of the request, inform the *participant* that the sale is a *short sale*.
- 54.6 Where a *participant* is not a *clearing participant*, the *participant* must notify its *clearing participant* if a client has informed the *participant* that a sale is a *short sale*.
- 54.7 A *short sale* of an *approved security* during *normal trading* (not being an arbitrage transaction) must be made at a price not lower than the price at which the last reported sale of the *approved security* was made during *normal trading*.
- 54.8 A *short sale* of an *approved security* (not being an arbitrage transaction) may be made during the *closing phase* or the *after hours adjust phase* provided that the sale price:
- (a) is not lower than the price at which the last reported sale of the *approved security* was made during *normal trading*; or
  - (b) is not lower than the price of a sale which has been made after the close of *normal trading* and reported pursuant to *Rule 70 to 86* below.
- 54.9 Where a *participant* receives an order to buy or sell *approved securities* during the *enquire phase*, a *short sale* may be made in those *securities* at a price which is agreed between the seller and buyer.
- 54.10 For the purposes of *Rules 54.7* and *54.8* the *participant* desiring to *short sell* must not be a party to the last reported sale unless the *approved securities* the subject of the desired *short sale* comprise less than a *marketable parcel* and the *short sale* is to be made by the *participant* as Principal and will have the effect of completing a client's order in accordance with the terms of that order.
- 54.11 *Rule 54.10* will not apply if:
- (a) *participants*, other than the *participant* desiring to *short sell*, were involved in dealing at the last reported sale price; or
  - (b) the party for whom the *participant* desires to *short sell* is different from and not associated with the party for whom the *participant* dealt in the last reported sale.
- 54.12 *Rules 54.3, 54.4 and 54.5, Rule 55.1 and Rules 56.1, 56.2, 56.3, 56.4 and 56.5* do not apply to a *short sale* of *public securities*.
- 54.13 *Participants* must report to the *Exchange* by 10.00 am on the first *trading day* in each week all *short sales* of *public securities* which have not been closed out.



54.14 For the purposes of this *Rule 54* the *Exchange* has power to prohibit or limit *short sales* in any *approved security* or *public security* or in all *approved securities* or *public securities* for any period the *Exchange* may determine.

## **55. Prohibitions on short selling**

55.1 A *participant* shall not *short sell* an *approved security* of an *issuer* if as a result of the *short sale*, *approved securities* of that *issuer* comprising more than 10% of the total number of all *approved securities* of that *issuer* would be the subject of subsisting *short sales* contracts.

55.2 *Short sales* shall not be made in *approved securities* during the offer period of a *Takeover offer* in respect of those *securities*.

55.3 A *short sale* of *public securities* shall not be made with a settlement date more than 10 *trading days* after the date of sale.

## **56. Margin of Cover Requirements**

56.1 Before a *participant* makes a *short sale* of an *approved security* on behalf of a client, the *participant* or the *participant's clearing participant* (where the *participant* is not a *clearing participant*), must secure from the client an initial margin of cover of not less than 20% of the contract price of the *approved security* short sold. Where the *participant* is not a *clearing participant*, the *participant* must ensure that its *clearing participant* secures the initial margin of cover from the client in accordance with this clause. The *participant* or *clearing participant* (as applicable) must hold that cover in trust until the *short sale* has been covered by a purchase of the same number of *securities* from a third party.

56.2 Where the *participant* (if the *participant* is a *clearing participant*) or the *participant's clearing participant* (if the *participant* is not a *clearing participant*) acts as agent in arranging the borrowing of *securities* to effect a delivery in settlement of a *short sale*, the *participant* or *clearing participant* (as applicable) must retain the margin of cover until the client has covered his short position by the delivery of replacement *securities* to the lender.

- 56.3 Any margin of cover required by this *Rule* 56 must be provided in cash or *securities* admitted to *official quotation* (which are not suspended), or both. When *securities* are provided in accordance with *Rule* 56.2 they must be regarded as having a value of the lower of:
- (a) 90% of their market price at the time the margin of cover is required from the client; or
  - (b) such value as the *participant* or *clearing participant* (as applicable) considers is reasonable at the time the margin of cover is required from the client, having regard to the business undertaken by the *issuer* of the *securities*, the number of *securities* provided and the volatility of the market price of the *securities* in the preceding period of 12 months.
- 56.4 Whenever the market price of:
- (a) *approved securities short sold* rises in excess of 10% of the contract price of the *securities short sold* the *participant* must immediately call on its selling client to provide an additional margin of cover equal to the amount of the increase. That additional cover must also be held in trust.
  - (b) *securities* provided by a client as margin cover falls, the *participant* or *clearing participant* (as applicable) must immediately call on the selling client to provide to the *participant* or *clearing participant* (as applicable) an additional margin of cover. That additional cover must also be held in trust.
- 56.5 In addition to the requirements of *Rule* 56.1 to 56.4 a *participant* or *clearing participant* (as applicable) may require its selling client at any time to pay or provide security for 100% of the current cost of closing out a *short sale* at the point of time the demand is made.
- 56.6 The following business entities are exempted from the requirements contained in *Rules* 56.1 to 56.5 above:
- (a) Australian Trading Banks and their wholly owned subsidiaries;
  - (b) Australian Life Insurance Companies with assets of statutory funds held in Australia exceeding \$30 million;
  - (c) Australian General Insurance Companies provided they are authorised by the Insurance Commissioner to undertake general insurance business and their total tangible assets exceed their total liabilities by no less than \$30 million as at the date of its last published audited balance sheet;
  - (d) Superannuation, Retirement and Pension Funds whose net assets are in excess of \$30 million as at the date of its last audited balance sheet

and which has satisfied the *Exchange* that the constituent documents of the Fund empower the Fund to enter into the appropriate contract;

- (e) Non bank financial institutions provided they have net assets in excess of \$30 million as at the date of their last published audited balance sheet or which lodge with the *Exchange* an approved Bank or insurance company bond or indemnity in the amount of \$30 million guaranteeing the performance of all short sale contracts entered into. The *Exchange* may in its absolute discretion refuse to approve a bond for the purposes of this *Rule*; and
- (f) *investment companies* provided they have net assets in excess of \$30 million as at the date of their last published audited balance sheet and are listed on the *Exchange*.

56.7 If the client:

- (a) fails to provide margin of cover to the *participant* (where the *participant* is a *clearing participant*) or the *participant's clearing participant* (where the *participant* is not a *clearing participant*); or
- (b) having been called upon to provide an additional margin of cover or additional *securities*, fails to do so by the commencement of the next trading session after the demand is made,

the *participant* on its own initiative or on the *Exchange's* instructions or the *clearing participant* (as applicable) may proceed to close out, or cause to be closed out, the *short sale* at the client's risk and expense.

- 56.8 If a profit results from the action taken by the *participant* pursuant to *Rule* 56.7, the *participant* (where the *participant* is a *clearing participant*) or the *participant's clearing participant* (where the *participant* is not a *clearing participant*) will account to the client for the profit. If a loss results, the client will account to the *participant* or *clearing participant* (as applicable) for the loss.

## 57. Designation as approved securities

57.1 The *Exchange* will not designate an *equity security* as an “**approved security**” unless:

- (a) 50 million *securities* of the class have been issued (excluding *securities* of the class issued but held by any entity which the *Exchange* considers is related to the *issuer*);
- (b) the market capitalisation of the *securities* of the class on issue is not less than \$10 million;
- (c) in the opinion of the *Exchange* there is sufficient liquidity in the market for the *securities* of the class; and
- (d) the *Exchange* considers that the *securities* should be designated as an “**approved security**” for the purposes of these *Rules*.

## 58. Exception from short selling Requirements

58.1 The provisions of *Rule 54* above do not apply to *securities* which are bought and sold in accordance with *Rule 53* above.

## 59. Reporting of short sales

59.1 A *short sale* effected pursuant to *Rule 54* above must be reported in accordance with *Rule 77* below.

# CONDITIONAL TRADING

## 60. Conditional sale

60.1 Notwithstanding any provision of these *Rules* to the contrary, a *conditional sale* will be cancelled in accordance with *Rules 61* to *64* below if the *condition* is not fulfilled.

## 61. When the Exchange may declare a conditional market

61.1 The *Exchange* may declare a market to be a *conditional market* if:

- (a) an *issuer* or vendor has:
  - (i) requested the *Exchange* in writing to provide a *conditional market*;
  - (ii) specified at least 1 condition which satisfies *Rule* 61.2(b);
  - (iii) specified the date by which each *condition* is required to be satisfied; and
  - (iv) undertaken to *notify* the *Exchange* immediately of the fulfilment or non-fulfilment of each *condition*;
- (b) the *disclosure document* offering to which the request for a *conditional market* relates:
  - (i) has a total value of not less than the value prescribed by the *Exchange* from time to time and not objected to by *ASIC*; or
  - (ii) anticipates pre-allotment or pre-transfer trading on an overseas market; and
  - (iii) sets out the responsibility of and procedures for an applicant for *securities* pursuant to that prospectus offering to verify his/her holding and describes the basis of pre-allotment or pre-transfer trading in a manner which clearly describes the underlying contingent nature of the issue of *securities* until allotment or transfer occurs;
- (c) the *issuer* or vendor agrees with the *Exchange* to observe a *despatch date* stipulated by the *Exchange* and being a date not more than 5 *business days* after the date of satisfaction of the *conditions*;
- (d) an announcement of the basis of quotation as being conditional has been made on *NETS*; and
- (e) the *issuer* or vendor provides a market announcement of the *conditions* for the *conditional market* and any other information required by the Listing Rules for release to the market.

61.2 A *conditional market* will be subject to the following conditions:

- (a) the allotment or transfer of the securities to successful applicants under the offer; and

- (b) each condition which is specified by the issuer or the vendor of the *securities* under 61.1 (a)(ii) and which is:
  - (i) (in the case of a condition specified by an issuer) a prerequisite to the issuer allotting *securities* to applicants under the offer;
  - (ii) (in the case of a condition specified by the vendor) a prerequisite to the vendor transferring *securities* to applicants under the offer; and
  - (iii) (in any case) a condition the satisfaction of which cannot be influenced by those who will buy and sell the *securities* on the *conditional market*.

61.3 The *Exchange* will make any declaration pursuant to this *Rule* 61 in writing.

## **62. Conditional Market Operation**

62.1 A *conditional market* will only be permitted to operate:

- (a) if prior to the commencement of the *conditional market*:
  - (i) the issue or sale price of the *securities* the subject of the prospectus offering has been determined; and
  - (ii) the *issuer* or vendor has made arrangements satisfactory to the *Exchange* to enable applicants for *securities* the subject of the prospectus offering to determine their entitlements; and
- (b) for such period of time as is agreed by the *Exchange*.

62.2 Trading of *securities* on a *conditional market* will be on a deferred settlement basis.

### 63. Fulfilment or Non-Fulfilment of condition

- 63.1 If no notification is given to the *Exchange* of the fulfilment or non-fulfilment of a *condition* on the date by which that *condition* was required to be satisfied the *condition* will be deemed not to have been fulfilled.
- 63.2 If *Rule* 63.1 does not apply, the *Exchange* and parties to a *conditional sale* are entitled to rely on advice given to the *Exchange* pursuant to *Rule* 61.1(a)(iii) as to the fulfilment or non-fulfilment (as the case may be) of the *conditions* as conclusive evidence of that circumstance.
- 63.3 Immediately on receipt of advice by the *Exchange* of fulfilment of all *conditions* specified pursuant to *Rule* 61.1(a)(ii), all sales that were conditional become unconditional. The *Exchange* will announce that *conditional sales* pursuant to *Rules* 61 to 64 have become unconditional. Subject to *Rule* 63.2, the *settlement day* of all such contracts shall be the date determined and announced by the *Exchange*. The *settlement day* will usually be the sixth *business day* after the *despatch date* stipulated by the *Exchange* pursuant to *Rule* 61.1(c).
- 63.4 Notwithstanding any provision of these *Rules* to the contrary, parties to a *conditional sale* may:
- (a) agree to a particular settlement date which is a date other than the *settlement day* so determined and announced by the *Exchange*; or
  - (b) effect delivery obligations other than on that *settlement day*,

provided that the particular settlement date or the date of effecting delivery obligations is not prior to the date of the announcement by the *Exchange* pursuant to *Rule* 63.3 that *conditional sales* have become unconditional.

### 64. When Cancellation is Effective

- 64.1 Cancellation of a *conditional sale* (and the corresponding conditional purchase) for non-fulfilment of a *condition* is effective:
- (a) if notice of non-fulfilment was given to the *Exchange*, upon receipt of that notice; or
  - (b) if no notice of fulfilment or non-fulfilment was received by the *Exchange*, on the *trading day* immediately following the date on which the *condition* was required to be satisfied,

without any liability whatsoever other than for the return of any money paid, or *securities* or documents delivered, in connection with settlement of the *conditional sale* (and corresponding conditional purchase). The effect of such cancellation is to avoid the contract for the sale and purchase of *securities*.

## FORWARD DELIVERY

### 65. Requirements for Beneficial Ownership and Legal Title

65.1 A *participant* shall not sell or offer to sell to any person, *securities* on a forward delivery basis if those *securities* are not beneficially owned by:

- (a) the *participant*; or
- (b) the selling client being a party to the contract.

65.2 Before a *participant* makes a *forward delivery transaction* on behalf of a selling client, it must:

- (a) notify its *clearing participant* (if applicable); and
- (b) if the *participant* is a *clearing participant*:
  - (i) secure from the client the *forward securities*; or
  - (ii) satisfy itself that the client:
    - (A) is the registered holder;
    - (B) has the legal right to become the registered holder; or
    - (C) has the irrevocable right to call for delivery to the buying client,

of the *forward securities*, and is legally entitled or authorised to sell or dispose of the *forward securities*; or

- (c) if the *participant* is not a *clearing participant*, ensure that its *clearing participant* has complied with Rule 65.2(b)(i) and (ii).

### 66. Deposit Requirements

66.1 Before a *participant* makes a *forward delivery transaction* on behalf of a buying client, the *participant* (where the *participant* is a *clearing participant*) or the *participant's clearing participant* (where the *participant* is not a *clearing participant*) must secure from the client:

- (a) an initial deposit of not less than 25% of the *forward price*; and
- (b) where the *forward price* exceeds the market value of the *forward securities* at the time of the transaction - a margin equal to the



difference between the *forward price* and the market value of the *forward securities*.

66.2 For the purposes of *Rules* 66.1, 66.3 and 66.4 the aggregate amount held as margin and deposit shall not exceed the *forward price*.

66.3 Where the market price of the *forward securities* changes by at least 10% of the *forward price* the *participant* or *clearing participant* (as applicable) acting for the buying client must, as applicable:

- (a) immediately call on its client to provide; or
- (b) repay to the client upon request by the client,

the amount necessary to maintain a margin equal to the difference between the *forward price* and the market value of the *forward securities*.

66.4 Where the market value of any *collateral securities* changes by at least 10% of the *forward price* the *participant* or *clearing participant* (as applicable) acting for the buying client who lodged such *collateral securities* must, as applicable:

- (a) immediately call on its client to provide; or
- (b) repay to the client upon request by the client,

the amount necessary to maintain the percentage of the *forward price* originally secured by the *collateral securities*.

## 67. Remedy in Event of Default by Client

- 67.1 If the buying client who has been called on to provide a margin fails to comply within one *trading day* from the date of request the *participant* or the *clearing participant* concerned (as applicable) may on its own initiative or on the *Exchange's* instructions as against and at the risk of its client proceed to sell out, or cause to be sold out, such of the *forward securities* as are necessary to provide for due completion of the *forward delivery transaction* in question.
- 67.2 A *participant* or *clearing participant* (as applicable) who takes action in accordance with *Rule 67.1* must immediately notify the relevant circumstances to the *Exchange*.

## 68. Dividends

- 68.1 Dividends payable between the date of sale and maturity of a *forward delivery transaction* shall accrue to the buyer.
- 68.2 Dividends must be accounted for at the time of settlement of the *forward delivery transaction* in question.

## 69. Reporting

- 69.1 A *forward delivery transaction* must be reported in accordance with *Rule 81* below.

## REPORTING

### 70. Application of Rule

- 70.1 This *Rule* applies only in respect of:

- (a) *securities granted official quotation*; and
- (b) other investment products traded pursuant to the *Rules*,

and the parameters and functions specified for reporting under these *Rules 70 to 85* are attributable to functionality available by means of a *trader workstation*.

## **71. General Obligation**

71.1 A *participant* must report to the *Exchange* the following:

- (a) all sales effected by the *participant* in NSX securities;
- (b) all *crossings* and *special crossings*; and
- (c) all transactions effected pursuant to *Rule 38* above.

71.2 All transactions made during the *pre-opening phase*, *normal trading*, *closing phase*, *after hours adjust phase* and the *enquire phase* must be reported through *NETS* and pursuant to this *Rule*.

## **72. Reporting of special crossings effected during normal trading**

72.1 A *participant* must immediately report through *NETS*, in accordance with this *Rule 72*, *special crossings* effected during *normal trading*.

72.2 Except, where *Rule 72.3*, 74 or 75 applies, parameter P must be used.

72.3 Where the *special crossing* is a *special crossing* effected pursuant to:

- (a) *Rule 47*, parameter E must be used;
- (b) *Rule 45* or 46, parameter Z must be used.

## **73. Reporting of Dealings after Close of normal trading**

73.1 Sales, including *crossings*, effected after the close of *normal trading* and until the close of the *after hours adjust phase*, shall be immediately reported through *NETS*. Unless *Rule 73.2* or 74 apply, parameter N must be used.

73.2 Where the transaction is a *special crossing*:

- (a) pursuant to *Rule 41*, or a *block special crossing* (pursuant to *Rule 42*), parameter P must be used;
- (b) effected pursuant to *Rule 45* or 46, parameter Z must be used;
- (c) effected pursuant to *Rule 47*, parameter E must be used.

## **74. Reporting of portfolio special crossings**

- 74.1 Where a *participant* effects a *portfolio special crossing*, the *participant* must:
- (a) immediately advise *NETS market control* by facsimile of the portfolio; and
  - (b) report it in accordance with *Rules 74.2 and 74.3*.
- 74.2 Where a *participant* acts as agent for both the buyer and seller, the *participant* must immediately report the *portfolio special crossing* using parameter X;
- 74.3 Where a *participant* acts as Principal, the *participant* must report the *portfolio special crossing* using parameter X not later than 15 minutes prior to the commencement of *normal trading* on the next *trading day*.

## **75. Reporting of Index Replicating Special Trade**

- 75.1 Where a *participant* effects a *special crossing* pursuant to *Rule 44* above, the *participant* shall immediately advise *NETS market control* by facsimile of the *special crossing* and report it in accordance with *Rule 75.2*.
- 75.2 Where a *participant* effects a *special crossing* pursuant to *Rule 44*, the *participant* shall report the *special crossing* using parameter "I" not later than 15 minutes prior to the commencement of *normal trading* on the next *trading day*.

## **76. Recognised Overseas Stock Exchange Transactions**

- 76.1 Where a *participant* acts in a buying or selling transaction with a member of a Recognised Overseas Stock Exchange during the *enquire phase* on a *trading day*, or at any time on a day other than a *trading day*, the *participant* shall report the transaction through *NETS* by no later than 15 minutes prior to the commencement of *normal trading* on the next *trading day* using parameter O.

## **77. Reporting of Dealings during enquire phase**

- 77.1 Where a *participant* effects a sale including a *crossing* during the *enquire phase* on any *trading day*, it must report the sale through *NETS* by no later than 15 minutes prior to the commencement of *normal trading* on the next *trading day* using parameter N.
- 77.2 Where a *participant* effects a *special crossing* during the *enquire phase* on any *trading day* it must report the *special crossing* through *NETS* by no later than 15 minutes prior to the commencement of *normal trading* on the next *trading day* as follows:
- (a) *special crossings* effected pursuant to *Rule 41* or a *block special crossing* pursuant to *Rule 42*, using parameter P;

- (b) *portfolio special crossings* pursuant to *Rule 43*, using parameter X;
- (c) *special crossings* pursuant to *Rule 45* or *46*, using parameter Z;
- (d) *special crossings* pursuant to *Rule 47*, using parameter E; and
- (e) *special crossings* pursuant to *Rule 44*, using parameter I.

77.3 Where a *participant* effects a sale with another *participant* during the *enquire phase* on any *trading day*, the *participant* must report the transaction through *NETS* by no later than 15 minutes prior to the commencement of *normal trading* on the next *trading day* using parameter N.

77.4 Where a *participant* effects a *crossing* during the *enquire phase* on any *trading day* where one of the orders is on account of an overseas resident, the *participant* must report the *crossing* through *NETS* by no later than 15 minutes prior to the commencement of *normal trading* on the next *trading day* using parameter O.

## **78. Reporting of crossings prior to Commencement of normal trading**

78.1 Where a *participant* effects a transaction in accordance with *Rule 38* the *participant* must report the transaction through *NETS* by no later than 15 minutes prior to the commencement of *normal trading* on the next *trading day* using parameter O.

## **79. Short sales**

79.1 Where a *participant* effects a *short sale* pursuant to *Rule 54*, the *participant* must immediately report the sale using parameter S.

## **80. Foreign to foreign in for securities**

80.1 Where a *participant* effects a sale the subject of the condition Foreign To Foreign in *FOR securities*, the *participant* shall report the transaction using parameter U.

## **81. "Forward Delivery" Transactions**

81.1 Where a *participant* effects a sale the subject of the condition "Forward Delivery", the *participant* must immediately report the transaction using parameter F.

## 82. Transactions in loan securities

- 82.1 Where a *participant* effects a transaction in *loan securities* which are not dealt on *NETS*, the *participant* must immediately report the transaction in accordance with the *SEATS reference manual*.

## 83. "Buy Back" Sales

- 83.1 Where a *participant* effects a sale the subject of the condition "Buy-Back", the *participant* must immediately report the transaction using parameter K.

## 84. "Book Value Switch" Sales

- 84.1 Where a *participant* effects a sale the subject of the condition "Book Value Switch", the *participant* must immediately report the transaction using parameter V.

## 85. Directed Reporting

- 85.1 Where a *participant* is directed to report a trade by the *Exchange* following discussions with *NETS market control*, the *participant* must immediately report the trade using parameter D or such other parameter nominated by *NETS market control*.

## SUSPENSIONS AND TRADING HALTS

### 86. Suspensions

- 86.1 *Securities* which have been suspended from *official quotation* can only be traded with the permission of the *Exchange*.
- 86.2 *Bids* and *offers* in *securities* the subject of the suspension will be placed in suspend.
- 86.3 At the termination of the period of suspension, trading in the *securities* which are the subject of the suspension will proceed to *normal trading* after a period of Pre-Opening.

## 87. Trading Halts

87.1 A trading halt may be imposed by the *Exchange* if:

- (a) the *Exchange* releases an announcement in relation to an *issuer* which, in the opinion of the *Exchange*, is market sensitive; or
- (b) an *issuer* requests a trading halt and the *Exchange* agrees to impose a trading halt.

87.2 *Securities* subject to a trading halt will be placed into *pre-opening phase*. However, if the trading halt is imposed after the end of *closing phase*, the *securities* subject to a trading halt will be placed into *pre-opening phase* the next *trading day*.

87.3 *Securities* subject to a trading halt must not be traded (including by way of *crossings* and *special crossings*) during the period of the trading halt, regardless of whether the *securities* have been placed into *pre-opening phase*.

87.4 A trading halt will end at the earlier of:

- (a) the time announced by the *Exchange* that the trading halt will end (and the *Exchange* will provide at least ten minutes notice before the end of the trading halt); or
- (b) the commencement of *normal trading* on the second *trading day* after the day the trading halt is imposed.

87.5 When a trading halt ends, the *securities* will be placed in the phase applying to the market as a whole unless the *Exchange* decides otherwise.

## ERRORS AND CANCELLATIONS

### 88. Cancellation after Matching on NETS

88.1 A *participant* must ensure that each of its *designated trading representatives*:

- (a) comply with the instructions and directions issued by *NETS market control*;
- (b) comply with the *SEATS reference manual*; and
- (c) do not intentionally take advantage of a situation arising as a result of:
  - (i) a breakdown or malfunction in the *Exchange's* procedures or systems; or
  - (ii) an error in entries made by the *Exchange* within *NETS*.

88.2 Where a *participant* becomes aware of a transaction effected as a result of:

- (a) any of the matters in *Rule 88.1(c)*; or
- (b) an error in the entry of a *bid* or *offer*,

the following provisions of this *Rule 88* apply.

88.3 A *participant* identifying such error must contact the *participant* with whom the transaction was effected and request the agreement of that *participant* to cancel the transaction.

88.4 If agreement is reached, both *participants* must as soon as possible after reaching that agreement *notify* the *Exchange* of:

- (a) the error;
- (b) agreement to cancel the transaction; and
- (c) full details to enable identification of the transaction to be cancelled.

88.5 On receiving notification from both *participants* pursuant to *Rule 88.4*, the trade may be cancelled in accordance with the procedures set out in the *SEATS reference manual*.

88.6 A *participant* responsible for an error in the entry of a *bid* or *offer* which results in a transaction being effected in relation to that *bid* or *offer*, must, if requested by the other *participant* or the *Exchange*, pay the costs involved in cancelling the transaction.

## **89. Cancellations prior to Matching on NETS Permitted**

89.1 A *participant* may authorise a *designated trading representative* to amend, cancel or withdraw any *bid* or *offer* prior to a transaction being effected on *NETS*.

89.2 Subject to *Rules 60 to 64*, a transaction matched on *NETS* cannot be cancelled except by mutual agreement between the *participants* which are a party to that transaction.



## 90. Contracts between *participants*

90.1 For an NSX Transaction trade entered into between *participants*, or between a *participant* and a member of an overseas stock exchange, the *Exchange* has the *settlement obligations* immediately the NSX Transaction is executed so that the *settlement obligations* to which the *Exchange* becomes subject, are owed by it:

- (a) in place of corresponding obligations owed by the *participant*; and
- (b) as principal, regardless of whether the *participant* executed the NSX Transaction as principal or agent (including as agent for an undisclosed principal).

90.2 In the sale of *securities* carrying any liability for calls, unless such *securities* are transferred to a transferee within 42 days from the date of settlement, the seller is entitled to demand the name of the buyer.

## 91. No Merger

91.1 As the *settlement obligations* on each side of a single NSX Transaction are with a single entity (being the *Exchange*), no form of merger or extinguishment shall occur and the respective *settlement obligations* shall continue to subsist in such a way as to be regarded, for the purposes of the *ASTC Rules*, as separately existing *settlement obligations* of the *Exchange*.

## 92. Deed of Indemnity

92.1 A *participant* acting on behalf of an offeror must obtain from a client a duly completed Deed of Indemnity which shall be prescribed in Appendix 5 and shall immediately furnish a copy of same to the *Exchange* before making an *announcement* of a market bid.

## TAKEOVERS

### 93. Announcement

93.1 A *participant* shall include the following information in an *announcement* to the *Exchange* in addition to the information required to be given pursuant to Chapter 6 of the *Corporations Act*:

- (a) the number and class of shares in the *target* the subject of the offer;
- (b) the number of *securities* in the *target* the subject of the offer the person on whose behalf the *announcement* is made, is entitled to immediately prior to the *announcement*;
- (c) a statement as to whether or not the offeror will acquire shares in the *target* the subject of the offer, at *official meetings*, during the day and the 14 days after the *announcement* is made, at the price specified in the *announcement* or at a higher price as provided by chapter 6 of the *Corporations Act*. If the offeror will not acquire all the shares so offered, the maximum number of such shares the offeror will acquire during that period shall be stated; and
- (d) the last date and time the *participant* will accept shares in the *target* the subject of the offer. Should the period of the offer be extended as permitted by law identical information as is required by this paragraph (d) shall be included in the *announcement* of such extension.

93.2 A *participant* making an *announcement* pursuant to Rule 93.1 shall include in the *announcement* to the *Exchange* or in a written advice to the *Exchange* within 14 days of making the *announcement*, advice that the *participant* will accept shares in the *target* the subject of the offer for the period of the offer and any extension thereof at the price specified in the *announcement* or at the highest price as provided by chapter 6 of the *Corporations Act*.

## 94. Acquisition of Shares

94.1 When a *participant* is acting on behalf of an offeror and the offeror has:

- (a) served on the *target* a *offer document* relating to offers under a takeover *scheme* in respect of a class of shares in the *target*; or
- (b) caused an *announcement* to be made to the *Exchange* in respect of a class of shares in a *target*,

the *participant* shall not on behalf of the offeror offer to buy or buy shares of that class in the *target* during the takeover period at a price per share which is different from the amount of any consideration:

- (c) which is payable (or deemed under section 651A of the *Corporations Act* to be payable) under the offers or proposed offers to which the offer document relates; or
- (d) which has been specified (or deemed under section 649B of the *Corporations Act* to have been specified) in the takeover bid,

as the case may be, until an announcement of the varied price has been made by the *Exchange* to the stock market during an *official meeting* of the *Exchange*. For the purposes of this *Rule* an announcement of a varied price will not be communicated to the stock market until written communication of the varied price is given to the *Exchange*.

94.2 Where shares of a *target* are the subject of an offer pursuant to Chapter 6 of the *Corporations Act* a *participant* that makes an *announcement* of a second (or subsequent) and competing offer for shares of that *target* (whether effectively given pursuant to Chapter 6 of the *Corporations Act* or not) shall not acquire on behalf of the offeror any shares in that company until the stock market is informed of the contents of the second or subsequent *announcement*.

## PART C - INDEX

### A

|                                                         |                 |
|---------------------------------------------------------|-----------------|
| Acquisition of Shares .....                             | 57              |
| Appeals .....                                           | 16, 18          |
| <b>Approved index</b> .....                             | 33              |
| ASTC .....                                              | 4, 5, 6, 15, 55 |
| Australian Securities & Investments<br>Commission ..... | 15, 43          |
| Australian Stock Exchange .....                         | 5, 6            |

### B

|                                                                                     |               |
|-------------------------------------------------------------------------------------|---------------|
| <i>Bid.</i> 4, 9, 10, 12, 20, 23, 24, 25, 26, 27, 28, 29,<br>31, 35, 36, 54, 55, 57 |               |
| <i>Business day</i> .....                                                           | 5, 37, 43, 45 |

### C

|                                    |                                     |
|------------------------------------|-------------------------------------|
| Clearing.....                      | 4, 5, 6, 38, 39, 40, 41, 46, 47, 48 |
| Closing single price auction ..... | 24                                  |
| Collateral securities.....         | 47                                  |
| Conditional market.....            | 43, 44                              |
| Conditional sale .....             | 42, 45                              |

### D

|                                   |                                  |
|-----------------------------------|----------------------------------|
| Dealing rules .....               | 10, 12                           |
| Delivery obligation.....          | 45                               |
| Despatch date .....               | 43, 45                           |
| Disclosure Document.....          | 43                               |
| Dividend .....                    | 31                               |
| DTR                               |                                  |
| Designated Trading Representative | 7, 8, 10, 12, 13, 14, 19, 53, 54 |

### E

|                 |    |
|-----------------|----|
| Exchange        |    |
| Functions ..... | 15 |

### F

|                                   |            |
|-----------------------------------|------------|
| FOR securities .....              | 51         |
| Forward delivery transaction..... | 46, 48     |
| Forward price .....               | 46, 47     |
| Forward securities .....          | 46, 47, 48 |

### I

|                        |    |
|------------------------|----|
| Immediate family ..... | 14 |
| Insurance .....        | 40 |

### L

|                       |                |
|-----------------------|----------------|
| Loan securities ..... | 12, 21, 31, 52 |
|-----------------------|----------------|

### M

|                         |        |
|-------------------------|--------|
| Marketable parcel ..... | 33, 38 |
|-------------------------|--------|

### N

|                                                                                                                             |                                                              |
|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| Net assets.....                                                                                                             | 40, 41                                                       |
| Nets4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 15, 16, 17,<br>18, 23, 24, 25, 26, 27, 28, 29, 35, 36, 43, 49,<br>50, 51, 52, 53, 54 |                                                              |
| NETS                                                                                                                        |                                                              |
| Adjust Phase .                                                                                                              | 14, 16, 25, 26, 27, 29, 38, 49                               |
| After hours adjust phase..                                                                                                  | 14, 25, 26, 27, 29,<br>38, 49                                |
| Block Special Crossing.....                                                                                                 | 31                                                           |
| Closing phase..                                                                                                             | 8, 25, 26, 27, 28, 29, 38, 49,<br>53                         |
| Enquire phase                                                                                                               | 15, 25, 27, 30, 38, 49, 50, 51                               |
| Gateway .....                                                                                                               | 7, 8, 11                                                     |
| Gateway session .....                                                                                                       | 7, 8, 11                                                     |
| NETS market control .....                                                                                                   | 8, 35, 50, 52, 53                                            |
| Normal trading .                                                                                                            | 8, 23, 24, 25, 26, 27, 28, 29,<br>30, 38, 49, 50, 51, 52, 53 |
| Opening phase                                                                                                               | 15, 16, 23, 24, 25, 27, 49, 53                               |
| Pre-opening phase ....                                                                                                      | 15, 16, 23, 24, 25, 27,<br>49, 53                            |
| Special crossing ..                                                                                                         | 24, 31, 32, 33, 34, 35, 49,<br>50, 51, 53                    |
| Trader workstation .                                                                                                        | 8, 10, 12, 13, 17, 18, 19,<br>48                             |

### O

|                                |                        |
|--------------------------------|------------------------|
| Offer period.....              | 31, 34, 39             |
| Offeror .....                  | 55, 56, 57             |
| Official list .....            | 21                     |
| Official meeting.....          | 15, 56, 57             |
| Official quotation.....        | 21, 22, 23, 40, 48, 52 |
| Operational requirements ..... | 7, 8                   |

### P

|                                 |            |
|---------------------------------|------------|
| Portfolio special crossing..... | 32, 50, 51 |
|---------------------------------|------------|

### R

|                                |    |
|--------------------------------|----|
| Recognised Stock Exchange..... | 30 |
| Related party .....            | 9  |

**S**

---

|                                     |                                |
|-------------------------------------|--------------------------------|
| <i>Settlement agent</i> .....       | 4                              |
| <i>Settlement day</i> .....         | 45                             |
| <i>Settlement obligations</i> ..... | 6, 55                          |
| <i>Short sale</i> .....             | 36, 37, 38, 39, 40, 41, 42, 51 |
| <i>Suspension</i> .....             | 5                              |

**T**

---

|                       |                                                               |
|-----------------------|---------------------------------------------------------------|
| Trading               |                                                               |
| Manipulative .....    | 9                                                             |
| <i>Trading day</i> .. | 14, 15, 23, 24, 27, 30, 35, 37, 38,<br>39, 45, 48, 50, 51, 53 |
| Trading Halt .....    | 53                                                            |

# Business Rules

## Part D

### Delivery & Settlement



# TABLE OF CONTENTS

## PART D - DELIVERY AND SETTLEMENT ..... 4

### CHESS APPROVED SECURITIES ..... 4

|     |                                                                                                 |   |
|-----|-------------------------------------------------------------------------------------------------|---|
| 1.  | EXCHANGE'S OBLIGATIONS TO PARTICIPATE IN CHESS AND SETTLEMENT OF CHESS APPROVED SECURITIES..... | 4 |
| 2.  | DELIVERY OF SECURITIES.....                                                                     | 5 |
| 3.  | PART DELIVERY .....                                                                             | 5 |
| 4.  | DIVIDEND, INTEREST, CAPITAL RETURNS .....                                                       | 5 |
| 5.  | CORPORATE ACTION .....                                                                          | 5 |
| 6.  | NEW ISSUES - CUM BONUS .....                                                                    | 5 |
| 7.  | NEW ISSUES - CUM ENTITLEMENT .....                                                              | 5 |
| 8.  | NEW ISSUES - CUM PRIORITY.....                                                                  | 6 |
| 9.  | NEW ISSUES - CUM RIGHTS.....                                                                    | 6 |
| 10. | SETTLEMENT OF TRANSACTIONS .....                                                                | 6 |

### CHESS AND NON-CHESS APPROVED SECURITIES..... 8

|     |                                                                                        |    |
|-----|----------------------------------------------------------------------------------------|----|
| 11. | FAILURE TO DELIVER SECURITIES.....                                                     | 8  |
| 12. | SETTLEMENT AGENT.....                                                                  | 8  |
| 13. | OBLIGATIONS OF A PARTICIPANT IN RELATION TO A SETTLEMENT AGENT OTHER THAN THE EXCHANGE | 8  |
| 14. | LIABILITY OF PARTICIPANT FOR ACTS AND OMISSIONS OF A SETTLEMENT AGENT.....             | 10 |
| 15. | OBLIGATIONS OF PARTICIPANTS.....                                                       | 10 |
| 16. | CHARGES FOR EXCHANGE SERVICES.....                                                     | 10 |

### NON-CHESS APPROVED SECURITIES..... 11

|     |                                                                     |    |
|-----|---------------------------------------------------------------------|----|
| 17. | SETTLEMENT OF TRANSACTIONS .....                                    | 11 |
| 18. | DELIVERY OF SECURITIES.....                                         | 12 |
| 19. | SETTLEMENT OF DELIVERY UNENFORCEABLE TRANSACTIONS .....             | 12 |
| 20. | DENOMINATIONS.....                                                  | 12 |
| 21. | REJECTED TRANSFERS .....                                            | 12 |
| 22. | CERTIFICATION STAMPS.....                                           | 12 |
| 23. | SELLING PARTICIPANT'S CERTIFICATION STAMP .....                     | 12 |
| 24. | BUYING PARTICIPANT'S CERTIFICATION STAMP.....                       | 13 |
| 25. | PARTICIPANTS TO KEEP SETTLEMENT OFFICES OPEN ON BUSINESS DAYS ..... | 13 |
| 26. | BUY-IN TRANSACTIONS .....                                           | 13 |
| 27. | SUSPENSION OF BUYING-IN .....                                       | 13 |
| 28. | CALLS - CONTRIBUTING SHARES.....                                    | 13 |
| 29. | PAYMENT AFTER DATE OF SALE - LIMITED LIABILITY .....                | 13 |
| 30. | PAYMENT AFTER DATE OF SALE - NO LIABILITY .....                     | 14 |
| 31. | CLAIMS AND TRANSFER REPLACEMENT - FEES.....                         | 14 |
| 32. | DIVIDEND, INTEREST, CAPITAL RETURNS, ETC.....                       | 15 |
| 33. | CUM INTEREST, CUM DIVIDEND, CUM CAPITAL RETURN .....                | 16 |
| 34. | PARTICIPANT DOCUMENT VALIDITY - SELLING PARTICIPANT.....            | 16 |
| 35. | DEFECTIVE TRANSFER.....                                             | 17 |
| 36. | DOCUMENTS - FORM OF TRANSFER.....                                   | 17 |
| 37. | DOCUMENTS - REGISTRATION .....                                      | 17 |
| 38. | DOCUMENTS - RENUNCIATIONS .....                                     | 18 |
| 39. | HANDLING FEES.....                                                  | 18 |
| 40. | LOANS OF SECURITIES.....                                            | 18 |
| 41. | RIGHTS - SALE AND ACCRUAL OF.....                                   | 18 |
| 42. | OPTION SECURITIES - SALE OF.....                                    | 19 |
| 43. | CONVERTIBLE SECURITIES - SALE OF .....                              | 19 |
| 44. | QUOTED SECURITIES - VALID .....                                     | 19 |
| 45. | RECEIPT FOR DELIVERIES.....                                         | 19 |
| 46. | TRANSFER MARKING.....                                               | 20 |
| 47. | TRANSFER NOTING.....                                                | 20 |

---

|                            |                      |           |
|----------------------------|----------------------|-----------|
| 48.                        | BONDS AND STOCK..... | 21        |
| <b>PART D – INDEX.....</b> |                      | <b>22</b> |



## PART D - DELIVERY AND SETTLEMENT

### CHESS APPROVED SECURITIES

#### 1. Exchange's Obligations To Participate In Chess And Settlement Of Chess Approved Securities

- 1.1 The *Exchange* may elect to be admitted to participate in CHESS as a participating exchange.
- 1.2 Each *participant* who is eligible to participate in CHESS either as a *participant* of the Australian Stock *Exchange* Limited or as a participating exchange of CHESS may with the approval of the *Exchange* elect to participate in CHESS for the purposes of settling transaction conducted on the *Exchange*.
- 1.3 The *Exchange*, and each *participant* that is admitted to participate in CHESS as a Broker or participating exchange, shall comply with the *ASTC Settlement Rules*.
- 1.4 The *Exchange* calculates, in respect of all qualifying transactions in the same *security*, the delivery position of every *participant* which has *Settlement obligations* in relation to that *Security* designated for settlement on a particular *Settlement day*. The *Exchange* issues settlement directions to *participants*. Every *participant* that has a *Delivery Obligation* in the *security* must meet that obligation on the *Settlement day*.
- 1.5 The *Exchange* will calculate the payment position of every *participant* which has *settlement obligations* on the *Settlement day*. The *Exchange* issues a Settlement Statement to the *participant* specifying the amount of the payment to be made by the *participant* into the *Exchange's* designated account, or the amount of payment to be made by the *Exchange* to the *participant*.
- 1.6 The *Exchange* facilitates this process by making and receiving payments or causing payments to be made or received but its net position for each day's settlement is zero.
- 1.7 If *ASTC* announces a date on which transactions in *NSX securities* become eligible to be settled in *DvP Settlement*, the *Exchange*, and each *participant*, shall, unless otherwise agreed with the counterparty, on and from that date:
  - (a) deliver or receive *securities* in *DvP Settlement*;
  - (b) if the *participant* is the selling *participant* in relation to a transaction in those *securities*:
    - (i) irrevocably authorise *ASTC* to include its *PID* in each *settlement instruction*; and
    - (ii) irrevocably authorise *ASTC* to effect a *settlement transfer* in respect of the transaction; and

- (c) if the *participant* is the buying *participant* in relation to a transaction in those *securities*, irrevocably authorise *ASTC* to include its *PID* in each *settlement instruction*.

## 2. Delivery of Securities

- 2.1 The *Exchange* or *participant* shall deliver *securities* by settling a transaction in accordance with these *rules*.

## 3. Part Delivery

- 3.1 If the number of *securities* delivered by a *participant* falls short of its *settlement obligations*, the *Exchange* may apply the lesser number of *securities* that are available for part settlement.

## 4. Dividend, Interest, Capital Returns

- 4.1 Unless otherwise determined by the *Exchange*, transactions in *securities* (other than Commonwealth Government and Semi-Government loans) will be officially quoted by the *Exchange* on NETS as "*ex dividend*", "*ex interest*" or "*ex capital return*" as the case may be, on the fifth *Business day* prior to and inclusive of the *record date*.

## 5. Corporate Action

- 5.1 The *Exchange* may at any time publish guidelines on procedures to be taken by a *participant* in relation to Corporate Actions.

## 6. New Issues - Cum Bonus

- 6.1 Bonus issues not subject to ratification by a meeting of holders of *equity securities*.

Unless otherwise determined by the *Exchange*, transactions in *securities* will be officially quoted by the *Exchange* on NETS as "*ex bonus*" on the fifth *Business day* prior to, and inclusive of, the *record date*.

- 6.2 Bonus issues subject to ratification by a meeting of holders of *securities*.

Unless otherwise determined by the *Exchange*, transactions in *securities* will be officially quoted by the *Exchange* on NETS as "*ex bonus*" on the later of the meeting of holders of *equity securities* which ratifies the issue, or on the fifth *business day* prior to and inclusive of the *record date*.

## 7. New Issues - Cum Entitlement

- 7.1 Unless otherwise determined by the *Exchange*, transactions in *securities* carrying a specific entitlement of non-renounceable rights, will be officially quoted by the *Exchange* on NETS as "*ex entitlement*" on the fifth *Business day* prior to and inclusive of the *record date*.

## 8. New Issues - Cum Priority

- 8.1 Unless otherwise determined by the *Exchange*, transactions in *securities* carrying a general priority, without a specific entitlement to participate in a new issue for which there are no renounceable rights, will be officially quoted by the *Exchange* on NETS as "*ex priority*" on the fifth *business day* prior to and inclusive of the *record date*.

## 9. New Issues - Cum Rights

- 9.1 Rights issues not subject to ratification by meeting of holders of *equity securities*.

Unless otherwise determined by the *Exchange*, transactions in *securities* will be officially quoted by the *Exchange* on NETS as "*ex rights*" on the fifth *Business day* prior to and inclusive of the *record date*.

- 9.2 Rights issues subject to ratification by a meeting of holders of *equity securities*.

Unless otherwise determined by the *Exchange*, transactions in *securities* will be officially quoted by the *Exchange* on NETS, as "*ex rights*" on whichever is the later of the first *Business day* following the meeting of holders of *equity securities* which ratifies the issue, or the fifth *Business day* prior to and inclusive of the *record date*.

## 10. Settlement Of Transactions

- 10.1 Except in the case of sales of *securities*:

- (a) for Forward Delivery Transactions as defined in Part C Rule 65; or
- (b) when by mutual consent the parties agree to a particular settlement date no more than 30 days after the date of the transaction; or
- (c) classified by the *Exchange* as deferred delivery; or
- (d) classified by the *Exchange* as deferred settlement,

settlement of sales shall be on the third *Business day* after the date that the transaction was created on or reported to NETS.

- 10.2 The *settlement day* of sale of *securities* referred to in Rule 10.1(c), when:

- (a) the classification has been removed; and
- (b) the parties have not agreed to a particular settlement date,

shall be the third *Business day* after the day on which the classification was removed.

- 
- 10.3 Subject to Part C Rule 63.3 and 63.4, the *Settlement day* of a sale of *securities* referred to in Rule 10.1(d) shall be the fourth *Business day* after the *Despatch Date* for those *securities*.
- 10.4 If the *Exchange* publishes a *Despatch Date* that has been varied, a *participant* may vary the date by which settlement with a client is required notwithstanding previous notification to the client of a date for settlement.

## CHESS AND NON-CHESS APPROVED SECURITIES

### 11. Failure To Deliver Securities

- 11.1 If a buying *participant* does not receive *securities* by the end of the Scheduled Period on the *Settlement day* then there will be a failure of delivery. The failed delivery shall incur an immediate and continuing fee on such terms and conditions as determined by the *Exchange* from time to time, until such time as an effective delivery is made.

### 12. Settlement Agent

- 12.1 A *participant* must appoint the *Exchange* as its *Settlement Agent*, or with the *Exchange's* approval, another *Settlement Agent*.

### 13. Obligations Of A *participant* in Relation To A *Settlement Agent* other than the Exchange

- 13.1 A *participant* shall ensure that a *Settlement Agent* other than the *Exchange* appointed by the *participant*:
- (a) complies with the Business Rules, the *ASTC Settlement Rules* and the Law, in so far as they relate to the settlement of *securities* transactions on behalf of the *participant* and, without limiting the generality of the foregoing, facilitates investigations and disciplinary proceedings conducted by the *Exchange* pursuant to the Business Rules;
  - (b) keeps an office open during ordinary office hours on every *Business day* where the *participant* conducts a securities business for the receipt, delivery and settlement of *securities* transactions, on behalf of the *participant*;
  - (c) on an annual basis, takes out and maintains in full force and effect Professional Indemnity Insurance and such other insurance policies which provide to the *Settlement Agent* cover against liability for negligence, errors, omissions, misstatements, statutory warranties and indemnities and loss or deprivation of *securities* or loss or destruction of documents of title;
  - (d) has taken out and maintains insurance in accordance with Rule 13.1(c) of a kind and amount which the *participant* determines to be adequate having regard to the nature and extent of the business carried on by the *Settlement Agent* and the responsibilities and risks assumed or which may be assumed by the *Settlement Agent* in connection with that business;
  - (e) co-operates in the external audit of the *participant* required by the Business Rules, the *ASTC Settlement Rules* and the Law;

- (f) arranges for an audit of the operations of the *Settlement Agent* to be carried out once every financial year. The audit will review compliance by the *Settlement Agent* with the Business Rules and the *ASTC Settlement Rules* and any other procedures prescribed from time to time by the *Exchange* or *ASTC*;
- (g) within five *Business days* after completion of the audit, arranges for a copy of the auditor's report to be provided to the auditor of the *participant*;
- (h) [Deleted]
- (h) keeps detailed records of all banking transactions carried out by the *Settlement Agent* in relation to the *participant* trust account and accounts to the *participant* on a daily basis for all such banking transactions;
- (i) holds a Licence which authorises it to undertake the relevant activities and is a *participant*; and
- (j) observes the following obligations in respect of settlement of *securities* transactions carried out by the *Settlement Agent* on behalf of that *participant* to:
  - (i) transfer *securities* from that *participant* Account only if the sub-ledger records for that *participant* record sufficient *securities* to cover that transfer;
  - (ii) keep detailed records for each client of the *participant* and the *participant*, with respect to the Account; and
  - (iii) reconcile the *participant's* Account.

13.2 Unless the contrary intention appears, where a *participant* appoints a *Settlement Agent* in accordance with these *Rules*:

- (a) the *Settlement Agent* may exercise a right or perform an obligation on behalf of that *participant*; and
- (b) reference to a *participant* shall include a reference to its *Settlement Agent*.

## 14. Liability Of *participant* For Acts And Omissions Of A *Settlement Agent*

- 14.1 If a *Settlement Agent* does any act or refrains from doing an act which if done or not done (as the case may be) by a *participant* would constitute a breach of the rules, the *ASTC Settlement Rules* or the Law, such act or omission shall be deemed for the purposes of these rules to be the act or omission of the *participant* which appointed the *Settlement Agent* to perform or exercise on behalf of that *participant* the obligations or rights of the *participant* from which such breach arises.

## 15. Obligations Of *participants*

- 15.1 If the *participant* has appointed a *Settlement Agent* other than the *Exchange* then:
- (a) a *participant* shall give at least 5 *Business days* notice to the *Exchange* prior to commencing or ceasing to use the *Settlement Agent's* certification stamp;
  - (b) a *participant* shall immediately *Notify* the *Exchange* of the termination of the appointment of a *Settlement Agent*;
  - (c) the obligations of a *participant* which are imposed upon *participants* by the *Business Rules*, the *ASTC Settlement Rules* or the Law shall not be qualified or removed by the *participant* using the services offered by a *Settlement Agent*; and
  - (d) a *participant* shall at all times ensure that all documents created by a *Settlement Agent* in performing the obligations or exercising the rights of the *participant* in connection with settlement of *securities* transactions are and shall remain the property of the *participant* over which the *Settlement Agent* shall not be able to assert or impose a lien.

## 16. Charges for Exchange Services

- 16.1 Charges payable by *participants* in relation to services provided by the *Exchange* under Part D shall be determined by the *Exchange* from time to time.

## NON-CHESS APPROVED SECURITIES

### 17. Settlement of Transactions

17.1 Except in the case of sales of *securities*:

- (a) for delivery pursuant to Rule 26.1 below; or
- (b) for *forward delivery transactions* as defined in Part C; or
- (c) when, subject to obtaining the *Exchange*'s consent, by mutual consent the parties agree to a particular settlement date no more than 15 days after the date of the *transaction*; or
- (d) classified by the *Exchange* as deferred delivery or settlement,

settlement of sales must be on the third *business day* after the date of the *transaction*, and will take place against monetary consideration (Delivery Versus Payment).

17.2 The settling of transactions between *participants* shall be made on the delivery of valid transfers and documents of title. Cash, or bank cheque may be demanded by the seller, or the seller may require that the buyer take delivery through a bank, but in such cases the seller shall notify the buyer by three o'clock on the day before delivery is required.

17.3 (a) Settlement of *securities*, other than those referred to in Rule 17.1(c) and (d) above, shall take place at the times and places nominated by the *Board* from time to time.

(b) Settlement of the *securities* referred to in Rule 17.1(d) above shall be in accordance with procedures prescribed by the *Exchange* from time to time.

17.4 In the sale of *securities* carrying any liability for *calls*, the seller is entitled to demand the name of the buyer, unless the *securities* are transferred to a transferee within 42 days from the date of settlement.

17.5 If a delivery is made in contravention of Rule 17.1 above causing a buying *participant* to make a payment prior to the *settlement day*, then on demand by the buying *participant* the selling *participant* shall reimburse the buying *participant* an amount equal to the amount so *paid*. Where notification by the buying *participant* is prior to the normal close of trading for banks at the location of the selling *participant*, payment shall be on the same day and if unpaid an interest charge may be raised by the buyer against the unpaid amount based on the rate notified by the *Board* from time to time.



## 18. Delivery of Securities

- 18.1 A *participant* must deliver *securities* by delivering all valid and correct documents necessary to settle a *transaction* in accordance with these *Rules*, and ensuring all *calls* are *paid* or have been certified by the company.
- 18.2 Selling *participants* must amend any incorrect details and the buying *participants* shall then confirm any amended trades.
- 18.3 Delivery of *securities* which may be in one or more parcels shall represent the exact quantity sold in each sale.

## 19. Settlement of Delivery Unenforceable Transactions

- 19.1 Where delivery is not enforceable in terms of *Rules* 18.1 to 18.3 above, *participants* shall comply with the settlement procedures prescribed by the *Board* from time to time.

## 20. Denominations

- 20.1 A buying *participant* shall not have the right to specify transfer denominations for a *transaction* entered into with a selling *participant*.

## 21. Rejected transfers

- 21.1 If a buying *participant* wishes to reject and send back to a selling *participant* a transfer of *securities* which has been completed with transferee details or validated in Part 2, or both, then prior to return of the transfer the transferee detail and validation section of Part 2 of the transfer shall be cancelled by the affixing of a cancellation stamp through Part 2 of the transfer.

## 22. Certification stamps

- 22.1 The *participant's* certification stamp shall include:
- (a) Stock Exchange of Newcastle Limited;
  - (b) the *participant's* name and code number; and
  - (c) the *participant's* facsimile signature.

## 23. Selling *participant's* Certification Stamp

- 23.1 A selling *participant* must immediately prior to delivery of a Transfer Form to the buying *participant* place its certification stamp in the space provided in part 1 of the Transfer Form.

**24. Buying *participant's* certification stamp**

- 24.1 The buying *participant* must place its certification stamp in the space provided in Part 2 of the Transfer Form immediately prior to the lodgement with the company for registration.

**25. *participants* to keep settlement offices open on *business days***

- 25.1 *participants* shall keep open an office for the receipt, delivery and settlement of transactions on every *business day*.

**26. Buy-in transactions**

- 26.1 All buy-in transactions must be *ex-dividends*, *ex-rights* or *ex-subscription* privileges during the 5 *business days* immediately preceding the *record date* or the date of the closing of the transfer books, except transactions made specifically for cash.

**27. Suspension of Buying-In**

- 27.1 The right to Buy-In Prompt will be suspended where a Security has been removed from Official Quotation and the Issuer is legally prevented from marking transfers in that *security*. In such cases the *Board* shall determine a price as the basis for settlement of transactions and such price shall be binding on both parties to the contract.

**28. Calls - Contributing Shares**

- 28.1 A *call* is due on the day on which it is made payable.

**29. Payment after date of sale - limited liability**

- 29.1 In contracts for the sale and purchase of *securities* (other than shares in No Liability Companies):
- (a) any *call* becoming due between date of sale and date of settlement shall be *paid* by the buyer to the seller at the time of settlement;
  - (b) any *call* becoming due after the date of settlement shall be *paid* by the buyer; and
  - (c) any *call* becoming due between date of settlement and date of registration shall be *paid* by the buying *participant* to the *Issuer* and the buying *participant* may thereafter recover the amount of the *call* so *paid* from the buyer.

### 30. Payment after date of sale - no liability

- 30.1 Except as provided for in Rule 30.2 below, in contracts for the sale and purchase of shares in No Liability Companies any *call* becoming due between the date of sale and date of settlement will only be *paid* by the selling *participant* to the company if the buying *participant* places the selling *participant* with funds not less than five *business days* prior to the advertised date of forfeiture sale or postponed date of forfeiture sale for the appropriate amount of the *call* payable. If the funds are not *paid*, the selling *participant* may deliver contributing shares without the *call paid* either prior to or subsequent to the date of forfeiture.
- 30.2 If delivery of contributing shares has not been affected prior to the actual date of the forfeiture sale, the selling *participant* may request settlement of the contract consideration without delivery of the contributing shares, on any *Business day* subsequent to the forfeiture sale. Any proceeds due from such forfeiture sale shall be *paid* by the selling *participant* to the buying *participant* at time of settlement, or when the proceeds are available.
- 30.3 In *forward delivery transactions* for the sale and purchase of shares in No Liability companies any *call* becoming due between the date of sale and the date of settlement (both days inclusive) shall only be *paid* by the selling *participant* to the company on the prior written instruction of the buying *participant* and shall be *paid* by the buying *participant* to the selling *participant* at the time of issuing the instruction. The buying *participant* shall ensure the instruction and payment is received by the selling *participant* no later than the fifth *Business day* prior to and inclusive of the date of the forfeiture sale.
- 30.4 Where an option has been granted to purchase any *securities* and such option has been exercised, any *call* that may become due between the date of granting of such option and the exercise thereof shall be *paid* by the buyer to the seller at the time of settlement.

### 31. Claims and Transfer Replacement - Fees

- 31.1 A *participant* may charge fees for:
- (a) *claims* for *dividend*, interest, Capital Return, Rights, Bonus Issues and New Issue *securities*;
  - (b) collection;
  - (c) a request for replacement of a transfer; or
  - (d) provision of a certificate issued by a company in respect of a sale making;
- as are set from time to time by the *Board*.
- 31.2 A collection fee shall be retained by the original selling *participant* irrespective of whether or not the *claim* is in order and met by the transferor.

## 32. Dividend, Interest, Capital Returns, etc

32.1 If a *transaction* in *securities* (other than Commonwealth Government and Semi-Government loans) is:

- (a) ex dividend;
- (b) ex interest;
- (c) ex capital return;
- (d) *ex bonus*;
- (e) ex entitlement;
- (f) ex priority; or
- (g) *ex rights*;

(collectively “ex return”) then *Rules* 32.2 to 32.6 below will apply.

32.2 A buying *participant*'s client who purchases shares ex-return must pass the return on to the selling *participant*'s client.

32.3 If the selling *participant* delivers the securities before the *Record date*:

- (a) the selling *participant* must clearly endorse the Security transfer ex-return; and
- (b) the buying *participating organisation* must not lodge the transfer with the *issuer* for registration on or before the *record date*.

32.4 If a buying *participant* lodges a transfer of *securities* in breach of Rule 32.3 above, then the buying *participant* is responsible for any loss suffered by the selling *participant* or its client.

32.5 The buying *participant* must give to the selling *participant*:

- (a) where the loss under Rule 32.4 above was cash, that amount in cleared funds on the *Business day* after receiving notification of the loss from the selling *participant*; and
- (b) where the loss under Rule 32.4 above was *securities*, the equivalent *securities* within 3 *Business days* of receipt of share certificates or list of allotments to the *security holder*'s uncertificated account.

32.6 Delayed deliveries will be settled on a basis mutually agreeable to the affected *participants*, who shall make their own private arrangements.

### 33 Cum Interest, *cum dividend*, Cum Capital Return

33.1 If a *transaction* in *securities* (other than Commonwealth Government and Semi-Government loans) is:

- (a) *cum dividend*;
- (b) cum interest;
- (c) cum capital return;
- (d) cum bonus;
- (e) cum entitlement;
- (f) cum priority; or
- (g) cum rights

(collectively “cum return”) then *Rules* 33.2 to 33.4 below will apply.

33.2 A buying *participant*'s client who buys *securities* cum return is entitled to receive the return. If the buying *participant* takes delivery of the *securities* on or before the *Record date*, the selling *participant* (unless otherwise arranged with the buying *participant*) must allow the amount of the cum return.

33.3 If a buying *participant* has agreed to receive the benefit in cash, and settlement is adjusted by the amount of the cum return:

- (a) the selling *participating organisation* must clearly endorse the security transfer “ex-return”; and
- (b) the buying *participating organisation* must not lodge the transfer with *issuer* for registration until after the *record date*.

33.4 If a buying *participant* lodges a transfer of *securities* in breach of Rule 33.3 above, the buying *participant* must immediately refund to the selling *participant* the cash adjustment.

### 34. *participant* Document validity - selling *participant*

34.1 Selling *participants* are responsible for ensuring good delivery including responsibility for:

- (a) passing good title to the *securities* to the transferee;
- (b) ensuring that the *securities* are freely transferable and, if in registered form, capable of being registered or re-registered;
- (c) ensuring that the quantity on the *transfer form(s)* is equal to the trade quantity or quantities;

- (d) ensuring that the certificate(s) represent at least the stated amount of *securities*;
- (e) ensuring that the *transfer form* is duly executed by the registered holder and stamped by the *participant*;
- (f) ensuring that the certificate(s) is/are not damaged or defaced so as to make it a bad delivery;
- (g) ensuring the Transfer Identification Number is properly stamped and endorsed on the forms;
- (h) ensuring that the name on the certificate(s) and the name and signature of the transferor are the same;
- (i) ensuring delivery of all other necessary documents to pass good title to the *securities*; and
- (j) providing any other information required by the *Board*.

### 35 Defective Transfer

35.1 In the event of a defective transfer whereby a transferee, due to no fault of its own, is:

- (a) unable to effect registration or re-registration of a transfer of the *securities* purported to have been transferred for any reason, including a defect in the documentation delivered by the selling *participant*; or
- (b) following registration or re-registration of a transfer of the *securities* found not to have good title to such *securities*;

then the selling *participant* shall take all steps necessary to correct the defective transfer within ten *business days*.

### 36. Documents - form of transfer

36.1 Forms of Transfer or Renunciation must conform with the layout prescribed by the *Corporations Act* or the *Board*.

### 37. Documents - Registration

37.1 For the purposes of *Rules* 37.3 to 37.5 below, “transfers” or “renunciations” shall include “split transfers” and “split renunciations”.

37.2 The buying *participant* must forward Transfers to the Issuer for registration within three *business days* of receipt of documents from:

- (a) the selling *participant*; or
- (b) the buyer if the Transfer needs to be signed.

- 37.3 If the buying *participant* is not able to complete the transfers with the buyer's full name and address, it shall *nominee* the *securities*.
- 37.4 A *participant* must obtain the buyer's details from its principal and must not forward transfers or renunciations to any *person* who is not a *participant* unless authorised to do so by the *Board* and subject to the conditions laid down by the *Board*.
- 37.5 Unless permitted by an Issuer's *constitution*, a *participant* must not lodge a transfer of *securities* which, if registered, would result in a buying client holding less than a *marketable parcel* of those *securities*.

### **38. Documents - renunciations**

- 38.1 A Security Renunciation and Transfer or a participant's Renunciation and Transfer shall be good delivery if Marked by the Issuer or the Exchange.
- 38.2 An unmarked Security Renunciation and Transfer for the exact number of Rights sold in a transaction, and to which is attached the relevant letter of entitlement duly cancelled by the selling participant shall be good delivery.

### **39. Handling fees**

- 39.1 Where a handling fee is payable on shareholders' applications and/or renunciations in connection with a new issue of *securities*, the selling *participant* must pay the fee to the buying *participant* at time of settlement.

### **40. Loans of securities**

- 40.1 A lender or borrower of *securities* has the same rights, unless otherwise indicated, as though the *securities* had been bought or sold, except that either party may on any *Business day* following the loan of *securities*, give notice for settlement and then proceed under these *Rules* as in the case of an ordinary *transaction*.

### **41. Rights - sale and accrual of**

- 41.1 Renounceable rights will be delivered by arrangement between the *participants* or as determined by the *Board*.
- 41.2 If the selling *participant* does not deliver in accordance with these *Rules*, the buyer can issue an instruction to the seller not later than 3.00pm on the last day for delivery of rights.
- 41.3 The instruction must state that either:
- (a) protection is not required; or
  - (b) protection is required and payment of application money in excess of the minimum is to be made in which case such excess shall be provided by the buyer at that time.

## 42. Option securities - sale of

- 42.1 The buying *participant* must on or before the second *Business day* prior to and inclusive of the lodgement date for exercise of the Options, advise the selling *participant* in writing of the number of options to be exercised and shall place the selling *participant* in funds. The selling *participant* is bound to exercise the options.

## 43. Convertible securities - sale of

- 43.1 If:
- (a) the *settlement day* for a transaction in convertible securities is on or before the third *Business day* prior to and inclusive of the *Business day* designated by the Issuer for holders to convert their securities;
  - (b) the selling *participant* has not made valid delivery by the *Settlement day*; and
  - (c) the Buyer of such securities wishes to convert any of the securities;
- then:
- (d) the buying *participant* shall on or before the second *Business day* prior to and inclusive of the *Business day* designated for conversion, advise the selling *participant* in writing of the number of convertible securities to be converted; and
  - (e) the selling *participant* shall:
    - (i) take immediate action to effect the conversion;
    - (ii) send to the buying *participant* a written notice acknowledging receipt of the notice referred to in paragraph (d) above; and
    - (iii) effect delivery of the converted securities within three *business days* of receipt of share certificates or Allotment Listings.

## 44. Quoted securities - valid

- 44.1 In the case of an Issuer admitted to the official list only such securities as have been granted *official quotation* by the *Exchange* shall constitute valid delivery.

## 45. Receipt for deliveries

- 45.1 Upon delivery of securities direct to a buying *participant's* office a selling *participant* shall be entitled to receive an acknowledgement from the *participant* bearing the initials of the receiving clerk and the *participant's* stamp.



## 46. Transfer Marking

- 46.1 A transfer marked by the *Exchange* is valid delivery.
- 46.2 When a large value certificate is lodged at the *Exchange* in respect of smaller size trades, with further sales to follow, it will be marked "hold for certification". The *Exchange* will record:
- (a) the transferee's name;
  - (b) the *security*; and
  - (c) the certificate quantity.

The certificate will be sent to the registrar with a request to defer the issue of a balance certificate. Registrars will be requested to confirm that the certificate is good delivery and confirm that no balance will be issued without authority from the *Exchange*.

The selling *participant* can ask for the issue of a certificate for any unused balance through the *Exchange* once the selling programme is complete.

## 47. Transfer Noting

- 47.1 A Security Transfer or a Security Renunciation and Transfer executed under Grant of Probate or Letters of Administration is valid delivery when relevant documents of Probate have been sighted by the Issuer and a 'Probate Exhibited' stamp has been applied to the transfer by the Issuer or the *Exchange*.

## 48. Bonds And Stock

- 48.1 Settlement between *participants* of transactions in Commonwealth and Semi-Government loans shall be by way of transfer and acceptance of Inscribed Stock.
- 48.2 Unless otherwise agreed, all deliveries of Commonwealth inscribed Stock in settlement of a transaction shall be on the register maintained in the State of that transaction.
- 48.3. In respect of "*cum interest*" transactions in Commonwealth Government or Semi-Government loans, where settlement takes place after the closing date of the *Inscribed Stock* Register, the settlement price shall be adjusted by the amount of the interest payment.
- 48.4. Irrespective of whatever denominations of *Inscribed Stock* are delivered, the amount of interest is to be calculated on the total face value of the securities involved in the transaction. Where the amount of interest thus determined results in a fraction of a cent, that fraction shall be disregarded.

**PART D – INDEX****A**

ASTC ..... 4, 5, 8, 9, 10

**B**

Business day..... 5, 6, 11, 13, 14, 17, 19

**C**

Constitution ..... 18

Cum dividend ..... 16

**D**

Dividend ..... 5, 14, 15, 16

**E**

Ex bonus ..... 5, 15

Ex dividend ..... 5, 15

Ex interest ..... 5, 15

Ex rights ..... 6, 15

**F**

Fees ..... 14

Forward delivery transaction ..... 11, 14

**I**

Insurance ..... 8

**M**

Marketable parcel ..... 18

**N**

Nets ..... 5, 6

**O**

Official list ..... 19

Official quotation ..... 19

**P**

PID ..... 4, 5

**R**

Record date ..... 5, 6, 13, 15, 16

**S**

Settlement day ..... 6, 11, 19

Settlement instruction ..... 4, 5

Settlement obligations ..... 4, 5

Settlement transfer ..... 4

Suspension ..... 13

# Business Rules

## Part E Financial Requirements And Record Keeping



# **TABLE OF CONTENTS**

|                                                                 |           |
|-----------------------------------------------------------------|-----------|
| <b>PART E - FINANCIAL REQUIREMENTS AND RECORD KEEPING .....</b> | <b>3</b>  |
| FINANCIAL REQUIREMENTS .....                                    | 3         |
| 1. LIQUIDITY REQUIREMENTS .....                                 | 3         |
| <b>RECORDS AND ACCOUNTS .....</b>                               | <b>4</b>  |
| 2. RECORDS.....                                                 | 4         |
| 3. TRUST ACCOUNT.....                                           | 4         |
| 4. TRIAL BALANCES .....                                         | 4         |
| 5. ANNUAL ACCOUNTS AND AUDIT .....                              | 4         |
| <b>INSPECTIONS AND INVESTIGATIONS .....</b>                     | <b>6</b>  |
| 6. ACCOUNTANTS REPORT .....                                     | 6         |
| 7. <i>EXCHANGE EXAMINING ACCOUNTANT</i> .....                   | 6         |
| 8. INSPECTION BY BOARD .....                                    | 8         |
| 9. <i>COMPLIANCE OFFICERS</i> .....                             | 8         |
| 10. <i>EXCHANGE</i> INVESTIGATION .....                         | 9         |
| 11. COMPLAINTS OFFICER .....                                    | 10        |
| 12. STATUTORY DECLARATIONS .....                                | 10        |
| 13. INFORMATION CONTAINED IN RETURNS .....                      | 10        |
| <b>PART E – INDEX .....</b>                                     | <b>11</b> |

## PART E - FINANCIAL REQUIREMENTS AND RECORD KEEPING

### FINANCIAL REQUIREMENTS

#### 1. Liquidity Requirements

- 1.1 Subject to obtaining an exemption under Rule 1.5 below, a participant carrying on business as Principal or in partnership shall ensure at all times that the surplus liquid funds in the business is not less than \$50,000 or 5% of the adjusted liabilities whichever is the greater, or such other amount as required or approved of by the Australian Securities and Investment Commission.
- 1.2 All *participants* shall prepare and keep available for inspection by the *Exchange* Examining Accountant a summary return, as may be prescribed by the *board* from time to time, showing the level of *surplus liquid funds*, the level of *adjusted liabilities* and the level of *surplus liquid funds* as a proportion of *adjusted liabilities*.
- 1.3 All *participants* shall forward to the *Exchange* Examining Accountant a completed return of *surplus liquid funds* calculations, no later than 5.00 p.m. on the fifth *business day* next following the last day of the preceding calendar month.
- 1.4 All *participants* shall forward to the *Exchange* Examining Accountant a completed return of aged debtors, as may be prescribed by the *board* from time to time, by no later than 5.00 p.m. on the fifth *business day* following the last day of the preceding calendar month.
- 1.5 The *board* may at any time or from time to time in the case of a particular *participant* grant an exemption from these liquidity requirements on such terms as the *board* may determine. The *board* will notify the ASIC of any such exemption. Unless the prior approval of the ASIC has been obtained, such an exemption must not last for longer than 30 days.
- 1.6 Each *participant* shall notify the *Exchange* immediately if its *surplus liquid funds* are at any time less than the minimum amount required by Rule 1.1 above.
- 1.7 If a *participant* of the *Exchange* is also a *participant* of the ASX then:
  - (a) submission of the ASX capital return will be deemed to be submission of the NSX Surplus Liquid Funds Report; and
  - (b) the lodgement of ASX returns with the *Exchange* will be deemed to be compliance of the lodgement requirements of these *rules*.

## RECORDS AND ACCOUNTS

### 2. Records

- 2.1 Every *participant* shall maintain records as required by the *Corporations Act* and ASIC and required from time to time by the *board*.

### 3. Trust Account

- 3.1 Every *participant* shall maintain at least one Trust Account in accordance with the *Corporations Act* with an *Australian ADI*.
- 3.2 All funds must be deposited and withdrawn from the Trust Account in accordance with the *Corporations Act*.
- 3.3 All amounts which are required by Rule 3.2 above to be *paid* into a *participant's* Trust Account but which are received by the *participant* after *Australian ADI trading hours* shall be *paid* into the Trust Account on the first *Australian ADI trading day* following the date of receipt.

### 4. Trial Balances

- 4.1 Every *participant* shall ensure not later than the fourteenth day of every month, that the books of account are in balance as at the end of the immediate preceding month, and a record of the monthly trial balances shall be retained by the *participant* until such time as each succeeding audit under the *Corporations Act* shall have been completed.

### 5. Annual Accounts and Audit

- 5.1 Each *participant* shall cause accounts relating to its business to be prepared for each financial year ending 30<sup>th</sup> June or such other date as has been approved by the *board*.
- 5.2 The assets and liabilities of the *participant's* business shall be brought into account in the balance sheet at such amounts and shall be classified and described therein in such manner so that the balance sheet gives a true and fair view of the state of affairs of such business as at the date to which it is made up.
- 5.3 Each *participant* shall furnish or cause to be furnished to the *Exchange Examining Accountant* the accounts referred in Rule 5.1 above, and such accounts shall be furnished not later than two months (for *participants* that are not a body corporate) and three months (for *participants* that are a body corporate) after the end of the *participant's* financial year in each year, provided that when the *board* is satisfied that circumstances warrant an extension of time is necessary to furnish such accounts it may grant an extension of one month for the lodgement of the accounts.

- 5.4 Each *participant* shall appoint an *accountant* or a firm of *accountants* as Auditors to hold office, subject to the approval of the *board*, until they are removed or retire. The *participant* shall appoint an Auditor to fill any vacancy in the office of Auditor within the time as prescribed by the *Corporations Act*.
- 5.5 Each *participant* shall notify the *Exchange* of-
- (a) appointment of Auditors; and
  - (b) removal or retirement of Auditors.
- Such notice shall be given within seven days of the event specified by the notice.
- 5.6 Each *participant* shall furnish or cause to be furnished to the *Exchange* Examining Accountant, an Auditors' Report for each financial year, and such report shall be furnished not later than three months after the end of the *participants* financial year, provided that when the *board* is satisfied that circumstances warrant an extension of time is necessary to furnish such report, it may grant an extension of one month for the lodgement of the report. A copy of the Auditors' Report shall be forwarded to the *Exchange* Examining Accountant at the same time the *participant* furnishes its accounts pursuant to Rule 5.4 above.
- 5.7 The records of every *participant's* nominee companies shall be included in the audit.
- 5.8 No limitations shall be placed on the extent of the audit conducted by the *participant's* Auditors. If any restriction is imposed, the Auditors shall report the matter to the *Exchange* Examining Accountant.
- 5.9 [deleted].
- 5.10 [deleted]
- (a) [deleted]
  - (b) [deleted]
  - (c) [deleted]
- 5.11 [deleted]
- 5.12 [deleted]



## INSPECTIONS AND INVESTIGATIONS

### 6. Accountants Report

- 6.1 The *board* may direct any *responsible officer* or *participant* at any time to supply to the *board* a report of an Accountant approved by the *board* in such form and within such time as the *board* may determine. If the *board* considers that the information contained in the report warrants a further investigation it may direct the *responsible officer* or *participant* to furnish such further information as the *board* may deem desirable or require the *responsible officer* or *participant* to cause the Accountant to submit a further report covering such further matters as are designated by the *board*.
- 6.2 If a *responsible officer* or *participant* fails to comply with a direction by the *board* under Part E Rule 6.1 then the *board* may appoint the Exchange Examining Accountant to investigate the affairs of the *responsible officer* or *participant* and prepare a report in such form and within such time as the *board* requires. A *participant* or *responsible officer* shall assist the Exchange Examining Accountant to prepare its report and shall at the request of the Exchange Examining Accountant direct third parties to make available such information as the Exchange Examining Accountant requires.
- 6.3 A person by becoming a *responsible officer* of the Exchange, and every *participant* by giving notice under Part A Rules 3.6 and 4.2, thereby constitutes any Exchange Examining Accountant its attorney for the purpose of obtaining any information or documents from third parties which in the opinion of the Exchange Examining Accountant are necessary for the preparation of the report.

### 7. Exchange examining accountant

- 7.1 The *board* shall appoint as Exchange Examining Accountants one or more persons or firms of Certified Practising Accountants or Chartered Accountants and shall notify *participants* of the names and addresses of the persons or firms so appointed.
- 7.2 During the term of appointment, the Exchange Examining Accountant shall not act as auditor of any *participant*, nor shall it act for a *participant* or its partners in any other capacity without the prior consent of the *board*.
- 7.3 The Exchange Examining Accountant shall receive on behalf of the Exchange such returns and documents as are required to be lodged by *participants* under the provisions of the Rules and after receipt it shall report thereon to the *board*.

- 7.4 The *Exchange* Examining Accountant shall carry out a special examination of a *participant's* books and records either;
- (a) at their discretion after considering a *participant's* accounts received pursuant to the *Rules*; or
  - (b) any returns received from a *participant* pursuant to these *Rules*; or
  - (c) at the direction of the *Exchange*.
- In the course of such a special examination, the *Exchange Examining Accountant* shall be entitled to examine:
- (i) the working papers of the *participant's* auditor compiled during the audit of the *participant*; and
  - (ii) the records relating to the *participant's* financial affairs held with its bankers
- and, for this purpose the *participant* shall give its authority to the *Exchange* to permit inspection of such papers and records by the *Exchange* Examining Accountant and for the parties mentioned in (i) and (ii) above to discuss the *participant's* financial affairs generally with the *Exchange* Examining Accountant.
- 7.5 Where any returns or documents received by the *Exchange* Examining Accountant under Rule 7.3 above causes it to consider that additional information or explanation should be obtained from a *participant* it shall by virtue of this Rule be authorised to communicate direct with the *participant* and such *participant* shall give to the *Exchange* Examining Accountant such information and explanation as is requested by it to enable it to determine whether the provisions of the *Rules* in respect of Financial Requirements are being observed.
- 7.6 All returns and documents submitted to the *Exchange* Examining Accountant as provided for in Rule 7.3 above shall be retained by the *Exchange* Examining Accountant on behalf of the *Exchange* for such period as the *board* may determine and shall be confidential to it and no disclosure of any information contained therein shall be made to any *person*, firm, corporation or authority except as required by law or as being necessary for the purposes of Rule 9.1 below or for the purposes of any report made by the *Exchange* Examining Accountant.
- 7.7 The *Exchange* Examining Accountant, in addition to the duties set out in the *Rules*, shall act generally as a consultant to the *Exchange* as required from time to time.
- 7.8 The *Exchange* Examining Accountant shall confer with the *board* as required and in any event not less than quarterly on matters arising out of its duties under these *Rules*.

- 7.9 The *Exchange* shall be responsible for and shall pay the *Exchange* Examining Accountant's fees provided that where such fees relate specifically to duties of an extraordinary nature and in respect of a *participant* the *Exchange* may, if it considers that the circumstances warrant, impose a charge on the *participant* to reimburse the *Exchange* for the cost of the investigation.

## **8. Inspection by Board**

- 8.1 The *board* may call upon any *participant* or *responsible officer* to produce, without delay, for inspection by themselves or their duly appointed representatives, all books or copies thereof relating to the business of the *responsible officer* or the *participant*, and may also require *participants* and their partner, officers, employees or securities representatives to appear before the *board* or its delegates at any time, and to give such information as may be required in connection with such business or to enable the *board* to consider whether or not the *participant* or the *responsible officer* continues to comply with admission requirements for the purposes of Part A Rules 7, 10 and 10A.
- 8.2 When requested by the *board*, a *participant* or *responsible officer* shall provide to the *Exchange* information and data in relation to financial statistics and transaction details as the *board* determines.

## **9. Compliance Officers**

- 9.1 The *board* may appoint as *compliance officers* one or more persons who shall be suitably qualified for such appointment.
- 9.2 The *board* may at any time direct one or more of the *compliance officers* to determine whether or not a *participant* selected by the *board* is complying with the provisions of these *Rules*, in particular Part B.
- 9.3 The *board* shall establish Compliance, Surveillance and Enforcement Procedures which will, in accordance with and subject to the *Rules*, set out the procedures to be followed by the *compliance officer*. Such *participants* shall make available to the *Compliance Officer* such accounts and other records of that *participant* as the *Compliance Officer* thinks fit.
- 9.4 For the purposes of complying with a direction given by the *board* under Rule 9.1 above, the *compliance officer* shall have such access as authorised by the *board* to records relating to the *participant* or *responsible officers* or any associate of the *participant* or *responsible officers*, including all records held by the *compliance officer* on behalf of the *participant*, by the *participant* or any associate of the *participant*, by the auditors of the *participant*, by the bankers of the *participant*, or by the *Exchange* Examining Accountant.
- 9.5 The *compliance officer* shall make a report of any inspection carried out by the *compliance officer* which discloses a failure by any *participant* or *responsible officer* to comply with the provisions of these *Rules* and *constitution*.

- 9.6 Details of any report made in accordance with Rule 9.5 above shall be supplied by the *compliance officer* to the *participant* or the *responsible officer* the subject of the report.
- 9.7 After consideration of the report referred to in Rule 9.4 above, the *board* may act against any *participant* or *responsible officer* on the basis of the report and may censure or impose a fine up to an amount of \$25,000 in accordance with the disciplinary powers outlined in Part A, specifically rules 25 and 29.
- 9.8 Any *responsible officer* or *participant* that has been censured or fined in accordance with clause 9.7 above shall have the right to a hearing by the *Exchange* in accordance with the *Rules*. Any *responsible officer* or *participant* shall notify the *Exchange* of its decision to exercise this right no later than the expiry of 14 days after the date of notification to the *participant* or *responsible officer* of the censure or imposition of the fine.
- 9.9 For the purposes of *Rules* 8 to 9.6 above an associate of a *participant* means:
- (a) in respect of a *participant* which is a partnership:
    - (i) any business of dealing in or advising on *securities* of which a partner has an interest; or
    - (ii) any Body Corporate which carries on a business of dealing in or advising on *securities* of which a partner has the power to exercise or to control the exercise of, the voting power attached to not less than 10% of the voting shares of the Body Corporate; and
  - (b) in respect of a *participant* which is a corporation:
    - (i) any business of dealing in or advising on *securities* of which the *participant* or a *substantial shareholder* of the *participant* which is a *responsible officer* of the *Exchange* has an interest; or
    - (ii) any Body Corporate which carries on a business of dealing in or advising on *securities*, of which the *participant* or a *substantial shareholder* of the *participant* who is a *responsible officer* of the *Exchange*, has the power to exercise, or to control the exercise of, the voting power attached to not less than 10% of the voting shares of the Body Corporate.

## 10. **Exchange investigation**

- 10.1 Any report submitted by the *Exchange* Examining Accountant may be accepted by the *board* in its sole discretion as sufficient grounds for the commencement of an investigation pursuant to the *Exchange's constitution*.

## 11. Complaints Officer

- 11.1 The *board* shall appoint as Complaints Officer a *person* who is suitably qualified for such appointment.
- 11.2 If a *participant* receives a *client* complaint it must attempt to resolve the complaint to the *client's* satisfaction within 2 weeks of notification of the complaint and as otherwise required by the *Corporations Act* and *ASIC* from time to time.
- 11.3 If the *participant* cannot resolve the *client* complaint in accordance with Rule 11.2 above, it must be referred to the Complaints Officer who will thoroughly investigate and resolve the complaint.
- 11.4 If the matter cannot be resolved to the satisfaction of the *client*, the Complaints Officer will report to the *board* for final resolution.

## 12. Statutory declarations

- 12.1 When notified by the *board*, a *responsible officer* shall supply to the *Exchange Examining Accountant* a Statutory Declaration (in such form as may be prescribed) of his/her personal financial position.

## 13. Information contained in returns

- 13.1 All returns, schedules and calculations submitted to either the *Exchange* or the *Exchange Examining Accountant* by a *participant* shall be prepared in accordance with the *rules*. A Director or Partner of the *participant* shall certify that the returns, schedules or calculations have been prepared in accordance with these *rules*. The information contained in such returns, schedules and calculations shall be extracted from the books and records of the *participant* and accurately reflect the state of affairs of the *participant*.

## PART E – INDEX

### **A**

|                                                         |          |
|---------------------------------------------------------|----------|
| Adjusted liabilities .....                              | 3        |
| Australian ADI .....                                    | 4        |
| Australian Securities & Investments<br>Commission ..... | 3, 4, 10 |
| Australian Stock Exchange .....                         | 3        |

### **B**

|                    |   |
|--------------------|---|
| Business day ..... | 3 |
|--------------------|---|

### **C**

|                          |      |
|--------------------------|------|
| Complaints officer ..... | 10   |
| Compliance officer ..... | 8, 9 |
| Constitution .....       | 8, 9 |

### **L**

|                              |   |
|------------------------------|---|
| Liquidity Requirements ..... | 3 |
|------------------------------|---|

### **R**

|                           |             |
|---------------------------|-------------|
| Responsible officer ..... | 6, 8, 9, 10 |
|---------------------------|-------------|

### **S**

|                            |   |
|----------------------------|---|
| Surplus Liquid Funds ..... | 3 |
|----------------------------|---|

### **T**

|                     |   |
|---------------------|---|
| Trading day .....   | 4 |
| Trust Account ..... | 4 |

# Business Rules

## Part F

### Compensation Arrangements and Miscellaneous Rules



# TABLE OF CONTENTS

## **PART F – COMPENSATION ARRANGEMENTS AND MISCELLANEOUS RULES 3**

|    |                                                         |    |
|----|---------------------------------------------------------|----|
| 1. | DISPUTE RESOLUTION FOR <i>TRADING</i> DISPUTES .....    | 3  |
| 2. | APPEAL FROM A DETERMINATION OF THE NETS GOVERNORS ..... | 3  |
| 3. | <i>EXCHANGE</i> 'S LIABILITY .....                      | 4  |
| 4. | FIDELITY FUND.....                                      | 4  |
| 4A | COMPENSATION ARRANGEMENTS .....                         | 5  |
| 5. | LEGAL PROCEEDINGS .....                                 | 9  |
| 6. | NOTICES .....                                           | 9  |
| 7. | SANCTIONS.....                                          | 10 |
| 8. | FRACTIONS .....                                         | 10 |

## **PART F – INDEX.....11**



## PART F – COMPENSATION ARRANGEMENTS AND MISCELLANEOUS RULES

### 1. Dispute Resolution for *trading* disputes

- 1.1 The *Exchange* may appoint one or more *responsible officers*, *designated trading representatives*, employees or agents of the *Exchange* as NETS Governors for such period and on such terms and conditions as the *Exchange* determines.
- 1.2 Any dispute arising in relation to any of the *rules* must be promptly referred to the NETS Governors.
- 1.3 The NETS Governors will investigate the dispute and make a determination in respect of it. That determination shall, subject to Rule 2 below, be final and binding on the parties to the dispute and their Clearer (if applicable).
- 1.4 A NETS Governor who is:
- (a) a *designated trading representative*, partner or *director* of any *participant* which is a party to the dispute; or
  - (b) associated with a *participant* which is a party to the dispute;
- cannot take any part in the investigation or making of a determination in respect of that dispute.
- 1.5 To fulfil their role pursuant to Rule 2 below, NETS Governors may enquire into all facts, matters and circumstances relevant to the dispute and for this purpose may take statements (orally or in writing) from persons and generally conduct their inquiries and proceedings for the resolution of the dispute as they think fit.
- 1.6 The NETS Governors must use their best endeavours to reach a decision on any such dispute before 5.00pm on the *trading day* on which the dispute occurs or if the day on which the dispute arose is not a Trading Day or the dispute occurs after 5.00pm on a *trading day*, then before 5.00pm on the following *trading day*.

### 2. Appeal from a Determination of the NETS Governors

- 2.1 A *participant* aggrieved by a determination of the NETS Governors may appeal to the *appeal committee*.
- 2.2 The *appeal committee* will conduct any such appeal in accordance with Rules 33 and 35 of Part A.
- 2.3 The appeal will not be conducted as a rehearing. The *appeal committee* may review the findings reached in the determination of the NETS Governors. The *appeal committee* may affirm, vary or set aside that determination.

- 2.4 The determination of the *appeal committee* will be final and binding on the *participant* involved in the dispute and their clearers (if applicable).
- 2.5 The legal or other expenses incurred by the *appeal committee* in conducting and hearing an appeal under this Rule must be borne by the *participants* involved in the dispute, in such proportions as the *appeal committee* in its discretion determines.

### **3. Exchange's liability**

- 3.1 Except to the extent that a *client* may claim against the *Exchange* for a loss described in Rule 4A.2 where the *Exchange* acts as a *settlement agent* of a *participant*, the *Exchange* is not liable to *participants*, *responsible officers* or their *clients* for any direct or indirect loss, damage or expense (including legal costs) arising in any way, whether by negligent conduct or omission of the *Exchange*, its employees or independent contractors and whether by any systems malfunction, systems failure, error in programming or error in input data in relation to any computer used in connection with the supply of such services, or otherwise, out of the supply of services by the *Exchange*.
- 3.2 Rule 3.1 above does not exclude any warranty that by law may not be excluded but all other implied warranties in relation to the supply of the services referred to in the *rules* by the *Exchange* are excluded.
- 3.3 The *Exchange's* liability under any non-excludable implied warranties may be limited in the *Exchange's* absolute discretion to the supply of the relevant services again or payment of the costs of having the relevant services supplied again.

### **4. Fidelity Fund**

- 4.1 The *Exchange* shall as long as it remains an *Exchange* recognised or approved under the Act, keep a fidelity fund which shall be administered by the *board* of the *Exchange* on behalf of the *Exchange* in accordance with Division 3, Part 7.5 of the Act.
- 4.2 The money in the fidelity fund, until invested or applied in accordance with the Act, shall be kept in a separate account in an *Australian ADI*.
- 4.3 Only payments permitted by the Act or by Part F Rule 4A shall be authorised by the *board* to be made from the fidelity fund.
- 4.4 The *participants* and *responsible officers* of the *Exchange* shall make contributions to the fund in accordance with the requirements of the Act or as levied by the *Exchange* in accordance with Part A, Rule 13 from time to time. These contributions are not refundable.
- 4.5 Each *participant* and *responsible officer* must comply with the procedures as prescribed by the *Exchange* from time to time for determining the *Exchange's* exposure to the risk of claims on its fidelity fund.

## 4A Compensation arrangements

### 4A.1 Definitions

For the purposes of this rule:

**client** means a *retail client* within the meaning of section 761G of the *Corporations Act*.

**financial service** means a financial service within the meaning given in division 4 of part 7.1 of the *Corporations Act*.

**letter of credit** means an irrevocable letter of credit.

4A.2 The *Exchange* shall, as long as it holds a *market licence*, have arrangements in place that comply with the *Corporations Act* to compensate a client who has incurred losses of the following kind:

- (a) the client gave money or other property or authority over property to a person ("the defaulter")
  - (i) who was a *participant* of the *Exchange* at that time; or
  - (ii) who the client reasonably believed to be a *participant* of the *Exchange* at that time and who was a *participant* of the *Exchange* at some earlier time; and
- (b) the money or other property or the authority was given to the defaulter in connection with effecting a transaction or proposed transaction covered by these *rules*;
- (c) the effecting of the transaction through the market constitutes or would constitute the provision of a *financial service* to the client as a client; and
- (d) the client suffers a loss because of:
  - (i) if the client gave the defaulter money or other property – the defalcation or fraudulent misuse of the money or other property by the defaulter; or
  - (ii) if the client gave the defaulter authority over property – the fraudulent misuse of that authority by the defaulter; or
  - (iii) the defalcation or fraudulent misuse of money or other property or authority over property by a settlement agent of the defaulter ("the settlement defaulter"). Any such defalcation or fraudulent misuse is deemed to be the defalcation or fraudulent misuse of money or other property or authority over property by the defaulter, even though the

settlement agent may have acted beyond its, express or implied, authority.

- 4A.3 A client of a defaulter who has suffered pecuniary loss as referred to in Rule 4A.2 is entitled to make a claim for compensation from the *Exchange* in respect of that pecuniary loss.
- 4A.4 A claim under Rule 4A.3 may be allowed by the *Exchange* even if the defaulter or the settlement defaulter against whom the defalcation or misuse is alleged has not been convicted or prosecuted and the evidence on which the claim is allowed would not be sufficient to establish the guilt of that defaulter or settlement defaulter in a criminal trial in respect of the defalcation or fraudulent misuse.
- 4A.5 A client may claim under rule 4A.3 the actual pecuniary loss suffered, calculated by reference to the market value of any relevant assets or liabilities as at the date that the loss was suffered, as well as the client's reasonable costs of, and disbursements incidental to, the making of and proof of the claim, less the amount or value of all money or other benefits received or receivable by the client from another source in reduction of the loss.
- 4A.6 In addition to the compensation payable under rule 4A.5, the client is entitled to claim interest on the amount of compensation less any amount attributable to costs and disbursements, at the rate of 5% per annum (or such other rate as prescribed by the Corporations Act from time to time) calculated from and including the day on which the pecuniary loss was suffered until the day on which the claim was satisfied.
- 4A.7 In addition to the funds available under Part F Rule 4, the *Exchange* will maintain a *letter of credit* that provides a sum of money in respect of any claim brought under rule 4A. The *Exchange* will ensure that its *letter of credit* will continue to be available if its *market licence* ceases (for any reason whatsoever) so that the rights of clients seeking compensation under the rule 4A, being rights that accrued whilst the *Exchange* was required to have such arrangements, will be protected, until claims are no longer possible because of the limitation period under Rule 4A.23.
- 4A.8 The Exchange will compensate clients for any loss suffered which is defined as "Division 3 loss" under the *Corporations Act*.
- 4A.9 A client making a claim must notify the *Exchange* in writing within six months of becoming aware of the pecuniary loss. A claim that is not so made is barred unless the *Exchange* determines otherwise.
- 4A.10 A client making a claim must notify the *Exchange* by way of a notice which includes the following information:
- (a) the amount claimed, including the method of calculating the amount claimed; and
  - (b) the basis upon which the claim is made.

- 4A.11 Upon a client making a claim under rule 4A, the *Exchange* may at any time require that client to produce and deliver any securities, documents or statements of evidence necessary to support the claim.
- 4A.12 The *board* will make a determination of the claim based on the reasoning specified in the notice of the claim, and may require additional information from the client making the claim and / or the relevant defaulter or settlement defaulter.
- 4A.13 Clients making claims will be notified by written notice of the success or otherwise of their claim within 2 months of written notice of the claim having been received by the *Exchange*. The *Exchange* may find that the claim was partially successful, where the *board* in its discretion finds that the client making the claim contributed to the pecuniary loss. Where this is found, the amount payable by the *Exchange* will be reduced by the same proportion that it is determined that the client contributed to the loss.
- 4A.14 The limit of compensation to be awarded is \$100,000 per claim. The *Exchange* may from time to time amend this limit in accordance with s884B of the Corporations Act.
- 4A.15 Claims will be prioritised by the *Exchange* on a proportional basis.
- 4A.16 If a claim is successful (either fully or partially), the *Exchange* will provide written notice to the client of their successful claim at the address notified to the *Exchange* in the notice of that claim.
- 4A.17 Successful claims will be paid by way of cheque. The *Exchange* will pay the claim within the time limits specified under 4A.21, once the *Exchange* has provided written notice to the client of their successful claim. Claims may be paid in a lump sum or by way of instalments, as contemplated in accordance with rule 4A.21(c).
- 4A.18 Once a claim has been found to be successful (either fully or partially) and the client has been provided with written notice to this effect by the *Exchange* and payment has been made, that same client may not make a claim in respect to the same subject matter of the claim dealt with by the *Exchange*.
- 4A.19 The *Exchange* will impose a levy on *participants* to contribute to these compensation arrangements in the following amount:
- (a) an initial levy of \$5000 upon becoming a *participant* of the *Exchange*; and
  - (b) an annual levy of \$1000 per *participant*.

The *Exchange* may from time to time amend these amounts in accordance with s884B of the Corporations Act.

4A.20 The compensation arrangements in these *rules* will be administered by the *compliance officer*. The *compliance officer* will be responsible for:

- (a) monitoring compliance with the compensation arrangements;
- (b) reporting any breaches to the *board*;
- (c) monitoring the adequacy of the compensation arrangements; and
- (d) reporting to the *board* on the need for, or desirability of, changes to the compensation arrangements.

4A.21 Time limits for payment.

- (a) The Board will make a determination on the status of the claim within 2 months of receipt of the claim in writing.
- (b) For approved claims that are to be paid directly out of the Fidelity Fund, payments will be made for claims within 30 days of the claim being upheld by the NSX Board.
- (c) For approved claims requiring recompense to the letter of credit then the claim will be paid within 30 days of the claim being upheld by the NSX Board..

4A.22 Losses of a kind which are contemplated in Rule 4A.2 and which were incurred prior to 11 March 2004, but claimed by a client after this date, are eligible to be compensated under Rule 4A.

4A.23 Losses of a kind which are contemplated in 4A.2 and which were incurred prior to the date before the *Exchange* ceases to be a holder of a *Market Licence*, but claimed by a client after this date, are eligible to be compensated under Rule 4A. The time limit for making claims after the *Exchange* ceases to be a *Market Licence* is six (6) months from the date it ceases to be a *Market Licence* holder.

## 5. Legal Proceedings

- 5.1 Any *responsible officer or participant* or former *responsible officer or participant* who sues or is sued by a *client* in connection with any matter which arose in the course or out of their relationship of broker and *client*, and in the case of former *responsible officer or participants* while the broker was an *responsible officer or participant* shall give the *Exchange* written particulars of the action and shall, if the *board* is of the opinion that it is necessary or desirable to do so in the interests of the *Exchange* or in order to support and uphold the *constitution or rules* conduct such action as the *board* shall direct and shall permit and authorise the *board* or its authorised representative to take part in the conduct of such action and to instruct solicitors and employ counsel therein on behalf of and in the name of such *responsible officer or participant*.
- 5.2 Failure to comply with rule 5.1 may incur a penalty, including a fine.

## 6. Notices

- 6.1 A notice may be served by the *Exchange* upon any *participant or responsible officer* either personally or by leaving it at or posting it in a prepaid envelope to the registered place of address
- 6.2 A notice served upon a *participant* which is a partnership shall be deemed to constitute notice to and to have been duly served upon each partner in that *participant*.
- 6.3 Any notice served by post in the manner described above shall be deemed to be duly served on the day following posting.
- 6.4 Any notice served in the manner described in Rule 6.1 above shall notwithstanding the death of the member and whether or not the *Exchange* has notice of his death be deemed to have been duly served and shall for all purposes be deemed to be served upon his legal personal representative.
- 6.5 A notice may be served on the *Exchange* by any *responsible officer or participant* either personally or by leaving it at or posting it in a prepaid envelope to the registered office of the *Exchange* or if agreed by the *Exchange*, by telex, facsimile transmission or other written or electronic form.

## **7. Sanctions**

- 7.1 If the Exchange considers that a *participant* or *responsible officer* has breach the *rules* in a manner that the Exchange considers is material, then as well as any rights it may have under the *rules* it may impose a fine on the *participant* or *responsible officer* up to a maximum of \$25,000 per breach.

## **8. Fractions**

- 8.1 All fractions (including a fraction of one cent) shall be rounded down to the nearest whole number.



**PART F – INDEX****A**

---

|                                 |      |
|---------------------------------|------|
| Appeals .....                   | 3, 4 |
| Australian ADI .....            | 4    |
| Authorised representative ..... | 9    |

**C**

---

|                          |   |
|--------------------------|---|
| Compliance officer ..... | 8 |
| Constitution .....       | 9 |

**D**

---

|                                         |   |
|-----------------------------------------|---|
| DTR                                     |   |
| Designated Trading Representative ..... | 3 |

**N**

---

|            |   |
|------------|---|
| Nets ..... | 3 |
|------------|---|

**R**

---

|                           |             |
|---------------------------|-------------|
| Responsible officer ..... | 3, 4, 9, 10 |
|---------------------------|-------------|

**S**

---

|                        |   |
|------------------------|---|
| Settlement agent ..... | 5 |
|------------------------|---|

**T**

---

|                   |   |
|-------------------|---|
| Trading day ..... | 3 |
|-------------------|---|

# Business Rules

## Appendix



|                                                             |           |
|-------------------------------------------------------------|-----------|
| <b>APPENDIX 1 .....</b>                                     | <b>3</b>  |
| 1. APPLICATION OF BUSINESS RULES .....                      | 3         |
| 2. NATURE OF CLEARING PARTICIPANT'S OBLIGATIONS.....        | 3         |
| 3. REVISED TERMS PRESCRIBED BY THE EXCHANGE .....           | 3         |
| 4. AGREEMENT SUBJECT TO ANY AMENDMENTS REQUIRED BY NSX..... | 3         |
| 5. TERMINATION .....                                        | 3         |
| <b>APPENDIX 2 .....</b>                                     | <b>4</b>  |
| <b>APPENDIX 3 .....</b>                                     | <b>7</b>  |
| <b>APPENDIX 4 .....</b>                                     | <b>8</b>  |
| <b>APPENDIX 5 .....</b>                                     | <b>9</b>  |
| 1. DEFINITIONS.....                                         | 9         |
| 2. OFFER .....                                              | 10        |
| 3. ACKNOWLEDGMENTS .....                                    | 11        |
| 4. INDEMNITY .....                                          | 11        |
| 5. COMPLY WITH OBLIGATIONS .....                            | 11        |
| 6. REPRESENTATION.....                                      | 11        |
| 7. SET OFF .....                                            | 11        |
| 8. GOVERNING LAW .....                                      | 11        |
| 9. JURISDICTION .....                                       | 11        |
| 10. CERTIFICATE .....                                       | 12        |
| 11. MONIES ON ACCOUNT.....                                  | 12        |
| 12. STAMP DUTY .....                                        | 12        |
| 13. INTEREST.....                                           | 12        |
| <b>APPENDIX 6 .....</b>                                     | <b>15</b> |
| <b>APPENDIX 7 .....</b>                                     | <b>16</b> |
| <b>APPENDIX 8 .....</b>                                     | <b>17</b> |

# Appendix 1

## Securities Clearing Agreement – Minimum Terms

**Note:** *Under Rule C3.1 participants are required to enter into a Clearing Agreement with the Exchange as their Clearing participant. All Clearing Agreements must contain terms to the effect of the provisions set out in this Appendix.*

### 1. Application of Business Rules

The *participant* and the *Clearing participant* agree to comply at all times with the applicable *Business Rules* of NSX, the SCH Business Rules, the Corporations Act and the customs, usages and practices of NSX and its related entities, as amended from time to time.

### 2. Nature of Clearing participant's Obligations

The *participant* and the *Clearing participant* acknowledge that immediately upon execution of an NSX Transaction of the *participant*, the *Clearing participant* is obliged as principal and has the *Settlement Obligations* for the NSX Transaction.

### 3. Revised Terms prescribed by the Exchange

If the Exchange prescribes amended minimum terms for a *Clearing Agreement* for the purposes of the *Business Rules* ("New Terms") to the extent of any inconsistency between these minimum terms and the New Terms, the New Terms will override the minimum terms of the *Clearing Agreement* and apply as if the *participant* and the *Clearing participant* had entered into an agreement comprising the New Terms.

### 4. Agreement Subject to any amendments required by NSX

The *participant* and the *Clearing participant* agree to make any amendments to their *Clearing Agreement* that are required by the Exchange from time to time.

### 5. Termination

The *participant* and the *Clearing participant* acknowledge and agree that neither party may terminate the *Clearing Agreement* unless:

- (a) the *participant* surrenders its recognition as *participant* by giving written notice to the Exchange in accordance with Rule A6.1; or
- (b) the *participant's* recognition as *participant* is terminated by the Exchange in accordance with Rule A7; or
- (c) the Exchange in its absolute discretion, allows other *Clearing participants* to clear trades.

## Appendix 2

### Rule C20

#### *Takeover Bid*

| Information received                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Action the Exchange will take                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Target company                                                                                                                                                                                                                                                                                                                                                                                                   | Offeror                                                                                                                                             |
| <p>Announcement of:</p> <ul style="list-style-type: none"> <li>intention to make a <i>Takeover Bid</i>, or if no announcement of an intention to make a <i>Takeover Bid</i> has been made, then the announcement of the <i>Takeover Bid</i> itself; or</li> <li>intention to propose a <i>scheme</i>.</li> </ul>                                                                                                                                                                                    | <p><i>Securities</i> will be placed in <i>Adjust Phase</i> for a minimum period of 50 minutes followed by <i>Pre-Opening Phase</i> for the next 10 minutes. <b>See note.</b> If a <i>Takeover Bid</i> is received after the close of <i>Normal Trading</i>, normally it will be announced at the time it is received and re-announced at the commencement of <i>Normal Trading</i> on the next business day.</p> | <p><i>Securities</i> will be placed in <i>Pre-Opening Phase</i> for 10 minutes if the announcement is received during <i>Normal Trading</i>.</p>    |
| <p>Announcement of variation of consideration under:</p> <ul style="list-style-type: none"> <li><i>Takeover Bid</i>; or</li> <li><i>Scheme</i>.</li> </ul>                                                                                                                                                                                                                                                                                                                                          | <p><i>Securities</i> will be placed in <i>Adjust Phase</i> for a minimum period of 50 minutes followed by <i>Pre-Opening Phase</i> for the next 10 minutes. <b>See Note.</b></p>                                                                                                                                                                                                                                 | <p><i>Securities</i> will be placed in <i>Pre-Opening Phase</i> for 10 minutes after the announcement is received during <i>Normal Trading</i>.</p> |
| <p>Announcement by <i>Offeror</i> in relation to the <i>offer</i> including the following:</p> <ul style="list-style-type: none"> <li>that the <i>Takeover Bid</i> is unconditional; or</li> <li>that the minimum acceptance condition under the <i>Takeover Bid</i> has been met or varied; or</li> <li>that the <i>offer period</i> under the <i>Takeover Bid</i> has been extended; or</li> <li>any other variation of the <i>Takeover Bid</i> (except a variation of consideration).</li> </ul> | <p><i>Securities</i> placed in <i>Pre-Opening Phase</i> for 10 minutes if the announcement is received during <i>Normal Trading</i>.</p>                                                                                                                                                                                                                                                                         | <p>A message will be placed on NETS screens.</p>                                                                                                    |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Action the Exchange will take                                                                                                      |                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| Information received                                                                                                                                                                                                                                                                                                                                                                                                                                   | Target company                                                                                                                     | Offeror                                   |
| <ul style="list-style-type: none"> <li>Announcement by <i>target issuer</i> in relation to the offer including the following:</li> <li><i>Target's Statement</i> in respect of a <i>Takeover Bid</i>; or</li> <li>any similar information in respect of an <i>issuer</i> incorporated outside Australia.</li> </ul>                                                                                                                                    | Securities placed in Pre-Opening Phase for 10 minutes <u>if</u> the announcement is received during <i>Normal Trading</i> .        | A message will be placed on NETS screens. |
| Announcement of any variation of proposed terms of a <i>scheme</i> which, in the opinion of NSX, is material.                                                                                                                                                                                                                                                                                                                                          | <i>Securities</i> placed in <i>Pre-Opening Phase</i> for 10 minutes if the announcement is received during <i>Normal Trading</i> . | A message will be placed on NETS screens. |
| Receipt of: <ul style="list-style-type: none"> <li>previously announced <i>Bidder's Statement</i> in respect of a <i>Takeover Bid</i>; or</li> <li>previously announced <i>target's statement</i> in respect of a <i>takeover Bid</i>; or</li> <li>notifications under Divisions 2, 3 or 4 of Part 6.5 of the <i>Act</i>; or</li> <li>any similar information in respect of an <i>issuer</i> incorporated or established outside Australia.</li> </ul> | A message will be placed on NETS screens.                                                                                          | A message will be placed on NETS screens. |

**Note:**

The period of the *Adjust Phase* for securities in the *target* will be as follows:

- if the information is received during that period of *Normal Trading* which ends one hour before the close of *Normal Trading* – 50 minutes; or
- if the information is received during that period which commences one hour before the close of *Normal Trading* and ends one hour after the close of *Normal Trading* - until the start of the *Pre-Opening Phase* on the next *business day*; and
- if the information is received during that period which commences one hour after the close of the *Normal Trading* and ends at the start of *Normal Trading* on the next *business day* – until the expiry of 50 minutes after the commencement of *Normal Trading* on that next *business day*.
- At the end of the *Adjust Phase*, the securities of the *target* will be placed in the *Pre-Opening Phase* for 10 minutes.

## Appendix 3

### Definitions

#### Recognised Stock Exchanges

|                                                                               |                                                                                                           |                                                    |                                                                                                                                                                                |
|-------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ARGENTINA<br>Buenos Aires                                                     | GERMANY<br>Berlin<br>Bremen<br>Dusseldorf<br>Frankfurt<br>Hamburg<br>Hanover<br>Munich<br>Stuttgart       | LEBANON<br>Beirut                                  | SWEDEN<br>Stockholm                                                                                                                                                            |
| AUSTRALIA<br>Australian<br>Bendigo<br>Newcastle                               | GREAT BRITAIN<br>AND IRELAND<br>London<br>Tradepoint                                                      | LUXEMBOURG<br>Luxembourg                           | SWITZERLAND<br>Swiss [Basle, Berne<br>Geneva, Lausanne,<br>Neuchtal, St Gall, Zurich]                                                                                          |
| AUSTRIA<br>Vienna                                                             |                                                                                                           | MALAYSIA<br>Kuala Lumpur                           | TAIWAN<br>Taipei                                                                                                                                                               |
| BELGIUM<br>Antwerp<br>Brussels<br>Chent<br>Liege                              | HONG KONG<br>Hong Kong                                                                                    | MEXICO<br>Mexico City                              | THAILAND<br>The Stock Exchange of<br>Thailand                                                                                                                                  |
| BERMUDA<br>Bermuda                                                            | INDIA<br>Ahmedabad<br>Bombay<br>Calcutta<br>Hyderabad<br>New Delhi                                        | NETHERLANDS<br>Amsterdam<br>The Hague<br>Rotterdam | UNITED STATES<br>American (New York)<br>Boston<br>Cincinnati<br>Colorado Springs<br>Mid-West (Chicago)                                                                         |
| BRAZIL<br>Rio de Janeiro                                                      |                                                                                                           | NEW ZEALAND<br>New Zealand                         | NASDAQ<br>New York<br>Pacific<br>(Los Angeles)<br>(San Francisco)<br>Philadelphia<br>(Philadelphia)<br>(Washington)<br>(Baltimore)<br>Pittsburgh<br>Richmond<br>Salt Lake City |
| CANADA<br>Alberta<br>Montreal<br>Toronto<br>Vancouver<br>Winnipeg             | ITALY<br>Bologna<br>Florence<br>Genoa<br>Milan<br>Naples<br>Palermo<br>Rome<br>Trieste<br>Turin<br>Venice | PAKISTAN<br>Dacca<br>Karachi                       |                                                                                                                                                                                |
| CHILE<br>Santiago                                                             |                                                                                                           | PERU<br>Lima                                       |                                                                                                                                                                                |
| DENMARK<br>Copenhagen                                                         |                                                                                                           | PHILIPPINES<br>Makati<br>Manila<br>PSE             | URUGUAY<br>Montevideo                                                                                                                                                          |
| FRANCE<br>Bordeaux<br>Lille<br>Lyon<br>Marseilles<br>Nancy<br>Nantes<br>Paris | JAPAN<br>Fukuoka<br>Hiroshima<br>Kobe<br>Kyoto<br>Nagoya<br>Niigate<br>Osaka<br>Sapporo<br>Tokyo          | SINGAPORE<br>Singapore                             | VENEZUELA<br>Caracas                                                                                                                                                           |
|                                                                               | KENYA<br>Nairobi                                                                                          | SOUTH AFRICA<br>Johannesburg                       |                                                                                                                                                                                |
|                                                                               |                                                                                                           | SRI LANKA<br>Colombo                               |                                                                                                                                                                                |



## **Appendix 4**

### **Rule C44**

#### **Approved Index**

The Exchange may notify approved indexes from time to time.

## Appendix 5

### Rule C92

#### Deed of Indemnity – On-Market Offeror

This deed of indemnity made the                      day of                      20

#### Between

The *participant* named and described in the schedule (hereinafter called the "*participant*")

#### and

The *Offeror* named and described in the Schedule (hereinafter called the "*Offeror*")

#### Whereas

- A. The Offeror desires to make an offer pursuant to the *Corporations Act* for the shares which have been granted official quotation of the *target* which in turn has been admitted to the *Official List* of the Exchange.
- B. The Offeror has requested the *participant* and the *participant* has agreed to make or cause to be made an Announcement to the Exchange, on behalf of the Offeror, upon the terms and conditions hereinafter contained.
- C. In consideration of the *participant* making, or causing to be made, the Announcement, the Offeror has agreed to give the *participant* an indemnity for all costs, liabilities and expenses incurred in relation to or arising from the Announcement upon the terms and conditions hereinafter contained.

Now this Deed witnesses as follows:

#### 1. Definitions

In this Deed, the following definitions shall apply:

"Announcement" means an announcement in accordance with Section 631 of the *Corporations Act*;

"Announcement Date" means the date described in the Schedule as the announcement date being the date upon which the Announcement is or is to be made;

"Announcement Price" means the price referred to in the Schedule as the announcement price;

"*Corporations Act*" means the *Corporations Act* as amended from time to time;

"Costs" means any legal costs and disbursements (including Counsel's fees) which the *participant* pays, incurs or which it is liable to pay which are of or incidental or in any way relating to or arising out of the Indemnified Events;

"Exchange" means the Stock Exchange of Newcastle Limited;

"Hearing" means any proceedings, enquiries, investigations or other hearings whether before any Court, Tribunal, Board of Review or otherwise;

"Indemnified Events" means the Announcement, the Offer, any Withdrawal Announcement or otherwise as contemplated by this Deed of Indemnity;

"Offer" means the offer to acquire the Target Shares contained in the Announcement whether at the Announcement Price or the Substitute Price;

"Offer Date" means the date described in the Schedule as the offer date;

"Substitute Price" means a price other than the Announcement Price which the offeror elects or is required to substitute for the Announcement Price pursuant to the provisions of the *Corporations Act*.

"target" means the target company named and described in the Schedule;

"Target Shares" means those shares in the Target Company, which are the subject of the offer, at the Announcement Date and are described in the Schedule; and

"Withdrawal Announcement" means an announcement by the *participant* withdrawing the Offer or a deemed withdrawal of the Offer in accordance with Section 652C of the *Corporations Act*.

## **2. Offer**

At the request of Offeror, the *participant* agrees as follows:

- (a) on the Announcement Date to make an Announcement at an official meeting in the manner prescribed by the *Corporations Act* and on behalf of the Offeror, of the Offer to acquire the Target Shares at the Announcement Price;
- (b) for a period of one month from the Offer Date or for such further period as the Offeror may extend the Offer pursuant to the provisions of the *Corporations Act*, the *participant* agrees to accept Target Shares offered to the *participant* at the Announcement Price or the Substitute Price;
- (c) from the Announcement Date until the expiration of the Offer, the *participant* agrees to acquire Target Shares, on behalf of the Offeror pursuant to the provisions of the *Corporations Act* at official meetings, at the Announcement Price or the Substitute Price, as the case may be; and
- (d) to make a Withdrawal Announcement at an official meeting upon the instructions of the Offeror, which instructions shall specify the reason for the withdrawal of the Offer, if the Offeror determined to withdraw the Offer, or the Offer is withdrawn pursuant to the *Corporations Act*.

### **3. Acknowledgments**

- 3.1 The Offeror acknowledges that the indemnity granted by this Deed shall enure to the benefit of all servants and agents of the *participant* as if they were parties to this Deed;
- 3.2 The Offeror acknowledges that the *participant* holds the benefit of any covenant and indemnity in this Deed to the extent that they are expressed to be for the benefit of third parties on trust for those parties.

### **4. Indemnity**

In consideration of the undertakings given by the *participant* the Offeror hereby covenants with the *participant* that it will at all times hereafter indemnify and keep indemnified the *participant* for all its Costs, and also against all sums of money whether for damages, costs, charges, expenses or otherwise for which the *participant* may become liable or be required to pay in connection with or arising out of the withdrawal of the Offer before its expiration for any reason whatsoever on a full indemnity basis.

### **5. Comply with obligations**

The Offeror covenants with the *participant* that it shall do all acts and things and prepare and execute all documents to ensure compliance with and observance by the Offeror and the *participant* of all provisions and requirements of the *Corporations Act*, the business rules, the listing rules, and the customs and usages of the Exchange, upon which the *participant* shall purchase Target Shares.

### **6. Representation**

The Offeror acknowledges that the *participant* may at the sole discretion of the *participant*:

- (a) engage solicitors and counsel of its own choice to advise on any matter; and
- (b) be separately represented in any Hearing dealing with any matter

of and incidental to or relating to or arising out of the Indemnified Events and the costs incurred by the *participant* for such advice and/or representation shall be covered by the terms of clause 4 of this Deed.

### **7. Set off**

The Offeror shall have no right of set off against any monies payable pursuant to this Deed of Indemnity.

### **8. Governing law**

This Deed of Indemnity shall be construed and governed by the laws of the State referred to in the Schedule as the Governing State.

### **9. Jurisdiction**

The Courts of the State referred to in the Schedule as the Jurisdiction State shall have jurisdiction to hear and determine all matters of and incidental to or relating to or arising out of this Deed of Indemnity.

## 10. Certificate

A certificate signed by any officer (as defined in the *Corporations Act*) of the *participant* or any solicitor engaged by the *participant* as to the quantum of the Costs paid or payable by the *participant* shall be conclusive evidence in all Courts and at all times of the matters set out therein.

## 11. Monies on account

The Offeror shall within 24 hours of any request by the *participant* being made deposit with it such sum (in cleared funds) as in the sole discretion of the *participant* shall be sufficient as moneys on account of the Offeror's liability to indemnify the *participant* pursuant to this Deed of Indemnity including the Offeror's liability to indemnify the *participant* in respect of Costs, such sum or sums to be held and applied by the *participant* in a manner or manners contemplated by this Deed.

## 12. Stamp duty

The Offeror agrees that it shall be liable for any stamp duty payable in respect of or in connection with this Deed of Indemnity.

## 13. Interest

Where a request by the *participant* to deposit funds in accordance with clause 11 hereof has been made to the Offeror and the Offeror fails or refuses to deposit the funds within the time prescribed therein, the Offeror shall pay interest on the sum requested to be deposited at the rate of 2% in excess of the prime rate from time to time charged by the Commonwealth Bank of Australia on overdraft facilities in excess of \$100,000 for the period commencing 24 hours after the request is made by the *participant* and expiring on the date that the funds are deposited with the *participant*.

In witness whereof the parties hereto have hereunto affixed their seals the day and year first hereinbefore written.

Sign Sealed and delivered by )  
[    ] )  
as the duly authorised representative )  
of the *participant* )

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Signature of director/secretary

\_\_\_\_\_  
Name of director (please print)

\_\_\_\_\_  
Name of director/secretary (please print)

**The Common Seal** of )  
[     ] )  
was fixed to this document )  
in the presence of: )

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Signature of director/secretary

\_\_\_\_\_  
Name of director (please print)

\_\_\_\_\_  
Name of director/secretary (please print)

**Schedule**

*participant*

of:

Offeror

of:

target

of:

Announcement Date

day of 20

Offer Date

day of 20

Announcement Price

Target Shares

Governing State

Jurisdiction State

## Appendix 6

### Definition of Scheduled Period

#### Clearing House – Delivery Schedule

|                                        |                                                           |
|----------------------------------------|-----------------------------------------------------------|
| SCHEDULED TIMES                        | Eastern Standard /<br>Summer Time (as<br>applying in NSW) |
| Clearing House – Lodgement Period      | 0900 – 1215                                               |
| Direct Settlement of Monies            | Buyer – 1415                                              |
| Direct Delivery of Securities          | Buyer – 1230                                              |
| Direct Settlement – Notice of Delivery | Buyer – 1530                                              |



## Appendix 7

### TRANSFERS CONSOLIDATION FORM

#### PART 1

PLEASE USE BLOCK LETTERS

|                                                                                                      |                                                                                                                                                                                                                                                                                                                    |                             |                  |
|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|------------------|
| FULL NAME OF COMPANY OR PRESCRIBED CORPORATION                                                       |                                                                                                                                                                                                                                                                                                                    |                             |                  |
| DESCRIPTION OF SECURITIES                                                                            | Class                                                                                                                                                                                                                                                                                                              | If not fully paid, paid to: | Code             |
| TOTAL QUANTITY FOR REGISTRATION                                                                      | Words                                                                                                                                                                                                                                                                                                              | Figures                     |                  |
|                                                                                                      | The securities set out above have been consolidated, for registration into the name(s) of the transferee(s) named in Part 2 hereof, from the securities set out in Part 1 of the attached transfer forms identified by:<br><br>Consolidation Reference: .....<br><br>Total number of Attached Transfer forms ..... |                             |                  |
| <b>PART 2</b>                                                                                        |                                                                                                                                                                                                                                                                                                                    |                             | FOR REGISTRY USE |
| Surname(s)<br><br>Given Name(s)<br><br><b>FULL NAME(S) &amp; ADDRESS OF TRANSFEREE(S) (BUYER(S))</b> | Mr<br>Mrs<br>Miss<br>Ms .....<br>.....<br>.....<br>.....<br>.....<br>.....<br>.....<br>.....<br>State ..... Postcode .....                                                                                                                                                                                         |                             |                  |
| Uncertificated Transferee Identification                                                             | SBN/PN                                                                                                                                                                                                                                                                                                             | HIN                         | TETR             |
|                                                                                                      |                                                                                                                                                                                                                                                                                                                    |                             |                  |

Please enter the above securities on the .....Register

TRANSFEREE'S BROKER HEREBY CERTIFIES

(a) that the securities set out in Part 1 above, having been purchased in the ordinary course of business, are to be registered in the name(s) of the transferee(s) named in the Part; and

(b) Stamp Duty, if payable, has been or will be paid, and hereby requests that such entries be made in the register as are necessary to give effect to this transfer.

(Place and date of affixing stamp)

## Appendix 8

### RENUNCIATIONS AND TRANSFERS CONSOLIDATION FORM

#### PART 1

PLEASE USE BLOCK LETTERS

|                                                                                       |                                                                                                                                                                                                                                                                                                                           |          |                  |
|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------------|
| FULL NAME OF<br>COMPANY OR<br>PRESCRIBED<br>CORPORATION                               |                                                                                                                                                                                                                                                                                                                           |          |                  |
| DESCRIPTION OF<br>SECURITIES                                                          |                                                                                                                                                                                                                                                                                                                           |          |                  |
| TOTAL QUANTITY<br>FOR<br>REGISTRATION                                                 | Words                                                                                                                                                                                                                                                                                                                     | Figures  |                  |
|                                                                                       | <p>The rights set out above have been consolidated, for registration into the name(s) of the transferee(s) named in Part 2 hereof, from the rights set out in Part 1 of the attached transfer forms identified by:</p> <p>Consolidation<br/>Reference: .....</p> <p>Total number of Attached<br/>Transfer forms .....</p> |          |                  |
| <b>PART 2</b>                                                                         |                                                                                                                                                                                                                                                                                                                           |          | FOR REGISTRY USE |
| Surname(s)                                                                            | Mr<br>Mrs<br>Miss<br>Ms .....                                                                                                                                                                                                                                                                                             |          |                  |
| Given<br>Name(s)                                                                      | .....                                                                                                                                                                                                                                                                                                                     |          |                  |
| <b>FULL<br/>NAME(S)<br/>&amp;<br/>ADDRESS<br/>OF<br/>TRANSFEREE(S)<br/>(BUYER(S))</b> | .....                                                                                                                                                                                                                                                                                                                     |          |                  |
|                                                                                       | .....                                                                                                                                                                                                                                                                                                                     |          |                  |
|                                                                                       | .....                                                                                                                                                                                                                                                                                                                     |          |                  |
|                                                                                       | .....                                                                                                                                                                                                                                                                                                                     |          |                  |
| State                                                                                 | .....                                                                                                                                                                                                                                                                                                                     | Postcode | .....            |
| Uncertificated<br>Transferee<br>Identification                                        | SBN/PN                                                                                                                                                                                                                                                                                                                    | HIN      | TETR             |
|                                                                                       |                                                                                                                                                                                                                                                                                                                           |          |                  |
| Application Money of ..... is attached                                                |                                                                                                                                                                                                                                                                                                                           |          |                  |
| Please enter the above securities on the ..... Register                               |                                                                                                                                                                                                                                                                                                                           |          |                  |

TRANSFEREE'S  
BROKER  
HEREBY  
CERTIFIES

(a) that the rights set out in Part 1 above, having been purchased in the ordinary course of business, the marketable securities to which the rights relate are to be allotted to the transferee (s) named in the Part; and

(b) that Stamp Duty, if payable, has been or will be paid, and hereby requests that the marketable securities be allotted by the company or prescribed Corporation to the transferee(s) and such entries be made in the register as are necessary to give effect to this transfer.

(Place and date of affixing stamp)