Business Rules

Part A

Participating Organisations and Affiliates

PART A - PARTICIPATING ORGANISATIONS AND AFFILIATES

1. Admission to the Exchange

1.1 A person or entity may only become a Participating Organisation of the Exchange for the purposes of Chapter 6 and 7 of the *Corporations Law* if the person 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 an Affiliate or Participating Organisation or to terminate recognition as an Affiliate or Participating Organisation is vested in the *Board*.

1.3 Neither a *Participating Organisation* nor an Affiliate 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 *Participating Organisation* nor an Affiliate 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 *Participating Organisation* nor an Affiliate shall have any voting rights whatsoever except to the extent that they are also a shareholder of the Exchange.

2. Notice to Participating Organisations

2.1 Notice in writing of an application for trading status shall be issued to *Participating Organisations* 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 *Participating Organisation* 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 Participating Organisation 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 Participating Organisation.

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 Participating Organisation 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 an Affiliate or Participating Organisation 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 an Affiliate or Participating Organisation

5.1 A certificate of recognition as an Affiliate or Participating Organisation may be issued by the *Board* to any Affiliate or *Participating Organisation*. 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 *Participating Organisation* of the Exchange.

6. Surrender of Participating Organisation/Affiliate Status

6.1 A Participating Organisation or Affiliate may surrender its recognition as a Participating Organisation or Affiliate 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 Participating Organisation or Affiliate

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

7.2 If, at any time after the admission of an applicant as a *Participating Organisation* or Affiliate, the *Board* is satisfied that:

(i) in the case of a *Participating Organisation* - an officer or shareholder of the applicant; or

(ii) the case of an Affiliate - the applicant

made a wilful omission or mis-statement upon a material point prior to admission in or in connection with the application for admission that *Participating Organisation* or Affiliate shall, subject to Part A Rules 29 and 33, on being given notice to that effect by the *Board*, cease to be a *Participating Organisation* or Affiliate.

7.3 If, at any time after recognition of a *Participating Organisation* or Affiliate, the *Board* is satisfied that the *Participating Organisation* or Affiliate 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 *Participating Organisation* or Affiliate that the *Participating Organisation* or Affiliate no longer complies with the requirements for recognition and shall cease to be a *Participating Organisation* or Affiliate on the day specified in the notice.

7.4 A *Participating Organisation* or Affiliate ceases to be a *Participating Organisation* or Affiliate on:

(i) resignation;

(ii) death;

(iii) becoming bankrupt or insolvent or making an arrangement or composition with creditors of the person's joint or separate estate generally;

(iv) 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;

(v) 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

(vi) the *Board* terminates the Participating Organisation or Affiliate recognition in accordance with these *Rules*.

8. Common Ownership of *Participating Organisations*

8.1 Where one or more *Participating Organisations* 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 *Participating Organisation* is associated with another *Participating Organisation* if:

(i) an officer, employee or consultant of the *Participating Organisation* is a director, employee, officer or consultant of the other *Participating Organisation*, and that person's duties include trading or dealing in *securities*;

(ii) the immediate holding company of the *Participating Organisation* is also a holding company of the other *Participating Organisation*, and the immediate holding company holds a dealer's licence under the *Corporations Law* which entitled the immediate holding company to engage in the business of stockbroking as a member of the Exchange or as a member of any other securities exchange within the meaning of the *Corporations Law*. For the purposes of this paragraph, "immediate holding company" means a company of which the *Participating Organisation* is a subsidiary by virtue of Section 46(a) of the *Corporations Law*;

(iii) one *Participating Organisation* is a related corporation of the other *Participating Organisation*, or a person is entitled to shares in two or more Participating Organisations (unless one of the Participating Organisations is a listed corporation and the shares constitute less than 10% of the shares of that Corporation) if:

(A) the *Participating Organisation* does not carry on business in different premises to the other *Participating Organisation*; or

(B) the *Participating Organisation* has not obtained approval from the Exchange for its business name; or

(iv) the *Participating Organisation* shares computer facilities with or allows it computer facilities to be linked with, that other *Participating Organisation*, unless the proposed sharing or linkage is approved by the exchange.

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

(i) nominate one *Participating Organisation* as the primary *Participating Organisation*, and notify the Exchange of the nomination; and

(ii) not request access to the records of orders received for the purchase or sale of securities by *Participating Organisations* other than the primary *Participating Organisation*, without the prior written approval of the Exchange.

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

8.5 If:

(i) a *Participating Organisation* is associated with another *Participating Organisation* under the *Corporations Law*, but not under the definition of this Rule,

then:

(ii) an existing director, officer, employee or consultant of a *Participating Organisation* must not hold any position in the abovementioned associated *Participating Organisations* until either:

(A) the expiry of 20 Business Days, or

(B) the approval of the exchange

whichever is earlier.

ELIGIBILITY FOR ADMISSION TO EXCHANGE

9. Affiliates

9.1 To be eligible for admission as an Affiliate of the Exchange, a natural *person* must have either:

(a) (i) one of the following full industry qualifications:

- Graduate Diploma in Applied Finance and Investment (Securities Institute of Australia);
- Graduate Diploma in Financial Planning (SIA);
- Diploma in Financial Markets (SIA);
- Master of Commerce (Financial Planning) (University of Western Sydney, Hawkesbury);
- Diploma of Financial Planning (Financial Planning Association);
- Master of Applied Finance (Macquarie University);
- Diploma of Advanced Financial Planning (Australian Society of Certified Practising Accountants); or
- any other full industry qualification recognised by ASIC; and

(ii) the equivalent of three years relevant industry experience over the immediate past five years;

or

(b) (i) one of the following qualifications:

- a university degree or equivalent in a financial discipline, economics, commerce, business, accounting or equivalent;
- 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

(ii) one of the following short industry qualifications:

- Introduction to Financial Planning course (Australian Society of Certified Practising Accountants and Institute Chartered Accountants);
- Financial Planning Principles and Practice subject (Securities Institute of Australia);
- successful completion of two units of the SIA or FPA courses set out in paragraph 10(a)(i) above;
- Associate level of the Institute of Actuaries of Australia Part III Subject I "Investment Management";
- Diploma of Financial Services (APM Training Institute); or
- any other short industry qualification recognised by ASIC;

and

(iii) the equivalent of three years relevant industry experience over the immediate past five years;

or

(c) meet any other criteria set by the Exchange from time to time, in accordance with ASIC standards; and

(d) not be an insolvent under administration within the meaning of that expression in the *Corporations Law*; and

(e) be of good character and high business integrity; and

(f) be capable of carrying out the obligations of an Affiliate efficiently, honestly and fairly; and

(g) devote a substantial part of the working week to the business of a *Participating Organisation* as a principal, partner, officer, employee or authorised representative; and

(h) have the required financial resources to meet their obligations as an Affiliate.

10. Corporations

10.1 To be eligible for recognition as a Participating Organisation of the Exchange, a company must:

(a) have a majority of *directors* who are residents of a *State* or Territory of Australia;

(b)

(i) if there are four or less *directors* of the applicant - at least one half of the *directors* must be Affiliates; or

(ii) in any other case - at least one quarter of the *directors* must be Affiliates;

(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* who is not an Affiliate;

(ii) each *person* who is or would be a *substantial shareholder* within the meaning of part 6.7 of the *Corporations Law*, of the applicant or its holding company (as if that Part applied); and

(iii) 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 stockbroking business to be conducted as a *Participating Organisation* by the Applicant to allow compliance by the Applicant with those *Constitution* and *Rules* to the extent necessary;

(e) have the required financial resources to meet its obligations as a *Participating Organisation*;

(f) 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 Membership of the Exchange or the holding of interest in the applicant or otherwise; and

(g) 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 6.8 of the *Corporations Law* applied to the applicant.

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 Law* 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 Participating Organisation or Affiliate

12.1 An applicant for recognition as a Participating Organisation or Affiliate 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 *dealer*'s licence under the *Corporations Law* entitling the applicant to engage in stockbroking; or

(ii) a proper authority, if the applicant is a *director* of a Participating Organisation.

13. Fees and Levies

13.1 On or before recognition as a *Participating Organisation* or *Affiliate* each *Participating Organisation* or *Affiliate* shall pay to the Exchange the fee prescribed by the *Board* from time to time.

13.2 In order to provide funds required for the operation of the Exchange, the *Board* may determine the levies and the fees to be paid by *Participating Organisations* and *Affiliates* and may fix the dates for payment thereof.

13.3 In determining levies under this Rule the *Board* may differentiate between *Participating Organisations* and Affiliates as to the amounts of levies.

13.4 In determining fees under this Rule the *Board* may:

(i) determine a fee to be paid by the buying and selling *Participating Organisations* on each transaction; and

(ii) determine a fee to be paid by the buying and selling *Participating Organisations* 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

(iii) 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 *Affiliate* or *Participating Organisation* 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 *Participating Organisation* or the officers or partners of the *Participating Organisation* or the Affiliate 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 *Affiliate*, the *Participating Organisation* or the partners of the *Participating Organisation* or any of them a defaulter.

14.2 Any moneys due to a *Affiliate or Participating Organisation* 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 *Affiliate* or any *Participating Organisation* of which he may have been a *director*; and

Secondly In payment at the discretion of the *Board* of any claims upon such *Affiliate or Participating Organisation* which may be sanctioned by the *Board*.

14.3 If any *Affiliate* or *Participating Organisation* has been:

(i) declared a defaulter; and/or

(ii) censured; and/or

(iii) fined, and/or

(iv) prohibited from trading; and/or

(v) suspended; and/or

(vi) required to initiate or upgrade an education and compliance program; or

(vii) expelled; or

(viii) has ceased to be an *Affiliate or Participating Organisation*, the Board may in its discretion make:

(A) an announcement of the decision and the name of the Affiliate or Participating Organisation concerned to other Participating Organisations and may in its discretion decide in what form and manner the announcement should be made; and

(B) a public announcement of the decision in such form and manner as it thinks fit.

Where the *Affiliate* is a partner in a *Participating Organisation*, the name of that *Participating Organisation* may be specified in the announcement.

14.4 No action or other proceedings shall under any circumstances be maintainable by that person or *Participating Organisation* 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 PARTICIPATING ORGANISATIONS' ACTIVITIES

15. As a Participating Organisation

15.1 An Affiliate may only carry on business as a Participating Organisation where the Affiliate is a partner in a partnership where three quarters or more of the partners are also *Affiliates* (or as close to three quarters as possible) or where the Affiliate is a member of the Exchange at the date of adoption of these Rules.

15.2 For the avoidance of doubt only those Affiliates who were Members of the Stock Exchange of Newcastle prior to it converting to a company limited by shares shall be entitled to carry on the business of stockbroking as a sole trader.

15.3 A *Participating Organisation* shall not carry on business as a *Participating Organisation* in partnership with persons other than *Participating Organisations*.

15.4 All *Participating Organisations* and their partners must comply with the Rules.

15.5 No *Participating Organisation* shall carry on the business of stockbroking unless they hold a dealer's licence under the *Corporations Law* which entitles the holder to engage in the business of stockbroking.

16. Information to be Supplied to the Exchange

16.1 Each *Participating Organisation* 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 *Participating Organisation* 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 *Participating Organisation*;

(ii) the dissolution or alteration of a *Participating Organisation*;

(iii) any issue (including the names of allottees) of *Securities* in a *Participating Organisation*;

(iv) notifying the Exchange in writing of any change in shareholders by the next *business day*;

(v) for a *Participating Organisation* 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 *Affiliate*;

(f) immediately notifying the Exchange if one *Participating Organisation* becomes associated with another *Participating Organisation* 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 Law*, of any action which may be taken against them;

(h) providing the Exchange with copies of the Participating Organisations *dealer*s licence and notifying the Exchange of any alteration or variation of the licence conditions within 2 *business day*s of receiving written notification of such alteration or variation; and

(i) an Affiliate not in partnership for the purpose of stockbroking shall register with the Exchange the name and address of the *Participating Organisation* with which that *Affiliate* is associated and using its office facilities. Such an Affiliate may be an authorised representative, an employee, consultant or be associated with the *Participating Organisation* in such other capacity as approved by the *Board*.

17. Participating Organisation constituted as a Partnership

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

(i) a *director*, officer or employee of a *Participating Organisation* or its holding company; or

(ii) a Substantial Shareholder within the meaning of Part 6.7 of the *Law* of a *Participating Organisation* or its ultimate holding company,

must not be a partner in another *Participating Organisation*.

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

18. Business Names

18.1 A *Participating Organisation* must obtain the approval of the *Board* for any business name that a *Participating Organisation* 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 *Participating Organisation* must cease to carry on business under that business name.

19. Business Offices

19.1 Every *Participating Organisation* 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 *Participating Organisation*.

20. Contracts between *Participating Organisation*s

20.1 In contracts between *Participating Organisation*s, the parties are deemed to be principals to each other. However, if a *Participating Organisation* acts as agent for any principal, whether disclosed or not, the liability of the agent *Participating Organisation* 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 *Participating Organisation* must take out and maintain in full force and effect insurance policies covering and indemnifying such *Participating Organisation* against liability for negligence, errors, omissions, mis-statements, statutory warranties and indemnities, infidelity of staff 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 *Participating Organisation* 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 *Participating Organisation* must notify the Exchange of:

(i) the existence of any *claim*; or

(ii) the receipt of a notice from any *person* of any intention to make a *claim*; and

(iii) any circumstance which is likely to give rise to a *claim*.

22. Employees of *Participating Organisation*

22.1 A *Participating Organisation* 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 *Participating Organisation* 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 *Participating Organisation* shall be responsible to the Exchange for the conduct of:

(a) each authorised representative of the *Participating Organisation* including *Affiliates*; and

(b) any *Participating Organisation* who is associated with that *Participating Organisation* within the meaning of Part A Rule 8.2.

for the compliance by any such authorised representative or *Participating Organisation* with the provisions of the Constitution*, Rules and Regulations,* for all debts liabilities and engagements incurred or undertaken by such authorised representative or *Participating Organisation* in its capacity as an authorised representative to or an *Affiliate* of that *Participating Organisation* or in any way arising out of its connection with that *Participating Organisation*.

24. Death of an *Affiliate*

24.1 The personal representatives or estate of a deceased Affiliate or the liquidator of a *Participating Organisation* 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 *Affiliate* 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 *Affiliate* or for such further period as may be agreed upon between the *Board* and the executors or administrators of the deceased *Affiliate*. Such business may be conducted through an *Affiliate* 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 PARTICIPATING ORGANISATIONS

25.1 If, in the opinion of the *Board*, an Affiliate or Participating Organisation:

(a) engages in conduct inconsistent with just and equitable principles in the *transaction* of business; or

(b) contravenes:

(i) any of the *Articles* or *Rules*; and

(ii) any of the provisions of Chapter 7 of the *Corporations Law*; or

(iii) any condition of a licence held by the *Participating Organisation*

then the Exchange shall give the Affiliate or *Participating Organisation* 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 Affiliate, *Participating Organisation* or any partner, officer, employee or authorised representative of the *Participating Organisation* shall, if the *Affiliate* or such person so wishes, be heard in answer to the charge.

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

26. Prohibited Conduct

26.1 If the *Board* considers an *Affiliate* or *Participating Organisation* should be charged with *Prohibited Conduct* it shall give the *Affiliate* or *Participating Organisation* 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 *Affiliate* or *Participating Organisation* concerned shall, if the *Affiliate* or *Participating Organisation* so wishes, be heard in answer to the charge.

27. Penalties

27.1 If any *Affiliate* or *Participating Organisation* is found guilty by the *Board* of a breach of any of the *Articles* or *Rules*, or to have engaged, whether by act or omission in *Prohibited Conduct*, the *Board* may:

(a) censure the *Affiliate* or *Participating Organisation*; or

(b) impose a fine not exceeding $25,000.00 either upon the Affiliate or upon the *Participating Organisation*; and/or

(c) suspend the *Affiliate* or *Participating Organisation* from all or any of the privileges of membership of the Exchange; and/or

(d) prohibit the *Affiliate* or *Participating Organisation* from transacting any business with or through any *Participating Organisation* for a period not exceeding 3 months upon such terms and conditions as the *Board* thinks fit; and/or

(e) require that the *Affiliate* or *Participating Organisation* 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 *Articles* or *Rules* by the *Affiliate* or *Participating Organisation* and the partners, officers, employees, and representatives of the *Affiliate* or *Participating Organisation*; and/or

(f) require the *Affiliate* or *Participating Organisation* 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) and for *Prohibited Conduct* only, expel the *Affiliate*, or a *Participating Organisation* who is a partner to the *Participating Organisation*, or a person who is an officer, employee or securities representative of the *Participating Organisation*, from membership of the Exchange.

28. Separate Offences

28.1 In the case where an *Affiliate* who is a partner, officer, employee or authorised representative of a *Participating Organisation* is charged under this Rule, the *Board* may also charge the *Participating Organisation* 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 $25,000.00.

29. Reasons for decision

29.1 If an *Affiliate* or *Participating Organisation* is:

(a) censured; 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 *Affiliate* or *Participating Organisation* of its determination and the reasons for its determination and the penalty.

No Affiliate or Participating Organisation 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 *Affiliate* or *Participating Organisation* 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 *Participating Organisation* which is a partnership in the name of the *Participating Organisation* without charging each partner in the *Participating Organisation*. If the *Participating Organisation* 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 *Affiliate* or *Participating Organisation* is found guilty of an offence pursuant to Part A Rule 25 or 26, the *Board* may, in addition to any other penalty which it imposes, direct an *Affiliate* or *Participating Organisation* 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 an *Affiliate* or *Participating Organisation* is determined pursuant to Part A Rule 25 or 26 to have contravened the *Constitution* 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 *Affiliate* or *Participating Organisation*; and

(b) summary details of:

(i) the charge or charges established against the *Affiliate* or *Participating Organisation*;

(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 *Articles* 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 *Articles*, 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 *Affiliate* or *Participating Organisation* has contravened the *Articles* or the *Rules* or has engaged in *Prohibited Conduct*.

33. Appeals

33.1 An *Affiliate* or *Participating Organisation* determined pursuant to Part A Rule 25 or 26 to have contravened the *Articles* 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 Affiliate or Participating Organisation 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:

(i) censure; and/or

(ii) fine; and/or

(iii) suspend; and/or

(iv) prohibit from transacting business; and/or

(v) require the initiation or upgrading of an education and compliance program by; or

(vi) expel,

an Affiliate or *Participating Organisation* pursuant to Part A Rules 25 or 26, or to implement or announce a resolution that an Affiliate or Participating

Organisation should cease to be an Affiliate or Participating Organisation 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 *Participating Organisation* 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 *Participating Organisation* 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 *Participating Organisation* 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 an Affiliate or *Participating Organisation* may be or has been:

(i) censured; and/or

(ii) fined; and/or

(iii) suspended; and/or

(iv) prohibited from transacting business; and/or

(v) required to initiate or upgrade an education and compliance program; and/or

(vi) expelled; or

(vii) 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 an *Affiliate* 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 Law* 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*:

(i) it is desirable to do so in order to protect the interests of the Exchange or of the public; or

(ii) an Affiliate or a *Participating Organisation* has insufficient capital for the conduct of the business; or

(iii) the Participating Organisation has breached Rule 4 of Part C,

the *Board* may resolve either to suspend or expel the *Affiliate* or *Participating Organisation*.

36.2 In the event of an Affiliate or *Participating Organisation* being suspended:

(i) 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;

(ii) the *Affiliate* or *Participating Organisation* 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;

(iii) the *Affiliate* or *Participating Organisation* shall not deliver any *Securities* or settle any transactions without the approval of the *Board*;

(iv) the *Board* may at any time during the suspension appoint any person to be the manager of the business of such *Affiliate* or *Participating Organisation* 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 *Affiliate* or *Participating Organisation* or may be retained by the manager from the proceeds of realisation of the assets of the *Affiliate* or *Participating Organisation*; and

(v) every such manager shall be the agent of the *Affiliate* or *Participating Organisation* and the *Affiliate* or *Participating Organisation* 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 *Affiliate* or *Participating Organisation* and may without any consent from the *Affiliate* or *Participating Organisation* 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 *Affiliate* or *Participating Organisation* in such manner as the manager thinks fit.

36.3 Every *Affiliate* and *Participating Organisation* 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 *Affiliate* or *Participating Organisation*, the *Board* from its own investigations or from the investigations carried out by the manager of the *Affiliate* or *Participating Organisation* is of the opinion that the *Affiliate* or *Participating Organisation* has insufficient capital for the conduct of its business it may resolve that the *Affiliate* or *Participating Organisation* be expelled.

37. Defaulting

37.1 Where an Affiliate:

(i) in the opinion of the *Board* has failed or is unable to fulfil the *Affiliate's* engagements;

(ii) is proved to the satisfaction of the *Board* to be insolvent; or

(iii) is a partner in a *Participating Organisation* which is a default under Rule 37.2 below,

the *Board* may declare the *Affiliate* to be a defaulter and thereupon the *Affiliate* shall cease to be an Affiliate.

37.2 Where a *Participating Organisation*:

(i) in the opinion of the *Board* has failed or is unable to fulfil its engagements; or

(ii) is proved to the satisfaction of the *Board* to be insolvent; or

(iii) fails to act in accordance with Part E Rules 4.1 or 4.2; or

(iv) has a shareholder or a partner who is a defaulter under Rule 37.1 above,

the *Board* may declare the *Participating Organisation* to be a defaulter and thereupon the *Participating Organisation* shall cease to be entitled to carry on business as a *Participating Organisation*.

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 Law* 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 Law*.

37.6 Every *Participating Organisation* by giving notice under Part A Rule 17 thereby irrevocably constitutes any receiver appointed pursuant to Rule 38.5 above as its attorney for the purpose of enabling it and on behalf of the defaulter to:

(i) sign or sign seal and deliver all such transfers, conveyances, mortgages, leases, instruments, notices, agreements and other documents whatsoever; and

(ii) 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* for the order and good government of the *Affiliates* or *Participating Organisations* of the Exchange and its affairs including, without limiting the generality of the foregoing, rules with respect to conduct of business by *Participating Organisations* or, with respect to the activities of partners, officers, employees or authorised representatives of *the Affiliates* or *Participating Organisations* 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:

(i) suspend *Official Meetings* for a designated period but such period shall not exceed 21 days without the approval of ASIC; and

(ii) 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 *Participating Organisations* or with respect to the activities of partners, officers, employees or authorised 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.

Business Rules

Part B

Relations with Clients

PART B - RELATIONS WITH CLIENTS

1. The provisions of the *Corporations Law* in Chapter 7 regarding the conduct of *dealer*s apply, and any breach of these provisions constitutes Prohibited Conduct under the *Articles*.

2. Disclosure required when *acting as principal*

2.1 *Participating Organisation*s must keep a written record of all Substantial Shareholders and Prescribed Persons so as to be fully aware when the *Participating Organisation* is *acting as principal*.

2.2 A *Participating Organisation* can only deal as principal in any Securities with a *person* who is not an *Affiliate* or a Participating Organisation of a Recognised Stock Exchange if it clearly states:

(i) to the *person* with whom it is dealing; and

(ii) in the contract note

that it is acting in the *transaction* as principal and not as agent.

2.3 Unless permitted by the *Corporations Law* and Regulations, a *Participating Organisation* which enters into a *transaction* of sale or purchase of Securities as a principal with a *person* who is not a *dealer* must not charge that *person* brokerage, commission or any other fee for the *transaction*.

2.4 If the *Participating Organisation* 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.

3. Allocation Policy

3.1 If a client so requests, a Participating Organisation 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 *Participating Organisation*.

4.2 If as a result of its relationship with a client, a *Participating Organisation* 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 *Participating Organisation* must not give any advice to any other client of a nature that would damage the interests of either client.

4.3 A *Participating Organisation* is not regarded as having possession of information described in Rule 4.2 above if:

(i) the *Participating Organisation* has Chinese Walls in place; and

(ii) the *person* advising the client is not in possession of that information.

4.4 Advising a client that the *Participating Organisation* 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 *Participating Organisation* has no knowledge of anyone legally authorised to complete the contract on the client's behalf, the *Participating Organisation* 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 *Participating Organisation* must make enquiries of the Exchange unless:

(i) the new client is a member of a Recognised Stock Exchange; or

(ii) that *Participating Organisation* has reasonable grounds for believing that such enquiry is not necessary in the circumstances.

6.2 If a *Participating Organisation* 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 *Participating Organisation* must promptly advise the Exchange of the name and address of the client.

7. Expenses

7.1 A *Participating Organisation* 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 *Participating Organisation* 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 Law* 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 *Participating Organisation*.

9. Disclosure of shortfall

9.1 A *Participating Organisation* or a *director* or employee of a *Participating Organisation* who acquires 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 *Participating Organisation*s 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.

10.2 A *Participating Organisation* 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 *Participating Organisation* which is part of the *Participating Organisation*.

11. Excessive Transactions

11.1 A *Participating Organisation* which in the *Board*'s opinion has effected an excessive number of transactions on behalf of clients for whom the *Participating Organisation* manages or operates a discretionary account or managed fund is deemed to have engaged in Prohibited Conduct as defined by the *Articles*.

12. Reports

12.1 If a client so requests, a *Participating Organisation* 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 *Participating Organisation* 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 *Participating Organisation* 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*.

CLIENT SETTLEMENT

14. Settlement by Client

14.1 Where the Participating Organisation 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 Participating Organisation and the Exchange.

14.2 Without limiting the generality of Rule 15, where a contract note 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 Participating Organisation is not received by the Participating Organisation for the transaction by the time (if applicable) and date for settlement shown on the contract note.

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 Participating Organisation 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 Participating Organisation for same. If a profit results, the Participating Organisation 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 Participating Organisation 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 Contract Notes

16.1 All contract notes shall have printed thereon that they are “Issued subject to the *Articles*, Regulations and *Rules*, customs and usages of the Stock Exchange of Newcastle Limited”.

16.2 The contract note must have printed on it:

(i) for a sale, the time (if applicable) and date on which:

(A) the client must provide all documents and Security holder information; and

(B) the net consideration to the client falls due;

(ii) for a purchase, the time (if applicable) and date by which the client must provide the consideration;

(iii) if a *transaction* in Securities is effected by a *Participating Organisation* through the use of a correspondent firm who is a Participating Organisation of a Recognised Stock Exchange the contract note must have printed on it “This *transaction* was effected by a correspondent firm of [Name of *Participating Organisation*] on the [Name of Recognised Stock Exchange]”;

(iv) where Securities are sold to clients pursuant to Part B Rule 9 the contract note shall be endorsed with a statement to that effect;

(v) where a *transaction* in Securities results from a *crossing*, the contract notes issued to clients shall contain a statement to indicate that part or all of a *transaction* in Securities was effected as a *crossing*; or

(vi) where Part B Rule 19 applies, the contract note shall contain a statement indicating the *Participating Organisation* was unable to give advice to the seller because the provisions of Part B Rule 19 apply and the *Participating Organisation* is acting for the *offeror* or the *person* on whose behalf the announcement to the Exchange was made.

17 Preference of Orders

17.1 The unexecuted orders of clients to buy or sell Securities must be given precedence over a *Participating Organisation* 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 This Rule does not apply to a *Participating Organisation* whose only clients are Professional Investors and which executes each *transaction* to the best advantage of the Professional Investor.

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

(i) a consultant of the *Participating Organisation*;

(ii) an Associate;

(iii) an employee of the *Participating Organisation*; or

(iv) any account in which the abovementioned persons have a direct or indirect interest.

17.5 An employee includes:

(i) any company which that employee controls; and

(ii) members of the employees *immediate family*; and

(iii) 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 Affiliate 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 Participating Organisation:

(a) has an order from the offeror acting by virtue of Section 620 of the *Corporations Law*; 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 Law*; or

(c) acts for a company involved in an on-market buy-back by virtue of the *Corporations Law* Chapter 2, Part 2.4, Division 4B, the Participating Organisation 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 Participating Organisation:

(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 Affiliate or Participating Organisation, the Exchange may request in particular that a Participating Organisation 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 Participating Organisation. Such request shall be in writing and the Participating Organisation 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 Participating Organisation 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 Affiliates or Participating Organisations; 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 *Participating Organisation* against a *Participating Organisation* or Affiliate.

21.2 Any dispute between *Participating Organisations* or an Affiliate 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 *Participating Organisation* or an Affiliate and a *Participating Organisation* or an Affiliate 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 *Participating Organisation* or an Affiliate 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 25 or 26.

Business Rules

Part C

Dealing

STOCK EXCHANGE OF NEWCASTLE LIMITED

PART C - DEALING

PARTICIPATING ORGANISATIONS ENTITLEMENT TO TRADE ON NETS

1. Entitlement to Trade

1.1 Only Participating Organisations may submit Trading Messages into NETS and may enter into NSX Transactions.

2. Participating Organisation

2.1 A Participating Organisation will be allowed to trade on NETS if the Participating Organisation:

(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 Participating Organisation; or

(ii) is a CHESS participant which can settle direct with SCH; 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;

3. Clearing Agreements

3.1 If rule C 2.1(b)(i) is relied upon, a Participating Organisation must enter into and maintain a written agreement ("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 Participating Organisation 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 Participating Organisation, 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 Participating Organisation 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 Participating Organisation ceases to comply with the requirements in Rule 2; or

(b) a Participating Organisation breaches its Clearing Agreement with the Clearing Participant; or

(c) the Participating Organisation:

(i) is suspended from any or all of the rights or privileges of recognition as a Participating Organisation of the Exchange;

(ii) if the Participating Organisation is a Participating Organisation of the ASX, has its participation in CHESS suspended or restricted by SCH or ceases to be admitted as a Participant under SCH Rule 2.1.1 of the SCH Rules; or

(iii) if the Participating Organisation is a Participating Organisation 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

(d) the Participating Organisation is declared to be a defaulter and thereupon ceases to be entitled to carry on business as a Participating Organisation,

the Exchange may suspend the Trading Permission and the entitlement of that Participating Organisation to enter into NSX Transactions and remove all Bids and Offers of the Participating Organisation from NETS until such time as:

(e) if the suspension occurred under Rule 4.1(a), the Participating Organisation complies with the requirements of Rule 2; or

(f) if the suspension occurred under Rule 4.1(c):

(i) the suspension of the Participating Organisation (as applicable) from any of the rights or privileges of recognition as a Participating Organisation is lifted by the Exchange;

(ii) the suspension or restriction of the participation in CHESS of the Participating Organisation or the Clearing Participant (if the Participating Organisation is a Participating Organisation of the ASX) (as applicable) is lifted by SCH; or

(iii) the suspension of the Participating Organisation or the Clearing Participant (if the Participating Organisation is a Participating Organisation 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 Participating Organisation which take place prior to the earlier of:

(a) the suspension of the Participating Organisation's Trading Permission or removal of all Bids and Offers of the Participating Organisation from NETS; or

(b) the date and time when a Clearing Agreement ends.

5. Change of Status

5.1 This Rule applies only to Participating Organisations who are also Participating Organisations of the ASX.

5.2 If a Participating Organisation which is a Clearing Participant no longer wishes to be a Clearing Participant, the Participating Organisation must advise the Exchange in writing immediately after it has notified ASX and SCH.

5.2 If a Participating Organisation which is not a Clearing Participant wishes to be a Clearing Participant, the Participating Organisation must advise the Exchange immediately after it has notified ASX and SCH.

TRADING OBLIGATIONS OF PARTICIPATING ORGANISATION

6. Responsibility of Participating Organisations

6.1 A Participating Organisation 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 Participating Organisation 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 Participating Organisation, the Trading Message is taken for all purposes under these Rules to have been submitted into NETS by and with the knowledge of the Participating Organisation.

6.3 A Participating Organisation 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 Participating Organisation must have and maintain the necessary organisational and technical resources to ensure that:

(a) Trading Messages submitted into NETS by the Participating Organisation 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 Participating Organisation at all times complies with the Rules.

6.6 A Participating Organisation must have arrangements in place so that the Participating Organisation 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 Participating Organisation 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 Participating Organisation.

6.8 A Participating Organisation must answer any request by the Exchange for information regarding compliance by the Participating Organisation with the Operational Requirements. If requested by the Exchange, a Participating Organisation must provide certification in the form prescribed by the Exchange from an appropriately qualified independent person as to compliance by the Participating Organisation with the Operational Requirements.

6.9 The Exchange or its agent may conduct an audit of compliance by the Participating Organisation with the Operational Requirements, and the Participating Organisation must assist any representative of the Exchange appointed to conduct that audit.

7. Orderly Market

7.1 A Participating Organisation 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 Participating Organisation is available to receive communications from other Participating Organisations 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 Participating Organisation 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 Participating Organisation intends to create;

(ii) the Participating Organisation is aware that the person intends to create; or

(iii) taking into account the circumstances of the Order, a Participating Organisation 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 Participating Organisation 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 Participating Organisation 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, whether 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 Participating Organisation 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 Participating Organisation can show that:

(c) the Participating Organisation 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 Participating Organisation must ensure that all trading on NETS by the Participating Organisation is conducted:

(a) in accordance with the Dealing Rules; and

(b) by Designated Trading Representatives.

10. Overseas Activity

10.1 A Participating Organisation that proposes to locate a Trader Workstation, or a computer or other device connected to a Trader Workstation of the Participating Organisation, 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 Participating Organisation indemnifies the Exchange in respect of any loss or damage caused to the Exchange as a result of a failure by the Participating Organisation 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 Participating Organisation 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 Participating Organisation must provide those records to the Exchange immediately upon request.

11.2 A Participating Organisation 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 Participating Organisation.

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:

Market Price	Minimum Bid
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:

Market Price	Minimum Bid

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 Participating Organisation.

13.2 Subject to this Rule 13, upon receipt of an application in writing from a Participating Organisation in the form prescribed by the Exchange, the Exchange may register a person nominated by the Participating Organisation as a Designated Trading Representative of that Participating Organisation.

13.3 To be eligible for registration as a Designated Trading Representative, a person must:

(a) hold a dealers licence or a proper authority issued by the Participating Organisation which allows the person to deal in Securities; 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation.

13.10 Without abrogating the right of the Exchange under Rules 13.6, 13.7 and 13.9, a Participating Organisation 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 Participating Organisation. 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 dealers licence or proper authority which allows that person to deal in Securities for a Participating Organisation; or

(b) a Participating Organisation wishes the registration of a Designated Trading Representative to be withdrawn,

the Participating Organisation 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 Participating Organisation.

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 Participating Organisation.

13.13 A Participating Organisation 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 Law*, the Rules and the terms of contractual agreements entered into with Participating Organisations and others;

(b) to encourage compliance by Participating Organisations 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 the Commission and SCH 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 SCH 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 Participating Organisation 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 Participating Organisation referred to in Rule 16.1(c); or

(b) Participating Organisations generally,

the Exchange will immediately Notify the Participating Organisation concerned or Participating Organisations generally, as the case may require.

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

(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 Participating Organisation'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 Participating Organisation a fair hearing and otherwise observe the rules of natural justice.

Note: For the avoidance of doubt, a Participating Organisation 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 re-commence, the Exchange will Notify Participating Organisations 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation'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 Participating Organisation to undertake testing of its Trader Workstation as specified by the Exchange.

17.2 If:

(a) after the Participating Organisation has undertaken the testing referred to in Rule 17.1, the Exchange reasonably believes that the ability of the Participating Organisation'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 Participating Organisation 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 Participating Organisation 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 Participating Organisation until such time as the Exchange is satisfied that the ability of the

Participating Organisation'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 Participating Organisation until such time as the Exchange is satisfied that the ability of the Participating Organisation'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 Participating Organisation 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 Participating Organisation concerned.

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

(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 Participating Organisation'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 Participating Organisation 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 Participating Organisation a fair hearing and otherwise observe the rules of natural justice.

Note: For the avoidance of doubt, a Participating Organisation 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 Participating Organisation, 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 Participating Organisation'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 Participating Organisation, 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 Participating Organisation 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 Participating Organisation of its obligations under the Rules; or

(b) any wilful, unlawful or negligent act or omission by a Participating Organisation.

19. Allocation of Unique Identifiers

19.1 The Exchange will allocate a unique identifier to each:

(a) Participating Organisation;

(b) Designated Trading Representative; and

(c) Trader Workstation.

19.2 A Participating Organisation must allocate a unique identifier to each:

(a) computer or other device which can connect to a Trader Workstation of a Participating Organisation; and

(b) Designated Trading Representative of that Participating Organisation.

20. Action the Exchange Will Take in Respect of Takeover Offers

20.1 When the Exchange receives information in relation to a:

(a) Takeover Offer (other than a Scheme);

(b) Takeover Announcement (other than a Scheme); or

(c) 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 Participating Organisation 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 Participating Organisation may underwrite or sub-underwrite a new issue or placement of Securities;

(b) a Participating Organisation 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 Participating Organisation has made a prior firm arrangement with the vendor to place these Securities as soon as they are issued. The Participating Organisation 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 Participating Organisation:

(i) makes a placement of new Securities (except Loan Securities) for which Official Quotation will be sought, and the Participating Organisation ensures that all investors accepting the Securities are informed in writing that Participating Organisations 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation 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

24. Dealings on NETS

24.1 Transactions in Securities granted Official Quotation must be made on NETS in accordance with these Rules.

DEALING ON NETS

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 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation receives an Order after the close of Normal Trading and the Participating Organisation desires to deal with another Participating Organisation during the Closing Phase:

(a) that Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation's price, the Participating Organisation:

(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 Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation receives an Order to buy or to sell Securities after the close of Normal Trading and the Participating Organisation desires to deal with another Participating Organisation during the After Hours Adjust Phase:

(a) that Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation's price the Participating Organisation:

(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 Participating Organisation 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 Participating Organisation 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 Participating Organisation entered a Bid or Offer on NETS for those Securities during the Closing Phase;

(d) a Participating Organisation 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 Participating Organisation 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 Participating Organisation receives an Order to buy or to sell Securities during the Enquire Phase and that Participating Organisation desires to effect a transaction with another Participating Organisation, the transaction may be effected at a price which is mutually acceptable.

33.3 A Participating Organisation 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 Participating Organisation must enter either a Bid or an Offer at the price at which the Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation receives an Order to buy or an Order to sell Securities after the close of Normal Trading and the Participating Organisation desires to Cross the Order with an opposite Order to sell or buy Securities during the Closing Phase the Participating Organisation must effect that Crossing in accordance with this Rule 35.

35.2 The Participating Organisation must:

(a) enter a Bid and/or an Offer on NETS at the price at which the Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation's price, the Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation receives an Order to buy or an Order to sell Securities after the close of Normal Trading and the Participating Organisation desires to Cross the Order with an opposite Order to sell or buy the Securities during the After Hours Adjust Phase the Participating Organisation must effect that Crossing in accordance with this Rule 36.

36.2 The Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation's price, the Participating Organisation 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 Participating Organisation 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 Participating Organisation is unable to contact the priority sellers or priority buyers by telephone, the Participating Organisation must not effect a Crossing.

36.5 A Participating Organisation which 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 Participating Organisation 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 Participating Organisation which 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 Participating Organisation 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 Participating Organisation sells or buys the Securities as Principal, the price agreed between the client and the Participating Organisation.

37.2 A Participating Organisation which 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 Participating Organisation 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 Participating Organisation 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 Law* 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 Announcement.

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 Participating Organisation 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 Participating Organisation 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 Participating Organisation as Principal, or as agent on behalf of one or more clients of the Participating Organisation or in both capacities; and

(ii) sold by the Participating Organisation as a Principal or as agent on behalf of one client of the Participating Organisation. 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 Participating Organisation as Principal, or as agent on behalf of one or more clients of the Participating Organisation or in both capacities; and

(iv) bought by the Participating Organisation as Principal or as agent on behalf of one client of the Participating Organisation. 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 Participating Organisation 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 Participating Organisation:

(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 Participating Organisation where the Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Law* 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 Participating Organisation must, unless Rule 50 below applies, deal on NETS in a quoted Security on the basis it is quoted.

50. Exceptions

50.1 A Participating Organisation 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 Participating Organisation 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 Participating Organisations 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 Participating Organisation 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 Participating Organisation reports that different basis of quotation through NETS.

NON-DISCLOSURE OF QUANTITY OF SECURITIES BID OR OFFERED

51. General Rule

51.1 A Participating Organisation 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 Participating Organisation may elect not to disclose the quantity of the Securities the subject of a Bid or Offer entered by the Participating Organisation 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 Participating Organisation is only permitted to effect a Short Sale in accordance with the *Corporations Law* and this Rule 52.

52.2 Rule 53 below complements the requirements of Section 846(3)(b) of the *Corporations Law* and must be observed when a Participating Organisation 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 Participating Organisation wants to effect a Short Sale in accordance with Section 846(3)(e) of the *Corporations Law*.

52.4 Rule 54.4(b) refers to reporting requirements which must be observed when a Participating Organisation wishes to effect a Short Sale in accordance with Section 846(3)(d) of the *Corporations Law*.

53. Arbitraging

53.1 A Participating Organisation 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 Participating Organisation effects a sale in another market which, in the opinion of the Exchange is not a bona fide arbitrage transaction, the registration of the Participating Organisation as an arbitrager will be cancelled.

54. Permitted Short Selling of Securities

54.1 A Participating Organisation 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 Participating Organisations 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 Participating Organisation to effect a transaction that, under these Rules, is a Short Sale, must at the time of the request, inform the Participating Organisation that the sale is a Short Sale.

54.6 Where a Participating Organisation is not a Clearing Participant, the Participating Organisation must notify its Clearing Participant if a client has informed the Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation 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) Participating Organisations, other than the Participating Organisation desiring to Short Sell, were involved in dealing at the last reported sale price; or

(b) the party for whom the Participating Organisation desires to Short Sell is different from and not associated with the party for whom the Participating Organisation 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 Participating Organisations 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 or Public Security or in all Approved or Public Securities for any period the Exchange may determine.

55. Prohibitions on Short Selling

55.1 A Participating Organisation 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 or in the period immediately following a Takeover Announcement in respect of those Securities and that offer has not closed, lapsed or been withdrawn.

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 Participating Organisation makes a Short Sale of an Approved Security on behalf of a client, the Participating Organisation or the Participating Organisation's Clearing Participant (where the Participating Organisation 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 Participating Organisation is not a Clearing Participant, the Participating Organisation must ensure that its Clearing Participant secures the initial margin of cover from the client in accordance with this clause. The Participating Organisation 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 Participating Organisation (if the Participating Organisation is a Clearing Participant) or the Participating Organisation's Clearing Participant (if the Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation or Clearing Participant (as applicable) must immediately call on the selling client to provide to the Participating Organisation 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 56.1to 56.4 a Participating Organisation 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 Participating Organisation (where the Participating Organisation is a Clearing Participant) or the Participating Organisation’s Clearing Participant (where the Participating Organisation 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 Participating Organisation 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 Participating Organisation pursuant to Rule 56.7, the Participating Organisation (where the Participating Organisation is a Clearing Participant) or the Participating Organisation’s Clearing Participant (where the Participating Organisation is not a Clearing Participant) will account to the client for the profit. If a loss results, the client will account to the Participating Organisation 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 the Conditions and the date by which each Condition is required to be satisfied; and

(iii) undertaken to Notify the Exchange immediately of the fulfilment or non-fulfilment of each Condition;

(b) the prospectus 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 the Commission; 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 Dispatch 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 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 Dispatch 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 Participating Organisation 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 Participating Organisation; or

(b) the selling client being a party to the contract.

65.2 Before a Participating Organisation makes a Forward Delivery Transaction on behalf of a selling client, it must:

(a) notify its Clearing Participant (if applicable); and

(b) if the Participating Organisation 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 Participating Organisation 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 Participating Organisation makes a Forward Delivery Transaction on behalf of a buying client, the Participating Organisation (where the Participating Organisation is a Clearing Participant) or the Participating Organisation's Clearing Participant (where the Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 86 are attributable to functionality available by means of a Trader Workstation.

71. General Obligation

71.1 A Participating Organisation must report to the Exchange the following:

(a) all sales effected by the Participating Organisation 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 Participating Organisation 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 Participating Organisation effects a Portfolio Special Crossing, the Participating Organisation 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 Participating Organisation acts as agent for both the buyer and seller, the Participating Organisation must immediately report the Portfolio Special Crossing using parameter X;

74.3 Where a Participating Organisation acts as Principal, the Participating Organisation 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 Participating Organisation effects a Special Crossing pursuant to Rule 44 above, the Participating Organisation 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 Participating Organisation effects a Special Crossing pursuant to Rule 44, the Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation effects a sale with another Participating Organisation during the Enquire Phase on any Trading Day, the Participating Organisation 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 Participating Organisation effects a Crossing during the Enquire Phase on any Trading Day where one of the orders is on account of an overseas resident, the Participating Organisation 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 Participating Organisation effects a transaction in accordance with Rule 38 the Participating Organisation 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 Participating Organisation effects a Short Sale pursuant to Rule 54, the Participating Organisation must immediately report the sale using parameter S.

80. Foreign to Foreign in for Securities

80.1 Where a Participating Organisation effects a sale the subject of the condition Foreign To Foreign in FOR Securities, the Participating Organisation shall report the transaction using parameter U.

81. "Forward Delivery" Transactions

81.1 Where a Participating Organisation effects a sale the subject of the condition “Forward Delivery”, the Participating Organisation must immediately report the transaction using parameter F.

82. Transactions in Loan Securities

82.1 Where a Participating Organisation effects a transaction in Loan Securities which are not dealt on NETS, the Participating Organisation must immediately report the transaction in accordance with the SEATS Reference Manual.

83. "Buy Back" Sales

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

84. "Book Value Switch" Sales

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

85. Directed Reporting

85.1 Where a Participating Organisation is directed to report a trade by the Exchange following discussions with NETS Market Control, the Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisation identifying such error must contact the Participating Organisation with whom the transaction was effected and request the agreement of that Participating Organisation to cancel the transaction.

88.4 If agreement is reached, both Participating Organisations 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 Participating Organisations 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 Participating Organisation 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 Participating Organisation or the Exchange, pay the costs involved in cancelling the transaction.

89. Cancellations prior to Matching on NETS Permitted

89.1 A Participating Organisation 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 Participating Organisations which are party to that transaction.

90. Contracts between Participating Organisations

90.1 For an NSX Transaction trade entered into between Participating Organisations, or between a Participating Organisation 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 Participating Organisation; and

(b) as principal, regardless of whether the Participating Organisation 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 SCH Rules, as separately existing Settlement Obligations of the Exchange.

92. Deed of Indemnity

92.1 A Participating Organisation acting on behalf of an offeror pursuant to Sections 617 and 673-682 inclusive of the *Corporations Law* shall obtain from a client a duly completed Deed of Indemnity which shall be prescribed in Appendix 6 and shall immediately furnish a copy of same to the Exchange.

93. Announcement

93.1 A Participating Organisation shall include the following information in an Announcement to the Exchange in addition to the information required to be given pursuant to Sections 673-682 inclusive of the *Corporations Law*:

(a) the number and class of shares in the target company the subject of the offer;

(b) the number of Securities in the target company 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 company 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 Section 677 of the *Corporations Law*. 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 Participating Organisation will accept shares in the target company 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 Participating Organisation 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 Participating Organisation will accept shares in the target company 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 Section 677 of the *Corporations Law*.

94. Acquisition of Shares

94.1 When a Participating Organisation is acting on behalf of an offeror and the offeror has:

(a) served on the target company a Part A statement relating to offers under a takeover scheme in respect of a class of shares in the target company; or

(b) caused an Announcement to be made to the Exchange in respect of a class of shares in a target company,

the Participating Organisation shall not on behalf of the offeror offer to buy or buy shares of that class in the target company 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 665 of the *Corporations Law* to be payable) under the offers or proposed offers to which the Part A statement relates; or

(d) which has been specified (or deemed under section 677 of the *Corporations Law* to have been specified) in the takeover announcement,

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 company are the subject of an offer pursuant to Sections 617 and 673-682 inclusive of the *Corporations Law* a Participating Organisation that makes an Announcement of a second (or subsequent) and competing offer for shares of that target company (whether effectively given pursuant to Sections 617 and 673-682 inclusive of the *Corporations Law* 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.

Business Rules

Part D

Delivery and Settlement

PART D - DELIVERY AND SETTLEMENT

(1) 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 Non-Broker Participant.

1.2 Each Participating Organisation who is eligible to participate in CHESS either as a Participating Organisation of the Australian Stock Exchange Limited or as a Non Broker Participant 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 Participating Organisation that is admitted to participate in CHESS as a Broker or Non Broker Participant, shall comply with the SCH Business Rules.

1.4 The Exchange calculates, in respect of all qualifying transactions in the same Security, the delivery position of every Participating Organisation which has Settlement Obligations in relation to that Security designated for settlement on a particular Settlement Day. The Exchange issues settlement directions to Participating Organisations. Every Participating Organisation 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 Participating Organisation which has Settlement Obligations on the Settlement Day. The Exchange issues a Settlement Statement to the Participating Organisation specifying the amount of the payment to be made by the Participating Organisation into the Exchange's designated account, or the amount of payment to be made by the Exchange to the Participating Organisation.

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 SCH announces a date on which transactions in NSX Securities become eligible to be settled in DvP Settlement, the Exchange, and each Participating Organisation, shall, unless otherwise agreed with the counterparty, on and from that date:

(a) deliver or receive Securities in DvP Settlement;

(b) if the Participating Organisation is the selling Participating Organisation in relation to a transaction in those Securities:

(i) irrevocably authorise SCH to include its PID in each Settlement Instruction; and

(ii) irrevocably authorise SCH to effect a Settlement Transfer in respect of the transaction; and

(c) if the Participating Organisation is the buying Participating Organisation in relation to a transaction in those Securities, irrevocably authorise SCH to include its PID in each Settlement Instruction.

2. Delivery of Securities

2.1 The Exchange or Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 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 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 Participating Organisation may vary the date by which settlement with a client is required notwithstanding previous notification to the client of a date for settlement.

(2) CHESS AND NON-CHESS APPROVED SECURITIES

11. Failure To Deliver Securities

11.1 If a buying Participating Organisation 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 Participating Organisation must appoint the Exchange as its Settlement Agent, or with the Exchange's approval, another Settlement Agent.

13. Obligations Of A Participating Organisation in Relation To A Settlement Agent other than the Exchange

13.1 A Participating Organisation shall ensure that a Settlement Agent other than the Exchange appointed by the Participating Organisation:

(a) complies with the Business Rules, the SCH Business Rules and the Law, in so far as they relate to the settlement of Securities transactions on behalf of the Participating Organisation 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 Participating Organisation conducts a securities business for the receipt, delivery and settlement of Securities transactions, on behalf of the Participating Organisation;

(c) on an annual basis, takes out and maintains in full force and effect Professional Indemnity and such other insurance policies which provide to the Settlement Agent cover against liability for negligence, errors, omissions, misstatements, statutory warranties and indemnities, infidelity of staff 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 Participating Organisation 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 Participating Organisation required by the Business Rules, the SCH Business 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 SCH Business Rules and any other procedures prescribed from time to time by the Exchange or SCH;

(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 Participating Organisation;

(h) if the Participating Organisation authorises the Settlement Agent to deposit monies into and withdraw monies from a trust account maintained by the Participating Organisation pursuant to the Business Rules, the Law or both, ensures that all monies received by the Settlement Agent on account of the Participating Organisation are paid into the Participating Organisation trust account within the time prescribed by the Rules;

(i) keeps detailed records of all banking transactions carried out by the Settlement Agent in relation to the Participating Organisation trust account and accounts to the Participating Organisation on a daily basis for all such banking transactions;

(j) holds a Dealers Licence and is a Participating Organisation; and

(k) observes the following obligations in respect of settlement of Securities transactions carried out by the Settlement Agent on behalf of that Participating Organisation to:

(i) transfer Securities from that Participating Organisation Account only if the subledger records for that Participating Organisation record sufficient Securities to cover that transfer;

(ii) keep detailed records for each client of the Participating Organisation and the Participating Organisation, with respect to the Account; and

(iii) reconcile the Participating Organisation's Account.

13.2 Unless the contrary intention appears, where a Participating Organisation 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 Participating Organisation; and

(b) reference to a Participating Organisation shall include a reference to its Settlement Agent.

14. Liability Of Participating Organisation 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 Participating Organisation would constitute a breach of the Business Rules, the SCH Business 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 Participating Organisation which appointed the Settlement Agent to perform or exercise on behalf of that Participating Broker the obligations or rights of the Participating Organisation from which such breach arises.

15. Obligations Of Participating Organisations

15.1 If the Participating Organisation has appointed a Settlement Agent other than the Exchange then:

(a) a Participating Organisation 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 Participating Organisation shall immediately Notify the Exchange of the termination of the appointment of a Settlement Agent;

(c) the obligations of a Participating Organisation which are imposed upon Participating Organisations by the Business Rules, the SCH Business Rules or the Law shall not be qualified or removed by the Participating Organisation using the services offered by a Settlement Agent; and

(d) a Participating Organisation shall at all times ensure that all documents created by a Settlement Agent in performing the obligations or exercising the rights of the Participating Organisation in connection with settlement of Securities transactions are and shall remain the property of the Participating Organisation 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 Participating Organisations in relation to services provided by the Exchange under Part D shall be determined by the Exchange from time to time.

(3) 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 transaction*s 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 *Participating Organisation*s 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 *call*s, 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 *Participating Organisation* to make a payment prior to the Settlement Day, then on demand by the buying *Participating Organisation* the selling *Participating Organisation* shall reimburse the buying *Participating Organisation* an amount equal to the amount so *paid*. Where notification by the buying *Participating Organisation* is prior to the normal close of trading for banks at the location of the selling *Participating Organisation*, 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 *Participating Organisation* must deliver Securities by delivering all valid and correct documents necessary to settle a *transaction* in accordance with these *Rules*, and ensuring all *call*s are *paid* or have been certified by the company.

18.2 Selling *Participating Organisation*s must amend any incorrect details and the buying *Participating Organisation*s 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 18.4 above, *Participating Organisation*s shall comply with the settlement procedures prescribed by the *Board* from time to time.

20. Denominations

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

21. Rejected transfers

21.1 If a buying *Participating Organisation* wishes to reject and send back to a selling *Participating Organisation* 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 *Participating Organisation*'s certification stamp shall include:

(a) Stock Exchange of Newcastle Limited;

(b) the *Participating Organisation*'s name and code number; and

(c) the *Participating Organisation*'s facsimile signature.

23. Selling *Participating Organisation*'s Certification Stamp

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

24. Buying *Participating Organisation*'s certification stamp

24.1 The buying *Participating Organisation* 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. Participating Organisations to keep settlement offices open on business days

25.1 *Participating Organisation*s 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-*dividend*s, ex-rights or ex-subscription privileges during the 5 *business day*s 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 *Participating Organisation* to the Issuer and the buying *Participating Organisation* 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 *Participating Organisation* to the company if the buying *Participating Organisation* places the selling *Participating Organisation* with funds not less than five *business day*s 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 *Participating Organisation* 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 *Participating Organisation* 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 *Participating Organisation* to the buying *Participating Organisation* at time of settlement, or when the proceeds are available.

30.3 In *forward delivery transaction*s 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 *Participating Organisation* to the company on the prior written instruction of the buying *Participating Organisation* and shall be *paid* by the buying *Participating Organisation* to the selling *Participating Organisation* at the time of issuing the instruction. The buying *Participating Organisation* shall ensure the instruction and payment is received by the selling *Participating Organisation* 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 *Participating Organisation* may charge fees for:

(a) *claim*s 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 *Participating Organisation* 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 *Participating Organisation*’s client who purchases shares ex-return must pass the return on to the selling *Participating Organisation*’s client.

32.3 If the selling *Participating Organisation* delivers the securities before the Record Date:

(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 the *issuer* for registration on or before the record date.

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

32.5 The buying *Participating Organisation* must give to the selling *Participating Organisation:*

(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 *Participating Organisation*; 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 *Participating Organisation*s, 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 *Participating Organisation*'s client who buys Securities cum return is entitled to receive the return. If the buying *Participating Organisation* takes delivery of the Securities on or before the Record Date, the selling *Participating Organisation* (unless otherwise arranged with the buying *Participating Organisation*) must allow the amount of the cum return.

33.3 If a buying *Participating Organisation* 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 *Participating Organisation* lodges a transfer of Securities in breach of Rule 33.3 above, the buying *Participating Organisation* must immediately refund to the selling *Participating Organisation* the cash adjustment.

34. *Participating Organisation* Document validity - selling *Participating Organisation*

34.1 Selling *Participating Organisation*s 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 *Participating Organisation*;

(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 *Participating Organisation*; 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 *Participating Organisation* shall take all steps necessary to correct the defective transfer within ten *business day*s.

36. Documents - form of transfer

36.1 Forms of Transfer or Renunciation must conform with the layout prescribed by the *Corporations Law* 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 *Participating Organisation* must forward Transfers to the Issuer for registration within three *business day*s of receipt of documents from:

(a) the selling *Participating Organisation*; or

(b) the buyer if the Transfer needs to be signed.

37.3 If the buying *Participating Organisation* is not able to complete the transfers with the buyer's full name and address, it shall *nominee* the Securities.

37.4 A *Participating Organisation* must obtain the buyer's details from its principal and must not forward transfers or renunciations to any *person* who is not a *Participating Organisation* 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 *Participating Organisation* 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 *Participating Organisation*'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 *Participating Organisation* 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 *Participating Organisation* must pay the fee to the buying *Participating Organisation* 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 *Participating Organisation*s or as determined by the *Board*.

41.2 If the selling *Participating Organisation* 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 *Participating Organisation* must on or before the second *business day* prior to and inclusive of the lodgement date for exercise of the Options, advise the selling *Participating Organisation* in writing of the number of options to be exercised and shall place the selling *Participating Organisation* in funds. The selling *Participating Organisation* 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 Participating Organisation 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 *Participating Organisation* shall on or before the second *business day* prior to and inclusive of the *business day* designated for conversion, advise the selling *Participating Organisation* in writing of the number of convertible *securities* to be converted; and

(e) the selling *Participating Organisation* shall:

(i) take immediate action to effect the conversion;

(ii) send to the buying *Participating Organisation* 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 *Participating Organisation*'s office a selling *Participating Organisation* shall be entitled to receive an acknowledgement from the *Participating Organisation* bearing the initials of the receiving clerk and the *Participating Organisation*'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 *Participating Organisation* 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 Participating Organisations 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.

Business Rules

Part E

Financial Requirements and Record Keeping

STOCK EXCHANGE OF NEWCASTLE LIMITED

PART E - FINANCIAL REQUIREMENTS AND RECORD KEEPING

1. Liquidity Requirements

1.1 Subject to obtaining an exemption under Rule 1.5 below, a *Participating Organisation* 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 *Participating Organisation*s 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 *Participating Organisation*s 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 *Participating Organisation*s 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 *Participating Organisation* 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 *Participating Organisation* shall notify the Exchange if its Surplus Liquid Funds are at any time less than the minimum amount required by Rule 1.1 above.

RECORDS AND ACCOUNTS

2. Records

2.1 Every *Participating Organisation* shall maintain records as required by Part 7.5 of the *Corporations Law* and required from time to time by the *Board*.

3. Trust Account

3.1 Every *Participating Organisation* shall maintain at least one Trust Account in accordance with the *Corporations Law* with an Australian Bank.

3.2 All funds must be deposited and withdrawn from the Trust Account in accordance with the *Corporations Law*.

3.3 All amounts which are required by Rule 3.2 above to be *paid* into a *Participating Organisation*'s Trust Account but which are received by the *Participating Organisation* after bank *trading hours* shall be *paid* into the Trust Account on the first bank *trading day* following the date of receipt.

Trial Balances

3.4 Every *Participating Organisation* 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 *Participating Organisation* until such time as each succeeding audit under the *Corporations Law* shall have been completed.

4. Reconciliations with Correspondents etc.

4.1 In *Rules* 4.2 to 4.9 below "Correspondent" means:

(i) other *Participating Organisation*s;

(ii) members of Recognised Stock Exchanges; and

(iii) any other *person* who acts as an agent for a *Participating Organisation* or for whom a *Participating Organisation* acts as agent.

4.2 *Participating Organisation*s shall reconcile their account with Correspondents with whom they have outstanding transactions as at 28th February, 30th June, and 31st October in each year. Such accounts shall include adjustments for *dividend*s, interest *call*s or application moneys on all undelivered Securities as at the above dates, and which were quoted "*ex dividend*", "*ex interest*", "*call paid*" or as "new issue" up to and including the above dates respectively. Each adjustment shall refer to the date of the original *transaction* to which it relates. Items relating to courtesy *claim*s shall not be included in such accounts.

4.3 Such reconciliations shall be effected by each *Participating Organisation* forwarding to each Correspondent not later than the 14th day of March, July and November respectively a statement of all items (including the monetary value thereof) as at 28th February, 30th June, 31st October respectively with that Correspondent. Each statement shall show the net monetary balance of all items listed thereon.

4.4 Each *Participating Organisation* shall not later than the 21st day of March, July and November, advise the Exchange in writing the name of any Correspondent, which has not supplied the *Participating Organisation* with a statement of outstandings.

4.5 A reconciliation statement on a prescribed form bearing the stamp of the *Participating Organisation* shall be exchanged with the Correspondent not later than the 7th day of April, August and December respectively.

4.6 Each *Participating Organisation* shall not later than the 14th day of April, August and December, advise the Exchange in writing the name of any

Correspondent which has not supplied the *Participating Organisation* with a reconciliation statement.

4.7 Each *Participating Organisation* shall forward to the Exchange not later than the 21st day of April August and December respectively, a statement that reconciliation has been concluded with each Correspondent and that all adjustments necessary to give effect to such reconciliation have been effected in the books of the *Participating Organisation* or stating the name of any Correspondent with which a reconciliation has not been concluded. The statement that the reconciliation has been concluded, and that all necessary adjustments have been effected, pursuant to this Rule, shall be signed by a Partner or Director of the respective *Participating Organisation*s.

4.8 The *Board* may grant an extension to a *Participating Organisation* to conclude reconciliations provided that any such extension shall not exceed two weeks. Should a *Participating Organisation* fail to complete a reconciliation within the prescribed period or any extended period, the *Board* shall take such disciplinary action as required by these *Rules* unless exceptional circumstances apply. Such exceptional circumstances would include natural disasters, and other force majeure reasons.

5. Annual accounts and audit

5.1 Each *Participating Organisation* shall cause accounts relating to its business to be prepared for each financial year ending 30th June or such other date as has been approved by the *Board*.

5.2 The assets and liabilities of the *Participating Organisation*'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 *Participating Organisation* 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 after the end of the *Participating Organisation*'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 *Participating Organisation* 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 *Participating Organisation* shall appoint an Auditor to fill any vacancy in the office of Auditor within fourteen days of the vacancy occurring or such other time as prescribed by law.

5.5 Each *Participating Organisation* 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 *Participating Organisation* 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 two months after the end of the *Participating Organisation*s 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 *Participating Organisation* furnishes its accounts pursuant to Rule 5.4 above.

5.7 The records of every *Participating Organisation*'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 *Participating Organisation*'s Auditors. If any restriction is imposed, the Auditors shall report the matter to the Exchange Examining Accountant.

5.9 The form of the Auditors' Report shall be prescribed by the *Board*.

5.10 The scrip records of each *Participating Organisation* shall be audited on a date to be designated by the *Board* ("the designated date"). Within three *business day*s of such date each *Participating Organisation* shall supply to their Auditors for examination as part of the audit, as at the designated date

(i) all scrip held by the *Participating Organisation* in the companies nominated by the Exchange and for such other companies or Securities as the Auditors may require other than scrip in the course of being registered in a client's name; and

(ii) all items outstanding in the companies nominated by the Exchange and for such other companies or Securities as the Auditors may require; and

(iii) scrip receivable from and owed to all clients and correspondents of the *Participating Organisation* whose names begin with the letters of the alphabet nominated by the Exchange.

5.11 Each *Participating Organisation* shall supply to its Auditors a list of all outstanding transactions (including monetary values) with other *Participating Organisation*s as at the close of business on the designated date.

5.12 Each *Participating Organisation* shall furnish or cause to be furnished to the Exchange Examining Accountant within two months of the designated date a report from its Auditors that the scrip records of the Organisation have been audited to the extent designated by the Exchange and whether or not such records were found to balance and otherwise be in order.

If any irregularity has been discovered the Auditors shall state whether or not it has been rectified as at the date of the report.

INSPECTIONS AND INVESTIGATIONS

6. Accountants Report

6.1 The *Board* may direct any *Affiliate* or *Participating Organisation* 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 *Affiliate* or *Participating Organisation* to furnish such further information as the Board may deem desirable or require the *Affiliate* or *Participating Organisation* to cause the Accountant to submit a further report covering such further matters as are designated by the *Board*.

6.2 If an *Affiliate* or *Participating Organisation* 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 *Affiliate* or *Participating Organisation* and prepare a report in such form and within such time as the *Board* requires. A *Participating Organisation* or *Affiliate* 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 *Affiliate* of the Exchange, and every *Participating Organisation* by giving notice under Part A Rules 3.16 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 *Participating Organisation*s 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 *Participating Organisation*, nor shall it act for a *Participating Organisation* 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 *Participating Organisation*s 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 *Participating Organisation*'s books and records either;

(a) at their discretion after considering a *Participating Organisation*'s accounts received pursuant to the *Rules*; or

(b) any returns received from a *Participating Organisation* 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 *Participating Organisation*'s auditor compiled during the audit of the *Participating Organisation*; and

(ii) the records relating to the *Participating Organisation*'s financial affairs held with its bankers

and for this purpose the *Participating Organisation* 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 *Participating Organisation*'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 *Participating Organisation* it shall by virtue of this Rule be authorised to communicate direct with the *Participating Organisation* and such *Participating Organisation* 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 *Participating Organisation* the

Exchange may, if it considers that the circumstances warrant, impose a charge on the *Participating Organisation* to reimburse the Exchange for the cost of the investigation.

8. Inspection by Board

8.1 The Board may call upon any *Participating Organisation* or *Affiliate* to produce, without delay, for inspection by themselves or their duly appointed representatives, all books or copies thereof relating to the business of the *Affiliate* or the *Participating Organisation*, and may also require *Participating Organisations* 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 *Participating Organisation* or the *Affiliate* continues to comply with admission requirements for the purposes of Part A Rules 7, 9 and 10.

8.2 When requested by the *Board*, a *Participating Organisation* or *Affiliate* 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 *Participating Organisation* 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 *Participating Organisation*s shall make available to the *Compliance Officer* such accounts and other records of that *Participating Organisation* 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 *Participating Organisation* or *Affiliates* or any associate of the *Participating Organisation* or *Affiliates*, including all records held by the *Compliance Officer* on behalf of the *Participating Organisation*, by the *Participating Organisation* or any associate of the *Participating Organisation*, by the auditors of the *Participating Organisation*, by the bankers of the *Participating Organisation*, 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 *Participating Organisation* or *Affiliate* to comply with the provisions of these *Rules* and *Articles*.

9.6 Details of any report made in accordance with Rule 9.5 above shall be supplied by the *Compliance Officer* to the *Participating Organisation* or the *Affiliate* 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 Participating Organisation or *Affiliate* on the basis of the report and may censure or impose a fine up to an amount of $15,000.

9.8 Any *Affiliate* or *Participating Organisation* which 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 *Affiliate* or *Participating Organisation* 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 Participating Organisation or *Affiliate* of the censure or imposition of the fine.

9.9 For the purposes of *Rules* 8 to 9.6 above an associate of a *Participating Organisation* means:

(a) in respect of a *Participating Organisation* 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 *Participating Organisation* which is a *corporation*:

(i) any business of dealing in or advising on *securities* of which the *Participating Organisation* or a *substantial shareholder* of the *Participating Organisation* which is an Affiliate 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 *Participating Organisation* or a *substantial shareholder* of the *Participating Organisation* who is an Affiliate 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 *Articles*.

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 *Participating Organisation* receives a client complaint it must attempt to resolve the complaint to the client's satisfaction within 2 weeks of notification of the complaint.

11.3 If the *Participating Organisation* 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*, an Affiliate 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 *Participating Organisation* shall be prepared in accordance with the *Rules*. A Director or Partner of the *Participating Organisation* 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 *Participating Organisation* and accurately reflect the state of affairs of the *Participating Organisation*.

Business Rules

Part F

Miscellaneous

PART F - MISCELLANEOUS

1. Dispute Resolution for *trading* disputes

1.1 The Exchange may appoint one or more Affiliates, 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 Participating Organisation which is a party to the dispute; or

(b) associated with a Participating Organisation 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 Participating Organisation 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 Participating Organisation 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 Participating Organisations involved in the dispute, in such proportions as the Appeal Committee in its discretion determines.

3. Exchange's liability

3.1 The Exchange is not liable to *Participating Organisation*s, *Affiliates* 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 Law, keep a fidelity fund which shall be administered by the Board of the Exchange on behalf of the Exchange in accordance with Part 7.9 of the Law.

4.2 The money in the fidelity fund, until invested or applied in accordance with the Law, shall be kept in a separate account in an Australian Bank.

4.3 Only payments permitted by the Law shall be authorised by the Board to be made from the Fidelity Fund.

4.4 The *Participating Organisations* and *Affiliates* of the Exchange shall make contributions to the fund in accordance with the requirements of the Law.

4.5 Each *Participating Organisation* and *Affiliate* 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.

5. Legal Proceedings

5.1 Any *Affiliate or Participating Organisation* or former *Affiliate or Participating Organisation* 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 *Affiliate or Participating Organisations* while the broker was a*n Affiliate or Participating Organisation* 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 *Articles* 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 *Affiliate or Participating Organisation*.

6. Notices

6.1 A notice may be served by the Exchange upon any *Participating Organisation or Affiliate* either personally or by leaving it at or posting it in a prepaid envelope to the registered place of address or by placing the notice in the *Participating Organisation's* or *Affiliates* clearing room document box.

6.2 A notice may be served by the Exchange upon any *Participating Organisation* or *Affiliate* by leaving it at or posting it in a prepaid envelope to its registered place of address or placing the notice in its clearing room document box. A notice served upon a *Participating Organisation* which is a partnership shall be deemed to constitute notice to and to have been duly served upon each partner in that *Participating Organisation*.

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 *Affiliate* or *Participating Organisation* 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. Risk Disclosure Statement

7.1 For one year from the date of commencement of trading of the Exchange, each *Affiliate or Participating Organisation* must issue a risk disclosure statement, as prescribed by the Exchange and set out in Appendix 7, to each client before that client places its first order on the Exchange.

8. Fractions

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

Appendix

Business Rules

STOCK EXCHANGE OF NEWCASTLE LIMITED

Appendix 1

Securities Clearing Agreement – Minimum Terms

Note: ***Under Rule C3.1 Participating Organisations 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 Participating Organisation and the Clearing Participant agree to comply at all times with the applicable Business Rules of NSX, the SCH Business Rules, the Corporations Law 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 Participating Organisation and the Clearing Participant acknowledge that immediately upon execution of an NSX Transaction of the Participating Organisation, 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 Participating Organisation and the Clearing Participant had entered into an agreement comprising the New Terms.

4. Agreement Subject to any amendments required by NSX

The Participating Organisation and the Clearing Participant agree to make any amendments to their Clearing Agreement which are required by the Exchange from time to time.

5. Termination

The Participating Organisation and the Clearing Participant acknowledge and agree that neither party may terminate the Clearing Agreement unless:

(a) the Participating Organisation surrenders its recognition as Participating Organisation by giving written notice to the Exchange in accordance with Rule A6.1; or

(b) the Participating Organisation's recognition as Participating Organisation 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

Part A & Part C Takeover Offer

<table>
<tr><th></th><th colspan="2">Action the Exchange will take</th></tr>
<tr><th>Information received</th><th>Target company</th><th>Offeror</th></tr>
<tr><td>Announcement of:
▪ intention to make a Takeover Offer, or if no announcement of an intention to make a Takeover Offer has been made, announcement of a Takeover Offer itself
▪ intention to propose a Scheme
▪ Takeover Announcement</td><td>Securities will be placed in Adjust Phase for a minimum period of 50 minutes followed by Pre-Opening Phase for the next 10 minutes. See note. If a Takeover Announcement is received after the close of Normal Trading, normally it will be announced at the time it is received and re-announced at the commencement of Normal Trading on the next Trading Day.</td><td>Securities will be placed in Pre-Opening Phase for 10 minutes if the announcement is received during Normal Trading.</td></tr>
<tr><td>Announcement of variation of consideration under:
▪ Takeover Offer
▪ Scheme
▪ Takeover Announcement</td><td>Securities will be placed in Adjust Phase for a minimum period of 50 minutes followed by Pre-Opening Phase for the next 10 minutes. See Note</td><td>Securities will be placed in Pre-Opening Phase for 10 minutes of the announcement is received during Normal Trading.</td></tr>
<tr><td>Announcement by Offeror in relation to the offer including the following:
▪ that Takeover Offer is unconditional
▪ that minimum acceptance condition under Takeover Offer has been met or varied
▪ that offer period under Takeover Offer or Takeover Announcement has been extended
▪ any other variation of Takeover Offer or Takeover Announcement (except a variation of consideration)</td><td>Securities placed in Pre-Opening Phase for 10 minutes if the announcement is received during Normal Trading.</td><td>A message will be placed on NETS screens.</td></tr>
</table>

<table>
<tr><th></th><th colspan="2">Action the Exchange will take</th></tr>
<tr><th>Information received</th><th>Target company</th><th>Offeror</th></tr>
<tr><td>▪ Announcement by Target Company in relation to the offer including the following:
▪ Part B Statement in respect of a Takeover Offer
▪ Part D Statement in respect of a Takeover Announcement
▪ any similar information in respect of an Issuer incorporated outside Australia.</td><td>Securities placed in Pre-Opening Phase for 10 minutes if the announcement is received during Normal Trading.</td><td>A message will be placed on NETS screens.</td></tr>
<tr><td>Announcement of any variation of proposed terms of a Scheme which, in the opinion of NSX, is material.</td><td>Securities placed in Pre-Opening Phase for 10 minutes if the announcement is received during Normal Trading.</td><td>A message will be placed on NETS screens.</td></tr>
<tr><td>Receipt of:
▪ previously announced Part A Statement, Offer or Part B Statement in respect of Takeover Offer
▪ previously announced Part C Statement or Part D Statement in respect of Takeover Announcement
▪ a notification under Division 2 or a copy of a notification under Division 3 of Part 6.5 of the Corporations Law
▪ any similar information in respect of an issuer incorporated or established outside Australia.</td><td>A message will be placed on NETS screens.</td><td>A message will be placed on NETS screens.</td></tr>
</table>

Note:

The period of the Adjust Phase for securities in the Target Company 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;
- 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 Trading 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 Trading Day – until the expiry of 50 minutes after the commencement of Normal Trading on that next Trading Day

At the end of the Adjust Phase, the securities of the Target Company will be placed in the Pre-Opening Phase for 10 minutes.

Appendix 3

Definitions
Recognised Stock Exchanges

ARGENTINA
Buenos Aires

AUSTRALIA
Australian
Bendigo
Newcastle

AUSTRIA
Vienna

BELGIUM
Antwerp
Brussels
Chent
Liege

BERMUDA
Bermuda

BRAZIL
Rio de Janeiro

CANADA
Alberta
Montreal
Toronto
Vancouver
Winnipeg

CHILE
Santiago

DENMARK
Copenhagen

FRANCE
Bordeaux
Lille
Lyon
Marseilles
Nancy
Nantes
Paris

Germany
Berlin
Bremen
Dusseldorf
Hamburg
Hanover
Munich
Stuttgart

GREAT BRITAIN AND IRELAND
London
Tradepoint

HONG Kong
Hong Kong

India
Ahmedabad

Bombay
Calcutta
Hyderabad
New Delhi

Italy
Bologna
Florence
Genoa
Milan
Naples
Palermo
Rome
Trieste
Turin
Venice

Japan
Fukuoka
Hiroshima
Kobe
Kyoto
Nagoya
Niigate
Osaka
Sapporo
Tokyo

Kenya
Nairobi

LEBANON
Beirut

LUXEMBOURG
Luxembourg

MALAYSIA
Kuala Lumpur

MEXICO
Mexico City

NETHERLANDS
Amsterdam
The Hague
Rotterdam

NEW ZEALAND
New Zealand

PAKISTAN
Dacca
Karachi

PERU
Lima

PHILIPPINES
Makati
Manila

SINGAPORE
Singapore

SOUTH AFRICA
Johannesburg

SRI LANKA
Colombo

SWEDEN
Stockholm

SWITZERLAND
Swiss

TAIWAN
Taipei

THAILAND
The Stock Exchange of Thailand

UNITED STATES
American (New York)
Boston
Cincinnatti
Colorado Springs
Mid-West (Chicago)
NASDAQ
New York
Pacific
(Los Angeles)
(San Francisco)
Philadelphia
(Philadelphia)
(Washington)
(Baltimore)
Pittsburgh
Richmond
Salt Lake City

URUGUAY
Montevideo

VENEZUELA
Caracas

Appendix 4

Rule C44

Approved Index

The Newcastle index will be notified by the Exchange once it has been operational a short while and enough companies have listed who meet the requirements of Rule C44.

Appendix 5

Approved Securities

Rule C54

Securities which Participating Organisations are allowed to short sell. These Securities will be notified by the Exchange once it has been operational a short while and enough companies whose securities meet the requirements of Rule C57 have listed.

Appendix 6

Rule C92

Deed of Indemnity – On-Market Offeror

This deed of indemnity made the day of 19

Between

The Participating Organisation named and described in the schedule (hereinafter called the "Participating Organisation")

and

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

Whereas

A. The Offeror desires to make an offer pursuant to Sections 617 and 673-682 inclusive of the *Corporations Law* for the shares which have been granted official quotation of the Target Company which in turn has been admitted to the Official List of the Exchange.

B. The Offeror has requested the Participating Organisation and the Participating Organisation 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 Participating Organisation making, or causing to be made, the Announcement, the Offeror has agreed to give the Participating Organisation 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 674(1) of the *Corporations Law*;

"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 Law*" means the *Corporations Law* as amended from time to time and has the additional meaning given by Sections 8 and 8A of the *Corporations Law*;

"Costs" means any legal costs and disbursements (including Counsel's fees) which the Participating Organisation 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 Law*.

"Target Company" 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 Participating Organisation withdrawing the Offer or a deemed withdrawal of the Offer in accordance with Section 684 of the *Corporations Law*.

2. Offer

At the request of Offeror, the Participating Organisation agrees as follows:

(a) on the Announcement Date to make an Announcement at an official meeting in the manner prescribed by sections 673-682 inclusive of the *Corporations Law* 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 Law*, the Participating Organisation agrees to accept Target Shares offered to the Participating Organisation at the Announcement Price or the Substitute Price;

(c) from the Announcement Date until the expiration of the Offer, the Participating Organisation agrees to acquire Target Shares, on behalf of the Offerer pursuant to the provisions of section 620 of the *Corporations Law* 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 section 684 of the *Corporations Law*.

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 Participating Organisation as if they were parties to this Deed;

3.2 The Offeror acknowledges that the Participating Organisation 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 Participating Organisation the Offeror hereby covenants with the Participating Organisation that it will at all times hereafter indemnify and keep indemnified the Participating Organisation for all its Costs, and also against all sums of money whether for damages, costs, charges, expenses or otherwise for which the Participating Organisation 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 Participating Organisation 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 Participating Organisation of all provisions and requirements of the *Corporations Law*, the business rules, the listing rules, and the customs and usages of the Exchange, upon which the Participating Organisation shall purchase Target Shares.

6. Representation

The Offeror acknowledges that the Participating Organisation may at the sole discretion of the Participating Organisation:

(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 Participating Organisation 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 Law*) of the Participating Organisation or any solicitor engaged by the Participating Organisation as to the quantum of the Costs paid or payable by the Participating Organisation 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 Participating Organisation being made deposit with it such sum (in cleared funds) as in the sole discretion of the Participating Organisation shall be sufficient as moneys on account of the Offeror's liablity to indemnify the Participating Organisation pursuant to this Deed of Indemnity including the Offeror's liability to indemnity the Participating Organisation in respect of Costs, such sum or sums to be held and applied by the Participating Organisation 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 Participating Organisation 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 Participating Organisation and expiring on the date that the funds are deposited with the Participating Organisation.

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 Participating Organisation)

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

Participating Organisation	of:	
Offeror	of:	
Target Company	of:	
Announcement Date	day of	199
Offer Date	day of	199
Announcement Price		
Target Shares		
Governing State		
Jurisdiction State		

APPENDIX 7

RISK DISCLOSURE STATEMENT

The Stock Exchange of Newcastle Limited has recently been re-established.

The Listing Rules of the Stock Exchange of Newcastle Limited are not the same as the Listing Rules of the Australian Stock Exchange Limited.

The fact that the Stock Exchange of Newcastle Limited may list an entity's securities is not to be taken in any way as an indication of the merits of the entity or the listed securities.

Some of the securities listed on the Stock Exchange of Newcastle Limited may be considered speculative in nature.

Appendix 8

Definition of Scheduled Period

Clearing House – Delivery Schedule

SCHEDULED TIMES	Eastern Standard/ Summer Time (as 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 9

TRANSFERS CONSOLIDATION FORM

PART 1

PLEASE USE BLOCK LETTERS

FULL NAME OF COMPANY OR PRESCRIBED CORPRATION			
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:

Consolidation Reference: …………………………………………………

Total number of Attached Transfer forms …………………………………………………

PART 2

FOR REGISTRY USE

Surname(s)

Given Name(s)

FULL NAME(S) & ADDRESS OF TRANSFEREE(S) (BUYER(S))

Mr
Mrs
Miss
Ms ……………………………………………………………………

……………………………………………………………………

……………………………………………………………………

……………………………………………………………………

……………………………………………………………………

……………………………………………………………………

……………………………………………………………………

……………………………………………………………………

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 10

RENUNCIATIONS AND TRANSFERS CONSOLIDATION FORM

PART 1

PLEASE USE BLOCK LETTERS

FULL NAME OF COMPANY OR PRESCRIBED CORPRATION			
DESCRIPTION OF SECURITIES			
TOTAL QUANTITY FOR REGISTRATION	Words	Figures	

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:

Consolidation Reference: …………………………………………………

Total number of Attached Transfer forms …………………………………………………

PART 2

FOR REGISTRY USE

FULL NAME(S) & ADDRESS OF TRANSFEREE(S) (BUYER(S))

Surname(s)

Given Name(s)

Mr
Mrs
Miss
Ms ……………………………………………………………………

……………………………………………………………………

……………………………………………………………………

……………………………………………………………………

……………………………………………………………………

……………………………………………………………………

……………………………………………………………………

……………………………………………………………………

State ……………………………………… Postcode ………………

Uncertificated Transferee 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)

A

Accountants Report Rule E6

Acquisition of Shares Rule C95

Acting as principal Rule B2

Admission to the Exchange Rule A1

- Notice to Participating Organisations Rule A2
- Right to appeal Rule A4
- Right to a hearing Rule A3

After Hours Adjust Phase Rule C32

Allocation of Unique Identifiers Rule C19

Allocation Policy Rule B3

Announcement Rule C94

Annual Accounts and Audit Rule E5

Appeal from a Determination of the NETS Governors Rule F2

Appeals Rule A33

- Limited right to inform Rule A34
- Procedures for Appeal Rule A35

B

Bonds and Stock Rule D56

Business Names Rule A18

Business Offices Rule A19

C

Certificates of Recognition as Participating Organisations Rule A5

Clearing Agreements Rule C3

Client Order Preference	Rule B17
Closing Phase	Rule C31
Closing Single Price Auction	Rule C30
Common Ownership of Participating Organisations	Rule A8
Communications with NETS	Rule C17
Complaints Officer	Rule E11
Compliance Officers	Rule E9
Compliance	Rule A23
Conditional Trading	
• Conditional Market Operation	Rule C62
• Conditional Sale	Rule C60
• Fulfilment or Non-fulfilment of Condition	Rule C63
• When Cancellation is Effective	Rule C64
• When the Exchange may declare a Conditional Market	Rule C61
Contract Notes	Rule B16
Contracts between Clearing Participants	Rule C91
Contracts between Participating Organisations	Rule A20
Corners	Rule B18
Corporate Action	Rule D5
Credit reference	Rule B6
Crossings	
• Crossings during an Offer Period	Rule C39
• Crossings during the After Hours Adjust Phase	Rule C36
• Crossings during the Enquire Phase	Rule C37
• Crossings Permitted during Normal Trading	Rule C34

- Crossings permitted during the Closing Phase — Rule C35
- Crossings prior to Commencement of Normal Trading — Rule C38

D

Dealing in Securities Not Yet Granted Official Quotation

- Dealings in Securities for which Official Quotation is not Sought — Rule C22
- Dealings in Securities of Listed Entities for Which Official Quotation Sought — Rule C21
- Dealings in Securities Suspended from Official Quotation — Rule C23

Dealing on a Different Basis of Quotation

- Exceptions — Rule C50
- General Rule — Rule C49

Dealings In Securities Granted Official Quotation — Rule C24

Death of an Affiliate — Rule A24

Deed of Indemnity — Rule C93

Defaulting — Rule A37

Delivery of Securities — Rule D2

Designated Trading Representatives — Rule C13

Disciplining of Participating Organisations — Rule A25

Disclosure of shortfall — Rule B9

Discretionary Accounts and Managed Funds

- Authorisation — Rule B10
- Excessive Transactions — Rule B11
- Register — Rule B13
- Reports — Rule B12

Dispute Resolution for trading disputes — Rule F1

Disputes and complaints Rule B21

Dividend, Interest, Capital Returns Rule D6

E

Eligibility for Admission to Exchange

- Affiliates Rule A9
- Application for Recognition as a Participating Organisation or Affiliate Rule A12
- Character Rule A11
- Corporations Rule A10
- Fees and Levies Rule A13

Enforcement Rule A14

Employees of Participating Organisations Rule A22

Errors and Cancellations

- Cancellation after Matching on NETS Rule C89
- Cancellations prior to Matching on NETS Permitted Rule C90

Exchange examining accountant Rule E7

Exchange Functions Rule C14

Exchange investigation Rule E10

Exchange Powers Rule C16

Exchange's liability Rule F3

Exchanges Obligations to Participate in Chess

Expenses Rule B7

F

Failure to complete contract Rule B15

Failure to Deliver Securities Rule D11

Fidelity Fund Rule F4

Forward Delivery

- Deposit Requirements Rule C66
- Dividends Rule C68
- Remedy in Event of Default by Client Rule C67
- Reporting Rule C69
- Requirement for Beneficial Ownership and Legal Title Rule C65

I

Incapacity of a client Rule B5

Information contained in returns Rule E13

Information to be Supplied to the Exchange Rule A16

Inspection by Board Rule E8

Insurance Rule A21

J

Joint and Several Liability Rule A31

L

Legal Proceedings Rule F5

Liability of Participating Organisation for Acts and Omissions of a Settlement Agent Rule D14

Liability of the Exchange Rule C18

Liquidity Requirements Rule E1

M

Manipulative Trading Rule C8

Minimum Bids Rule C12

N

Natural Justice applies Rule A30

New Issues – Cum Bonus Rule D6

- Bonus issues not subject to ratification by a meeting of holders of Equity Securities Rule D6.1

- Bonus issues subject to ratification by a meeting of holders of Equity Securities Rule D6.2

New Issues – Cum Entitlement Rule D7

New Issues – Cum Priority Rule D8

New Issues – Cum Rights Rule D9

- Rights issues not subject to ratification by meeting of holders of Equity Securities Rule D9.1

- Rights issues subject to ratification by a meeting of holders of Equity Securities Rule D9.2

No Merger Rule C92

Nominee shareholdings Rule B8

Non-CHESS Approved Securities Rule D17

Non-disclosure of Quantity of Securities Bid or Offered Rule C51

Normal Trading Rule C28

Notices Rule F6

O

Obligations of a Participating Organisation in Relation to a Settlement Rule D13

Obligations of Participating Organisations Rule D15

Observance of the Dealing Rules Rule C9

Offences Rule A28

Official Meetings Rule C15

Opening Phase Rule C27

Orderly Market Rule C7

Overseas Activity Rule C10

P

Part Delivery Rule D3

Partnership Rule A17

Penalties Rule A27

Pre-Opening Phase Rule C26

Prohibited Conduct Rule A26

Prohibition of Advice to Client Rule B4

Prohibitions in Period Prior to Commencement of Normal Trading Rule C29

R

Reconciliations with Correspondents Etc Rules E4

Records and Identification of Order Source Rule C11

Records Rule E2

Regulation of Participating Organisations' Activities Rule A15

Reporting

- Application of Rule Rule C70
- "Book Value Switch" Sales Rule C84
- "Buy Back" Sales Rule C83
- Foreign to Foreign in for Securities Rule C80
- Forward Delivery Transactions Rule C81
- General Obligation Rule C71
- Recognised Overseas Stock Exchange Transactions Rule C76
- Reporting of Crossings prior to Commencement of Normal Trading Rule C78
- Reporting of Dealings after Close of Normal Trading Rule C73
- Reporting of Dealings during Enquire Phase Rule C77
- Reporting of Index Replicating Special Trade Rule C75

- Reporting of Special Crossings effected during Normal Trading Rule C72
- Reporting Portfolio Special Crossings Rule C74
- Short Sales Rule C79
- Transactions in Loan Securities Rule C82
- Directed Reporting Rule C85

Responsibility of Participating Organisations Rule C5

Risk Disclosure Statement Rule F7

Rules Rule A38

S

Settlement Agent Rule D12

Settlement by Client Rule B14

Settlement of Chess Approved Securities Rule D1

Settlement of Transactions Rule D10

Short Selling

- Arbitraging Rule C53
- Designation as Approved Securities Rule C57
- Exception from Short Selling Requirements Rule C58
- General Rule Rule C52
- Margin of Cover Requirements Rule C56
- Permitted Short Selling of Securities Rule C54
- Prohibitions on Short Selling Rule C55
- Reporting of Short Sales Rule C59

Special Crossings

- Block Special Crossings Rule C42
- Completion of Order Rule C47

- Exchange Approval Rule C46
- Index Replicating Special Trade Rule C44
- Loan Securities Rule C41
- Portfolio Special Crossings Rule C43
- Special Crossings Permitted Rule C40
- Special Crossings Prohibited Rule C48
- Underwriting Disposals Rule C45

Statutory Declarations Rule E12

Supply of Information Rule B20

Surrender of Participating Organisation Status Rule A6

Suspension of Trading Permission Rule C4

Suspension or Expulsion Rule A36

Suspensions and Trading Halts

- Suspensions Rule C87
- Trading Halts Rule C88

T

Takeover Offers Rule C20

Takeovers Rule B19

Termination of Recognition as a Participating Organisation Rule A7

The Enquire Phase Rule C33

Trading on NETS Rule C1

Trading Priority on NETS Rule C25

Trial Balances Rule E3.4

Trust Account Rules E3.1 to 3.3