

Sponsorship Agreement Terms and Conditions



Recitals

- A. In its capacity as a Clearing and Settlement Facility under the Corporations Act, ASX Settlement Pty Limited ACN 008 504 532 will operate a Clearing House Electronic Sub-Register System ('CHESS').
- B. CHESS allows Participant Sponsored Holders to hold Financial Products in an uncertificated form in holdings sponsored by the Participant.
- C. The Sponsoring Participant and the Participant Sponsored Holder have agreed to enter into this Sponsorship Agreement to allow the Participant Sponsored Holder(s) to participate, or to continue to participate, as a Participant Sponsored Holder in CHESS.

Agreement

Definitions

In this agreement:

'**ASX Clear**' means ASX Clear Limited - ABN 48 001 314 503;

'**ASX Settlement**' means ASX Settlement Pty Limited in its capacity as licensee of a clearing and settlement facility under the Corporations Act;

'**ASX Settlement Operating Rules**' means the Operating Rules made by ASX Settlement as in force from time to time;

'**ASX Operating Rules**' means the Operating Rules of ASX;

'**Business Day**' is a day other than:

- (a) a Saturday, Sunday or an Australian National Public Holiday; and
- (b) any other day which the ASX shall declare and publish is not a business day.

'**CHESS**' means the Clearing House Electronic Sub-Register System and means the system established and operated by ASX Settlement for:

- (a) the clearing and settlement of transactions in CHESS Approved Financial Products;
- (b) the transfer of Financial Products; and
- (c) the registration of transfers

'**CHESS Approved Financial Products**' means Financial Products approved by ASX Settlement in accordance with Section 3 of the ASX Settlement Operating Rules;

'**CHESS Holding**' means an uncertificated holding of Financial Products on a Sub-register for that class of Financial Products maintained by ASX Settlement;

'**CHESS Participant Sponsored Holding**' means a holding of Financial Products on the CHESS Sub-register;

'**HIN**' stands for Holder Identification Number and means a number used to:

- (a) identify a Holder of Financial Products on the CHESS Sub-register; and
- (b) link the Holding details maintained on the CHESS Sub-register with the Holder's Registration Details;

'**Rules**' means these ASX Operating Rules being the 'operating rules' (as defined in the Corporations Act) of the Exchange;

'Participant Sponsored Holdings' means the CHESS Holdings of the Participant Sponsored Holder;

'**Subposition**' means a facility in CHESS by which:

- (a) activity in relation to Financial Products held in a CHESS Holding may be restricted; and
- (b) access to those Financial Products for limited purposes may be given to a Participant other than the Controlling Participant;

'**Withdrawal Instructions**' means written or oral instructions from the Participant Sponsored Holder to the Sponsoring Participant for the withdrawal of Financial Products from a Participant Sponsored Holding and includes instructions:

- (a) to convert Financial Products in a Participant Sponsored Holding to any other mode of Holding;
- (b) to initiate a change of sponsorship for the Financial Products;

- (c) to endorse or initiate an off market transfer of Financial Products; or
- (d) to accept a takeover offer for Financial Products on behalf of the Participant Sponsored Holder.

1. Interpretations

1.1 Any term used in this Sponsorship Agreement which is defined in the ASX Settlement Operating Rules has the meaning given in the Rules. (Should you require a copy of these definitions please contact the Sponsoring Participant).

2. Participant's Rights

- 2.1 Where the Participant Sponsored Holder authorises the Sponsoring Participant to buy Financial Products, the Participant Sponsored Holder will pay for those Financial Products by the settlement date specified on the trade confirmation.
- 2.2 Subject to clause 2.3, the Sponsoring Participant is not obliged to Transfer Financial Products into the Participant Sponsored Holding, where settlement for those Financial Products has not been received, until settlement is received.
- 2.3 Where a contract for the purchase of Financial Products remains unpaid, after the Sponsoring Participant has made a demand of the Participant Sponsored Holder to pay for the Financial Products, the Sponsoring Participant may sell those Financial Products that are the subject of that contract at the Participant Sponsored Holder's risk and expense, and that expense shall include brokerage and stamp duty.
- 2.4 Where the Sponsoring Participant claims that an amount lawfully owed to it has not been paid by the Participant Sponsored Holder, the Sponsoring Participant has the right to refuse to comply with the Participant Sponsored Holder's Withdrawal Instructions, but only to the extent necessary to retain

Financial Products of the minimum value held in a Participant Sponsored Holding (where the minimum value is equal to 120% of the current market value of the amount claimed).

3. Participant Sponsored Holder's Rights

- 3.1 Subject to the clauses 2.3 and 2.4, the Sponsoring Participant will initiate any Transfer, Conversion or other action necessary to give effect to Withdrawal Instructions within two Business Days of the date of the receipt of the Withdrawal Instructions.
- 3.2 The Sponsoring Participant will not initiate any Transfer or Conversion into or out of a Participant Sponsored Holding without the express authority of the Participant Sponsored Holder.
- 3.3 The regulatory regime which applies to the Sponsoring Participant is the Business Rules of Australian Stock Exchange Limited and the Corporations Act as regulated by the Australian Securities and Investments Commission.
- 3.4 The Participant Sponsored Holder may lodge a complaint against the Sponsoring Participant or any claim for compensation if our service has not met your expectations. If you have a complaint, you may take the following steps:
 - (a) Write to the Compliance Manager, Canaccord Genuity Financial Limited, GPO Box W2024, Perth, Western Australia 6846.
 - (b) If the complaint has not been resolved to your satisfaction, you may lodge a complaint with Australian Financial Complaints Authority (AFCA).

AFCA contact details are:

Website: www.afca.org.au

Email: info@afca.org.au

Telephone: 1800 931 678 (free call)

In writing to:

Australian Financial Complaints Authority

GPO Box 3, Melbourne VIC 3001

- (c) The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to make a complaint or obtain information about your rights.
- (d) If you are still not satisfied with the outcome, you may wish to take independent legal advice to consider your further options.

4. Other Rights and Duties

4.1 Supply of Information

The Participant Sponsored Holder will supply all information and supporting documentation which is reasonably required to permit the Sponsoring Participant to comply with the registration requirements, as are in force from time to time, under the ASX Settlement Operating Rules.

5. Exchange Traded Options, Pledging and Sub-Positions

5.1 Where the Participant Sponsored Holder arranges with ASX Clear to lodge Financial Products in a Participant Sponsored Holding as Derivatives Cover, and informs the Participant of the arrangement, the Participant Sponsored Holder;

- (a) authorises the Participant to reserve the Financial Products in the ASX Clear Subposition so that the Financial Products come under the control of ASX Clear and are subject to the security interest granted in favour of ASX Clear to secure the performance by the relevant Clearing Participant of its obligations to ASX Clear under and in accordance with ASX Clear Operating Rule 14.6.7;
- (b) authorises any subsequent dealing (including, without limitation, any transfer) of the reserved Financial Products in accordance with the Rules and ASX Clear Operating Rules;
- (c) acknowledges that the Financial Products will remain subject to that security interest for so long as those Financial Products remain reserved in the ASX Clear Operating Rule 14.6.7; and
- (d) authorises the Participant to take whatever other action is reasonably required by ASX Clear in accordance with the Rules to give effect to that arrangement.

5.2 Where the Participant Sponsored Holder arranges with any person to give a charge or any other interest in Financial Products in a Participant Sponsored Holding, the Participant Sponsored Holder authorises the Sponsoring Participant to take whatever action is reasonably required by the person in accordance with the Rules to give effect to that arrangement.

5.3 The Participant Sponsored Holder acknowledges that where, in accordance with this Agreement and/or the Participant Sponsored Holder's instructions, the Sponsoring Participant initiates any action which has the effect of creating a sub-position over Financial Products in a Participant Sponsored Holding, the right of the Participant Sponsored Holder to Transfer, Convert or otherwise deal with those Financial Products is restricted in accordance with the terms of the Rules relating to sub-positions.

5.4 Nothing in this Agreement operates to override any interest of ASX Clear in the Financial Products.

6. Fees

6.1 The Participant Sponsored Holder shall pay all Participant fees and associated transactional costs within the period prescribed by the Sponsoring Participant.

7. Mandatory Notifications and Acknowledgments

7.1 The Participant Sponsored Holder acknowledges that if the Participant is not a Market Participant of an Approved Market Operator, neither the Approved Market Operator nor any Related Party of the Approved Market Operator has any responsibility for regulating the relationship between the Participant Sponsored Holder and the Participant, other than in relation to the Rules relating to Sponsorship Agreements.

7.2 The Participant Sponsored Holder acknowledges that if a Transfer is taken to be effected by the Sponsoring Participant under Section 9 of the ASX Settlement Operating Rules and the Source Holding for the Transfer is a Participant Sponsored Holding under the Sponsorship Agreement, then:

- (a) The Participant Sponsored Holder may not assert or claim against ASX Settlement or the relevant Issuer that the Transfer was not effected by the Sponsoring Participant or that the Sponsoring Participant was not authorised by the Participant Sponsored Holder to effect the Transfer; and
- (b) Unless the Transfer is also taken to have been effected by a Market Participant of ASX or a Clearing Participant of ASX Clear, the Participant Sponsored Holder has no claim arising out of the Transfer against the National Guarantee Fund under Part 7.5, Division 4 of the Corporations Regulations.

7.3 In the event that the Sponsoring Participant breaches any of the provisions of this Agreement, the Participant Sponsored Holder may refer that breach to any regulatory authority, including ASX Settlement.

7.4 In the event that the Sponsoring Participant is suspended from CHES participation, subject to the assertion of an interest in Financial Products controlled by the Sponsoring Participant, by the liquidator, receiver, administrator or trustee of the Sponsoring Participant:

- (a) the Participant Sponsored Holder has the right, within 20 Business Days of ASX Settlement giving Notice of Suspension, to give notice to ASX Settlement requesting that any Participant Sponsored Holdings be removed either:
 - (i) from the CHES Sub-register; or
 - (j) from the control of the suspended Participant to the control of another Participant with whom they have concluded a valid Sponsorship Agreement pursuant to Rule 12.19.10; or
- (b) where the Participant Sponsored Holder does not give notice under clause 7.4(a), ASX Settlement may effect a change of Controlling Participant under rule 12.19.11 and the Participant Sponsored Holder will be deemed to have entered into a new Sponsorship Agreement with that substitute Participant on the same terms as the existing Sponsorship Agreement. Where a Participant Sponsored Holder is deemed to have entered into a Sponsorship Agreement, the new Participant must enter into a Sponsorship Agreement with the Participant Sponsored Holder within 10 Business Days of the change of Controlling Participant.

7.5 The Participant Sponsored Holder acknowledges that before the Participant Sponsored Holder executed the Sponsorship Agreement, the Sponsoring Participant provided the Participant Sponsored Holder with an explanation of the effect of the Sponsorship Agreement and that the Participant Sponsored Holder understood the effect of the Sponsorship Agreement.

7.6 The Participant Sponsored Holder acknowledges that in the event of death or bankruptcy of the Participant Sponsored Holder, a Holder Record Lock will be applied to all Participant Sponsored Holdings in accordance with the ASX Settlement Operating Rules, unless the Participant Sponsored Holder's legally appointed representative or trustee elects to remove the Participant Sponsored Holdings from the CHES Sub-register.

7.7 The Participant Sponsored Holder acknowledges that in the event of the death of the Participant Sponsored Holder, this Sponsorship Agreement is deemed to remain in operation, in respect of the legally appointed representative authorised to administer the Participant Sponsored Holder's estate, subject to the consent of the legally appointed representative, for a period of up to 3 calendar months after the removal of a Holder Record Lock applied pursuant to clause 7.6.

8. For Joint Holdings Only

8.1 The Participant Sponsored Holder acknowledges that in the event of death of one of the Participant Sponsored Holders, the Sponsoring Participant shall transfer all Holdings under the joint Holder Record into new Holdings under a new Holder Record in the name of the surviving Participant Sponsored Holder, and that this Sponsorship Agreement will remain valid for the new Holdings under the new Holder Record.

8.2 The Participant Sponsored Holder acknowledges that, in the event of bankruptcy of one of the Participant Sponsored Holders, the Sponsoring Participant will:

- (a) unless the legally appointed representative of the bankrupt Participant Sponsored Holder elects to remove the Participant Sponsored Holdings from the CHES Sub-register, establish a new Holder Record in the name of the bankrupt Participant Sponsored Holder, transfer the interest of the bankrupt Participant Sponsored Holder into new Holdings under the new Holder Record and request that ASX Settlement apply a Holder Record Lock to all Holdings under that Holder Record; and
- (b) establish a new Holder Record in the names of the remaining Participant Sponsored Holder/s and Transfer the interest of the remaining Participant Sponsored Holder/s into new Holdings under the new Holder Record.

9. Change of Controlling Participant

9.1 If the Participant Sponsored Holder receives a Participant Change Notice from the Controlling Participant of the Participant Sponsored Holding and the Sponsoring Participant Change Notice was received at least 20 Business Days prior to the date proposed in the Sponsoring Participant Change Notice for the change of Controlling Participant, the Participant Sponsored Holder is under no obligation to agree to the change of Controlling Participant, and may choose to do any of the things set out in clauses 9.2 or 9.3.

9.2 The Participant Sponsored Holder may choose to terminate the Agreement by giving Withdrawal Instructions under the ASX Settlement Operating Rules to the Controlling Participant, indicating whether the Participant Sponsored Holder wishes to:

- (a) transfer its Participant Sponsored Holding to another Controlling Participant; or
- (b) transfer its Participant Sponsored Holding to one or more Issuer Sponsored Holdings.

9.3 If the Participant Sponsored Holder does not take action to terminate the agreement in accordance with 9.2 above, and does not give any instructions to the Controlling Participant which would indicate that the Participant Sponsored Holder does not agree to the change of Controlling Participant then, on the Effective Date, the Agreement will have been taken to be novated to the New Controlling Participant and will be binding on all parties as if, on the Effective Date:

- (a) the New Controlling Participant is a party to the Agreement in substitution for the Existing Controlling Participant;
- (b) any rights of the Existing Controlling Participant are transferred to the new Controlling Participant; and
- (c) the Existing Controlling Participant is released by the Participant Sponsored Holder from any obligations arising on or after the Effective Date.

9.4 The novation in clause 9.3 will not take effect until the Participant Sponsored Holder has received a notice from the New Controlling Participant confirming that the New Controlling Participant consents to acting as the Controlling Participant Sponsored Holder. The Effective Date may as a result be later than the due date set out in the Sponsoring Participant Change Notice.

9.5 The Participant Sponsored Holder will be taken to have consented to the events referred to in clause 9.4 by the doing of any act which is consistent with the novation of the Agreement to the New Controlling Participant (for example by giving an instruction to the New Controlling Participant), on or after the Effective Date, and such consent will be taken to be given as of the Effective Date.

9.6 The Agreement continues for the benefit of the Existing Controlling Participant in respect of any rights and obligations accruing before the Effective Date and, to the extent that any law or provision of any agreement makes the novation in clause 9.3 not binding on the Existing Controlling Participant until such time as the novation is effective, and the existing Controlling Participant will hold the benefit of the Agreement for the New Controlling Participant.

9.7 Nothing in this clause 9 will prevent the completion of CHES transactions by the Existing Controlling Participant where the obligation to complete those transactions arises before the Effective Date and the Agreement will continue to apply to the completion of those transactions, notwithstanding the novation of the Agreement to the New Controlling Participant under this clause 9.

10. Claims for Compensation

10.1 Except for operation of clauses 3.4 and 10.3 no external compensation arrangements apply to the Participant Sponsored Holder.

10.2 If the Sponsoring Participant breaches a provision of this Agreement and the Participant Sponsored Holder makes a claim for compensation pursuant to the breach, the ability of the Sponsoring Participant to satisfy that claim will depend on the financial circumstances of the Sponsoring Participant.

10.3 If a breach Clear by a Participant of a provision of this Agreement falls within the circumstances specified in the compensation arrangements applicable to the Approved Market Operator or the Clearing Participant of ASX Clear under the Corporations Act and Corporations Regulations, a Participant Sponsored Holder may make a claim under the relevant compensation arrangements.

11. Termination

11.1 Subject to the ASX Settlement Operating Rules, this Agreement will be terminated upon the occurrence of any of the following events:

- (a) by notice in writing from either the Participant Sponsored Holder or the Sponsoring Participant to the other party to the Agreement;
- (b) upon the Sponsoring Participant becoming insolvent;
- (c) upon the termination or suspension of the Sponsoring Participant; or
- (d) upon giving of Withdrawal Instructions by a Participant Sponsored Holder to a Controlling Participant in accordance with Rule 7.1.10(c).

11.2 Termination under clause 11.1(a) will be effective upon receipt of Notice by the other party to the Sponsorship Agreement.

12. Variation

12.1 Should any of these provisions in this Agreement be inconsistent with the provision in the ASX Settlement Operating Rules, the Sponsoring Participant shall, by giving the Sponsoring Participant Sponsored Holder not less than 7 business days' written Notice, vary the Agreement to the extent to which in the Sponsoring Participant's reasonable opinion is necessary to remove any inconsistency.