



Southern Cross
Equities

LIMITED ABN 87 071 935 441 AFSL 247027

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Chess Sponsorship Agreement

Date _____

Sponsor details

Name **Southern Cross Equities Limited**
Address Level 32, Aurora Place
88 Phillip Street Sydney, NSW 2000
Phone 02 8224 2811
Fax 02 8231 0588

Client

Name _____
Address _____

ABN _____
Phone _____
Fax _____

Holder Identification Number (HIN) _____
Account number _____

(If your HIN is not known at the time you sign this agreement, you authorise us to sign it)

1. INTERPRETATION

1.1 In this agreement:

ACH means Australian Clearing House Pty Ltd ABN 48 001 314 503

ASTC means ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532.

ASX means ASX Limited ABN 98 008 624 691

Berndale means Berndale Securities Limited ABN 63 006 687 467

Southern Cross means Southern Cross Equities Limited ABN 87 071 935 441

Client means the client named on the front page of this agreement.

Rules means the ASTC Settlement Rules, being the operating rules of ASTC

Sponsored Holding means a Participant Sponsored Holding of the Client

1.2 Any term used in this agreement which is defined in the Rules has the meaning given to it in the Rules. (Should you require a copy of these definitions please contact Southern Cross).

2. MANDATORY PROVISIONS

2.1 Clearing House Relationship

2.1.1. Southern Cross is a party to a Clearing Agreement with Berndale, a Clearing Participant, and Berndale is obliged to settle as principal and has the settlement obligations for all transactions of Southern Cross (including those of the Client).

2.1.2. Berndale administers the Sponsored Holdings the subject of this agreement on behalf of Southern Cross but Southern Cross remains responsible to the Client for any actions or matters done or omitted to be done in respect of the Sponsored Holdings.

2.1.3 Southern Cross (or its agent) may as the Client's attorney give instructions on the Client's behalf in respect of Financial Products held for that Client in any Sponsored Holding to enable Southern Cross (or its agent), in the event that the Client defaults on any of its obligations to Southern Cross or Berndale, to sell any or all of those Financial Products and apply the proceeds to discharge the Client's obligations to Southern Cross or Berndale and to recover the costs of Southern Cross and Berndale in so acting.

2.2 Southern Cross's Rights

2.2.1. Where the Client authorises Southern Cross to buy Financial Products, the Client will pay for those Financial Products within three Business Days of the date of purchase.

2.2.2. Subject to clause 2.2.3, Southern Cross is not obliged to Transfer Financial Products into the Sponsored Holding, where payment for those Financial Products has not been received, until payment is received.

2.2.3. Where a contract for the purchase of Financial Products remains unpaid, after Southern Cross or Berndale has made a demand of the Client to pay for the Financial Products,

Southern Cross may sell those Financial Products that are the subject of that contract at the Client's risk and expense and that expense will include brokerage and stamp duty.

Southern Cross must account to Berndale for the proceeds of any sale of Financial Products, including where Southern Cross has exercised its power of sale to sell Financial Products of the Client in accordance with this clause.

2.2.4. Where:

- (a) Southern Cross claims that an amount lawfully owed to it has not been paid by the Client; or
- (b) Berndale claims that an amount lawfully owed to it has not been paid by the Client in respect of a transaction entered into by Southern Cross or Berndale on behalf of the Client,

Southern Cross has the right to refuse to comply with the Client's Withdrawal Instructions, but only to the extent necessary to retain Financial Products of the minimum value held in a Sponsored Holding (where the minimum value is equal to 120% of the current market value of the amount claimed).

2.3 Client's Rights

Subject to clauses 2.2.3 and 2.2.4:

- (a) Southern Cross will initiate any Transfer, Conversion or other action necessary to give effect to Withdrawal Instruction within two (2) Business Days of the date of the receipt of the Withdrawal Instructions; and
- (b) Southern Cross will not initiate any Transfer or Conversion into or out of the Sponsored Holding without the express authority of the Client.

2.4 Regulatory regime and complaints

2.4.1 The regulatory regime that applies to Southern Cross is Chapter 7 of the Corporations Act, the Rules and the ASX Market Rules. The Client can obtain information as to the status of Southern Cross from Australian Securities and Investments Commission, ASX and ASTC.

2.4.2 The Client may lodge a complaint against Southern Cross or any claim for compensation with Southern Cross, ASX, ASTC or the Financial Ombudsman Service, located at GPO Box 3, Melbourne VIC 3001.

3. OTHER RIGHTS AND DUTIES

3.1 Supply of Information

3.1.1 The Client will supply all information and supporting documentation which is reasonably required to permit Southern Cross to comply with the registration requirements, as are in force from time to time, under the Rules.

3.1.2 If the Client does not supply a Residency Indicator to Southern Cross but a street address has been provided in respect of that Client, then Southern Cross will be taken to have been advised that, where the relevant street:

- (a) is a street located in Australia, a Residency Indicator of "D" (for domestic) applies with respect to each relevant Holder Record;

(b) is a street located outside Australia, a Residency Indicator of "F" (for foreign) applies with respect to each relevant Holder Record.

3.1.3 The Client must, by notice in writing addressed to the Sponsorship Department of Southern Cross, notify Southern Cross in relation to the following matters:

- (a) change of Registration Details;
- (b) change of Residency Indicator;
- (c) if the Client becomes bankrupt;
- (d) lodgement of Financial Products in a Sponsored Holding as cover for written positions in the market for exchange traded options operated by ASX; and
- (e) creation of Sub-positions over Financial Products in a Sponsored Holding;

and the Client must arrange for Southern Cross to be notified in the event of the Client's death.

Southern Cross is not obliged to act in accordance with any such instructions which are received only by Berndale and not by Southern Cross.

3.2 **Exchange Traded Options, Pledging and Sub-Positions**

3.2.1 Where:

- (a) the Client arranges with ACH to lodge Financial Products in a Sponsored Holding as cover for written positions in the market for exchange traded options operated by ASX, and informs Southern Cross of the arrangement; or
- (b) Berndale requests that the Financial Products be provided as Cover in respect of written positions in the market for exchange traded options operated by ASX,

the Client authorises Southern Cross to take whatever action is reasonably required by ACH or Berndale in accordance with the Rules to give effect to that arrangement.

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

3.2.3 The Client acknowledges that where, in accordance with this agreement and/or the Client's instructions, Southern Cross initiates any action which has the effect of creating a sub-position over Financial Products in the Sponsored Holding, the right of the Client to transfer, convert or otherwise deal with those Financial Products is restricted in accordance with the terms of the Rules relating to sub-positions.

3.2.4 Nothing in this agreement operates to override any interest of ACH in the Financial Products.

3.3 **Fees**

The Client will pay all Brokerage fees and associated transactional costs within the period prescribed by Southern Cross or Berndale.

4. MANDATORY NOTIFICATION AND ACKNOWLEDGMENTS

4.1 Except as referred to in clause 4.3, no external compensation arrangements apply to the Client in relation to this agreement.

4.2 If Southern Cross breaches a provision of this agreement and the Client makes a claim for compensation pursuant to that breach, the ability of Southern Cross to satisfy that claim will depend on the financial circumstances of Southern Cross.

4.3 If a breach by Southern Cross of a provision of this agreement falls within the circumstances specified under Part 7.5, Division 4 of the Corporations Regulations, the Client may make a claim on the National Guarantee Fund for compensation.

(For more information on the circumstances in which a Client may make a claim on the National Guarantee Fund or for information on the National Guarantee Fund generally, contact the Securities Exchanges Guarantee Corporation Limited ABN 19 008 626 793).

4.4 In the event that Southern Cross breaches any of the provisions of this agreement, the Client may refer that breach to any regulatory authority including ASTC.

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

(a) the Client has the right, within twenty (20) Business Days of ASTC giving Notice of the suspension, to give Notice to ASTC requesting that any Sponsored Holding be removed either:

(i) from the CHES Subregister; or

(ii) from the control of the suspended Southern Cross to the control of another Controlling Participant with whom the Client has entered into a valid Sponsorship Agreement pursuant to Rule 12.19.10; or

(b) where the Client does not give notice under clause 4.5(a), ASTC may effect a change of Controlling Participant under Rule 12.19.11. and the Client will be deemed to have entered into a new Sponsorship Agreement with the substitute Participant on the same terms as this agreement. Where the Client is deemed to have entered into a Sponsorship Agreement, the new Participant must enter into a Sponsorship Agreement with the Client within ten (10) Business Days of the change of Controlling Participant.

4.6 The Client acknowledges that before the Client executed this agreement, Southern Cross provided the Client with an explanation of the effect of this agreement and that the Client understood the effect of this agreement.

4.7 The Client acknowledges that in the event of the death or bankruptcy of the Client, a Holder Record Lock will be applied to all Sponsored Holding in accordance with the Rules, unless the Client's legally appointed representative or trustee elects to remove the Sponsored Holdings from the CHES Subregister.

4.8 The Client acknowledges that in the event of the death of the Client, this agreement is deemed to remain in operation, in respect of the legally appointed representative authorised to administer the Client's estate, subject to the consent of that legally

appointed representative, for a period of up to three calendar months after the removal of the Holder Record Lock applied pursuant to clause 4.7.

- 4.9 The Client acknowledges that if a Transfer is taken to be effected by Southern Cross under section 9 of the Rules and the Source Holding for the Transfer is a Sponsored Holding under this agreement, then:
- (a) the Client may not assert or claim against ASTC or the relevant Issuer that the Transfer was not effected by the Sponsoring Participant or that the Sponsoring Participant was not authorised by the Client 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 ACH, the Client has no claim arising out of the Transfer against the National Guarantee Fund under Part 7.5, Division 4 of the Corporations Regulations.
- 4.10 The Client acknowledges that if Southern Cross is not a Market Participant of ASX, neither ASX nor any Related Party of ASX has any responsibility for supervising or regulating the relationship between the Client and Southern Cross, other than in relation to the Rules relating to Sponsorship Agreements.

FOR JOINT HOLDINGS ONLY

- 4.11 The Client acknowledges that in the event of the death of one of the Holders, Southern Cross will transfer all Holdings under the joint Holder Record into new Holdings under a new Holder Record in the name of the surviving Client/s, and that this agreement will remain valid for the new Holdings under the new Holder Record.
- 4.12 The Client acknowledges that in the event of the bankruptcy of one of the Holders Southern Cross will:
- (a) unless the legally appointed representative of the bankrupt Client elects to remove the Sponsored Holding from the CHESSE Subregister, establish a new Holder Record in the name of the bankrupt Client, transfer the interest of the bankrupt Client into new Holdings under the new Holder Record and request that ASTC apply a Holder Record Lock to all Holdings under that Holder Record; and
 - (b) establish a new Holder Record in the name(s) of the remaining Client(s) and Transfer the interest of the remaining Client(s) into new Holdings under the new Holder Record.

5. CHANGE OF CONTROLLING PARTICIPANT

- 5.1 If the Client receives a Participant Change Notice from the Controlling Participant of the Sponsored Holding and the Participant Change Notice was received at least 20 Business Days prior to the date proposed in the Participant Change Notice for the change of Controlling Participant, the Client is under no obligation to agree to the change of Controlling Participant, and may choose to do any of the things set out on clauses 5.2 or 5.3.
- 5.2 The Client may choose to terminate this agreement by giving Withdrawal Instructions under the Rules to the Controlling Participant, indicating whether the Client wishes to:
- (a) transfer its Sponsored Holding to another Controlling Participant; or
 - (b) transfer its Sponsored Holding to one or more Issuer Sponsored Holdings.

- 5.3 If the Client does not take any action to terminate this agreement in accordance with clause 5.2, and does not give any other instructions to the Controlling Participant which would indicate that the Client does not agree to the change of Controlling Participant then, on the Effective Date, this 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 this 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 Client from any obligations arising on or after the Effective Date.
- 5.4 The novation in clause 5.3 will not take effect until the Client has received a notice from the New Controlling Participant confirming that the New Controlling Participant consents to acting as the Controlling Participant for the Client. The Effective Date may as a result be later than the date set out in the Participant Change Notice.
- 5.5 The Client will be taken to have consented to the events referred to in clause 5.4 by the doing of any act which is consistent with the novation of this 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.
- 5.6 This 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 5.3 not binding or effective on the Effective Date, then this agreement will continue for the benefit of the Existing Controlling Participant until such time as the novation is effective, and the Existing Controlling Participant will hold the benefit of the agreement on trust for the New Controlling Participant.
- 5.7 Nothing in this clause 5 will prevent the completion of CHESS transactions by the Existing Controlling Participant where the obligation to complete those transactions arises before the Effective Date and this agreement will continue to apply to the completion of those transactions, notwithstanding the novation of this agreement to the New Controlling Participant under this clause 5.

6. INDEMNIFICATION

- 6.1 The Client indemnifies Southern Cross against, and the Client must therefore pay Southern Cross on demand for liability, loss or costs (including consequential or economic loss) Southern Cross suffers or incurs:
- (a) in connection with Southern Cross performing its obligations under this agreement; or
 - (b) in connection with Southern Cross acting as the Client's Controlling Participant or agent for the purposes of CHESS; or
 - (c) if the Client does something the Client agrees not to do, or does not do something the Client agrees to do, under this agreement.

The Client must pay Southern Cross these amounts when Southern Cross asks. Southern Cross may also debit any of these amounts to any account the Client has with Southern Cross even if Southern Cross does not expressly ask the Client to pay it.

- 6.2 The indemnity in clause 6.1 is a continuing obligation, independent of the Client's other obligations to Southern Cross. It continues even after this agreement is terminated. It is not necessary for Southern Cross to incur expense or make payment before enforcing a right of indemnity conferred by this agreement.

7. TERMINATION

- 7.1 Subject to the Rules, this agreement will be terminated upon the occurrence of any of the following events:

- (a) by notice in writing from either the Client or Southern Cross to the other party to this agreement;
- (b) upon Southern Cross becoming insolvent;
- (c) upon the termination or suspension of Southern Cross as a Controlling Participant; or
- (d) upon the giving of Withdrawal Instructions by the Client to Southern Cross in accordance with Rule 7.1.10(c).

- 7.2 Termination under clause 7.1(a) will be effective upon receipt of notice by the other party to this agreement unless a later time is specified in the notice.

8. VARIATION

- 8.1 This agreement may be amended by Southern Cross from time to time. Southern Cross will give the Client 7 Business Days notice of any amendments, after which time, the amendment will become effective.

- 8.2 Without limiting clause 8.1, should any of the provisions in this agreement be inconsistent with the provisions in the Rules, Southern Cross will, by giving the Client not less than 7 Business Days written Notice, vary this agreement to the extent to which, in Southern Cross's reasonable opinion, it is necessary to remove any inconsistency.

9. GOVERNING LAW

This agreement is governed by the laws in force in New South Wales and Southern Cross and the Client submit to the non-exclusive jurisdiction of the courts of New South Wales and the Courts that may hear appeals from those courts.

EXECUTED as an agreement

Execution by Southern Cross

Date: _____

**SIGNED for Southern Cross Equities
Limited ABN 87 071 935 441**

_____ by an authorised officer in the presence of

_____ Signature of Authorised Officer

_____ Signature of witness

_____ Name of Authorised Officer (PRINT)

_____ Name of witness (PRINT)

_____ Office Held

**Execution by the Client (if a natural
person)**

Date: _____

SIGNED by:

_____ In the presence of

_____ Signature of Client

_____ Name of Client (PRINT)

_____ Signature of witness

_____ Signature of Client

_____ Name of Witness (PRINT)

_____ Name of Client (PRINT)

OR

**Execution by the Client (if a
Corporation)**

Date: _____

Executed by the Client

_____ Signature of Director

_____ Signature of Director/Company Secretary

_____ Name of Director (PRINT)

_____ Name of Director/Company Secretary
(PRINT)