

## FinEx's Explanation of CHES Sponsorship

Background on CHES, the operator of the CHES Sponsorship Agreement with you and Sponsorship of your Holdings.

Except for a very few financial products traded on the ASX's Integrated Trading System (ITS), holdings of financial products tradable on the ITS "Cash Product" Market are held in uncertificated, electronic form. Each ASX listed company or other issuer has a Register of holders. Each Register is made up of an Issuer Sponsored Sub-register and a Participant Sponsored Sub-register. All holdings of ITS traded financial products which are not Derivatives must be sponsored by either means. You have a choice of holding those products in electronic form sponsored by the Issuer of the product (i.e. Issuer Sponsored) or by a CHES Participant (i.e. Participant Sponsored). We are a CHES Participant and sponsor client holdings on CHES. CHES is the Clearing House Electronic Sub-register System and is the infrastructure ASX Group Participants, such as ourselves, use to control and to administer Sponsored Client holdings.

### Security of your Holdings

If we change, in accordance with your written instructions, your registration details for holdings CHES Sponsored by us, CHES itself will also notify or confirm to you directly that your holding name/address has changed, that your Sponsoring Participant has changed or of other matters relating to your holding, whatever the case may be. This is an effective security measure. If you receive such a notice and you have not instructed us to make those changes, contact us immediately.

We and our duly appointed agent have access to and administer holdings CHES sponsored by us. Each CHES Holding Statement identifies us by our Participant Number. It also identifies you by listing your HIN. You must keep your HIN confidential because it is the key to your holdings, not unlike your PIN to access your bank account. Your Security holder Reference Number (SRN) for Issuer Sponsored Holdings (if you have any) must also be kept confidential.

If, for any reason, an unauthorised transfer of some or all of your holdings occurs, we are obliged by the ASX Settlement Rules to reinstate the holding(s). Behind us stands the National Guarantee Fund. If we do not reinstate holding(s), a claim for unauthorised transfer can be made to the National Guarantee Fund for compensation.

### Explanation of Sponsorship Agreement Terms

This explanation is only a summary of the Agreement (see clause 7.4 of the Sponsorship Agreement). It is not a substitute for, or part of, the Sponsorship Agreement, nor is it another agreement in its own right. By signing the Sponsorship Agreement, you appoint us as your Sponsoring Participant for ITS traded non-Derivative financial products you purchase through us. We would be pleased to sponsor other holdings you may have which are Issuer Sponsored or sponsored by another ASX Group Participant (i.e. ASX Stockbroker).

FinEx is a party to an Equities and Derivates Clearing Agreement with FinClear Pty Ltd (Clearing Participant). The Clearing Participant is obliged to settle as principal and has the settlement obligations for all ASX Transactions.

As your Sponsoring Participant on CHES, only we and our duly authorised agent can give instructions to CHES in relation to administration or conversion of your holdings sponsored by us, or transfers to or from your sponsored holdings following settlement of your transactions or following your Withdrawal Instructions. Furthermore, we or our duly authorised agent only have authority to access your holdings following your express instructions to do so (e.g. sell my BHP Billiton shares).

On CHES, your holdings are identified by your HIN which is allocated to you if you accept in clause 8 the terms and conditions of our sponsorship agreement. We will notify you of your HIN by return a copy of clause 8 for your records.

Sponsorship Agreement: This Agreement has 14 clauses, its terms are very largely determined by the ASX Settlement Operating Rules applying to CHES Sponsorship. The "Definitions and Interpretation", clauses, 1 ("Appointment of FinEx Clear Execution Limited"), 10 ("Claims for Compensation"), 13 ("Indemnity") and 14 ("Miscellaneous") are self-explanatory

Clause 2 ("FinEx's Rights") imposes certain duties on you and gives us certain protections. Sufficient funds must be in your account to pay for any financial products purchased on your behalf, and associated transactional charges, before we will transfer the purchased products in to your name. We may charge you an administration fee for carrying your purchase until you pay for it in full (see "Buy Confirmation" terms). We have to pay for purchases you execute through us whether you've paid or not. If you do not pay, after a demand for payment those products may be sold at your risk and expense. You will be liable for any outstanding loss. You can give us instructions at any

time to withdraw your holdings from CHES, and we must do so unless funds due from you are outstanding in which case we may continue to "control" holdings to the value (i.e. market value of the financial products we continue to hold) of 120% of the amount owed to us.

Clause 3 ("Your Rights") imposes certain duties on us and informs you of your right of access to both our internal and external (i.e. FOS) complaint handling mechanisms (if you are a Retail Client), and to lodge certain claims for compensation with the National Guarantee Fund. See also clause 7.1(b).

Clause 4 ("Supply of Information") obliges you to supply the information we require and to ensure it is, and remains, accurate and up to date..

Clause 5 ("Exchange Traded Options, Pledging & Sub-Positions") is only relevant to you if you intend to lodge your holdings as collateral for written options positions or if you intend to permit a charge or sub-position over some or all of your holdings.

Clause 6 ("Fees") notifies you that we will charge you fees for our services.

Clause 7 ("Notifications & Acknowledgements") notifies you of, or has you acknowledge, various things, including:

Once a holding is transferred by us, you cannot claim against the ASTC (the operator of CHES) or the Issuer that it was not affected by us or that we were not authorised to make the transfer.

You may report to us for a breach of any provision of the Agreement.

You have certain rights if we are suspended from accessing CHES. You will be given opportunity to instruct ASTC to move your holding to the control of another Sponsoring Participant or ASTC will make that choice for you.

Clauses 7.5 and 7.6 address what action we will take in the event of your death and/or bankruptcy.

Clause 8 ("Joint Holdings") addresses bankruptcy and/or death of one or more parties to a joint holding. Sponsored holdings may have up to 3 joint holders. In the event of bankruptcy of one, the interests of the bankrupt are excised from the interests of the others. The others may continue to operate as normally under a new holding. In the case of the death of one, the general legal principle is that the interests of the deceased pass to the remaining joint holders, not the estate of the deceased person.

Clause 9 ("Change of Controlling Participant") addresses a situation in which through the takeover or demise of our business, all our Sponsored Holdings on CHES may be transferred in full to another Controlling Participant in the interests of minimising disruption to your investment or trading activities

Clause 10 ("Claims for Compensation") sets out means of seeking compensation

Clause 11 ("Termination") sets out that both of us can terminate the Sponsorship Agreement by notice in writing, which will take effect upon receipt of the notice by the other party. In certain circumstances, the Agreement is terminated automatically.

Clause 12 ("Variation") permits variation by notification to you where variation is required because the terms of the Agreement have become or are becoming inconsistent with the ASX Settlement Operating Rules. In all other instances, a variation to the Agreement is only effective if agreed by us both in writing and verbally.

Clause 13 ("Indemnity") describes the indemnity that you will provide to FinEx

### Definitions and Interpretations

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

You can also view these Rules using the ASX website.

A "Participant Sponsored Holder" is a person whose Participant Sponsored Holding is sponsored on the Financial Product Issuer's CHES Sub-register by FinEx or other Sponsoring Participant. "You are a Participant Sponsored Holder. The Sponsoring Participant such as FinEx, or FinEx's clearing participant, must be an ASX Clearing Participant. Your "Participant Sponsored Holding" means your FinEx sponsored CHES Holding identified by a Holder Identifier Number ("HIN").

Words expressed in the singular include the plural and vice-versa. Words expressed in one gender include all genders. Words denoting an individual include a reference to a corporation, partnership, an association, an authority or trust, and vice-versa.

## FinEx CHESS Sponsorship Agreement

1. Appointment of FinClear Execution Limited (FinEx)
  - 1.1. You appoint FinEx to provide and FinEx agrees to provide services in relation to the transfer and conversion of financial product to or from your Participant Sponsored Holding as your agent on the terms and conditions of this Sponsorship Agreement.
  - 1.2. FinEx is a party to an Equities and Derivatives Clearing Agreement with FinClear Pty Ltd (Clearing Participant). The Clearing Participant is obliged to settle as principal and has the settlement obligations for all ASX Transactions and Derivatives Contracts of FinEx and all ASX Transactions following the exercise of a Derivatives Contract (including your transactions) of your Participant Sponsored Holding.
  - 1.3. FinEx has appointed the Clearing Participant to administer your Participant Sponsored Holdings on its behalf but FinEx remains responsible to you for any actions or matters done or omitted to be done in respect.
2. FinEx's Rights
  - 2.1. Where you authorise FinEx to buy financial product, you will pay for those financial product by the date specified on the Confirmation (previously known as a "Contract Note").
  - 2.2. Subject to clause 2.3, FinEx is not obliged to Transfer financial product into your Participant Sponsored Holding, where payment for those financial product has not been received, until payment is received.
  - 2.3. Where a contract for the purchase of financial product remains unpaid, after FinEx has made a demand on you to pay for the financial product, FinEx, or FinEx's Clearing Participant, may sell those financial products that are the subject of that contract at your risk and expense and that expense will include brokerage and applicable duties and/or taxes.
  - 2.4. Where FinEx claims that an amount lawfully owed to it has not been paid by you, FinEx has the right to refuse to comply with your Withdrawal Instructions, but only to the extent necessary to retain financial product 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).
  - 2.5. Where you or your:
    - a) duly authorised agent; or
    - b) financial services provider (e.g. your financial planner), being the holder of an Australian Financial Services Licence with sufficient financial service and financial product authorisations, authorised by you to place instructions with us to buy or sell financial product on your behalf, FinEx has your express authority to Transfer those financial product from or to your Participant Sponsored Holding.
3. Your Rights
  - 3.1. Subject to clauses 2.3 and 2.4, FinEx will initiate any Transfer, Conversion or other action necessary to give effect to Withdrawal Instructions within two (2) Business Days of the date of the receipt of the written Withdrawal Instructions.
  - 3.2. Subject to clause 11.3, FinEx will not initiate any Transfer or Conversion into or out of your Participant Sponsored Holding without your express authority; and
  - 3.3. FinEx, FinEx's Clearing Participant and you are regulated by the Corporations Act, the ASIC Act and related legislation applicable to financial services providers, the ASIC /ASX Market Integrity Rules, and ASX Settlement Operating Rules. You can obtain information confirming FinEx's and FinEx's Clearing Participant status as a settlement participant and AFS Licence holder from ASIC and ASTC
  - 3.4. A complaint regarding FinEx's services can be lodged with us, the Financial Ombudsman Service Ltd (FOS) [the contact details for FOS are included in our Financial Services Guide or are available from your Adviser or our Complaints Manager and ASIC. A claim for compensation can be lodged with FinEx or if the circumstances specified in Part 7.5, Division 4 of the Corporations Act apply, with the National Guarantee Fund. In relation to claims lodged with FinEx, FinEx has Professional Indemnity Insurance which satisfies the requirements of Section 912B ("Compensation Arrangements for Retail Financial Services") of the Corporations Act. Our arrangements are for the purpose of compensating Retail Clients for loss or damage suffered because of our breaches of our obligations under Chapter 7 ("Financial Services and Markets") of the Corporations Act, including losses caused by negligence, fraud, dishonesty or other misconduct that amounts to a breach of Chapter 7 and gives rise to a liability to a Retail Client. Our arrangements cover awards made by FOS and claims relating to the conduct of staff who have since left our employment.
4. Supply of Information
  - 4.1. You will supply all information and supporting documentation which is reasonably required to permit FinEx to comply with the registration requirements, as are in force from time to time, under ASX Settlement Operating Rules.
  - 4.2. Notifications made by you (e.g. change of address) must be in writing.
5. Exchange Traded Options, Pledging and Sub-positions
  - 5.1. Where you arrange with ASX Clear to lodge Financial Products in a Participant Sponsored Holding as cover for written positions in the Australian Options Market, and inform FinEx of the arrangement, you authorise FinEx, or FinEx's Clearing Participant to take whatever action is reasonably required by ASX Clearing in accordance with the ASX Clearing Operating Rules and ASX Settlement Operating Rules to give effect to that arrangement.
  - 5.2. Where you arrange with any person to give a charge or any other interest in Financial Products in a Participant Sponsored Holding, you authorise FinEx, or FinEx's Clearing Participant, to take whatever action is reasonably required by the person in accordance with the ASX Settlement Operating Rules to give effect to that arrangement.
  - 5.3. You acknowledge that where, in accordance with this Agreement and/or your instructions, FinEx or FinEx's Clearing Participant initiates any action which has the effect of creating a sub-position over Financial Products in your Participant Sponsored Holding, your right to transfer, convert or otherwise deal with those Financial Products is restricted in accordance with the terms of the ASX Settlement Operating 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. You will pay all brokerage, fees and associated transactional costs within the period prescribed by FinEx.
  - 6.2. FinEx may charge you administration fees to cover its costs in relation to administration of your Participant Sponsored Holding (e.g. Off-Market Transfers) and to pay for other services and arrangements you request.
7. Notifications and Acknowledgements
  - 7.1. You acknowledge that if a Transfer is taken to be effected by FinEx under Section 9 of the ASX Settlement Operating Rules and the Source Holding for the Transfer is a Participant Sponsored Holding sponsored under this Agreement, then:
    - a) you may not assert or claim against ASX Settlement or the relevant Issuer that the Transfer was not effected by FinEx or that FinEx was not authorised by you to effect the Transfer; and
    - b) unless the Transfer is also taken to have been effected by an Approved Market Operator or a Clearing Participant of ASX Clear, the Participant Sponsored Holder has no claim arising out of the Transfer against the compensation arrangement applicable to the Approved Market Operator or the Clearing Participant of ASX Clear under the Corporations Act and Corporations Regulations; and
    - c) if the Sponsoring Participant is not a Market Participant of an Approved Market Operator, that neither the Approved Market Operator, nor a Related Party of the Approved Market Operator has any responsibility for regulating the relationship between the Participant Sponsored Holder and the Sponsoring Participant, other than in relation to the Rules relating to Sponsorship Agreements.
  - 7.2. In the event FinEx breaches any of the provisions of this Agreement, you may refer that breach to any regulatory authority, including ASX Settlement.
  - 7.3. In the event that FinEx is suspended from CHESS participation, subject to

the assertion of an interest in Financial Products controlled by FinEx, by FinEx's liquidator, receiver, administrator or trustee:

- a) you have the right, within twenty (20) Business Days of ASTC giving Notice of suspension, to give notice to ASTC requesting that any Participant Sponsored Holdings be removed either:
  - (i) from the CHESS Sub-register; or
  - (ii) from the control of FinEx to the control of another Sponsoring Participant with whom you have concluded a valid Sponsorship Agreement pursuant to ASTC Settlement Rule 12.19.10; or
- b) where you do not give notice under clause 7.3(a), ASX Settlement may effect a change of Controlling Participant under ASX Settlement Operating Rule 12.19.11 and you will be deemed to have entered into a new Sponsorship Agreement with the substitute Sponsoring Participant on the same terms as the existing Sponsorship Agreement. Where you are deemed to have entered into a Sponsorship Agreement, the new Sponsoring Participant must enter into a Sponsorship Agreement with you within ten (10) Business Days of the change of Controlling Participant.

7.4. You acknowledge that before you executed the Sponsorship Agreement, FinEx provided you with an explanation of the effect of the Sponsorship Agreement and that you understood the effect of the Sponsorship Agreement.

7.5. You acknowledge that in the event of your death or bankruptcy, a Holder Record Lock will be applied to all Participant Sponsored Holdings in accordance with the ASX Settlement Operating Rules, unless your legally appointed representative or trustee elects to remove your Participant Sponsored Holdings from the CHESS Subregister.

7.6. You acknowledge that in the event of your death, this Sponsorship Agreement is deemed to remain in operation, in respect of the legally appointed representative authorised to administer your estate, subject to the consent of the legally appointed representative, for a period of up to three calendar months after the removal of a Holder Record Lock applied pursuant to clause 7.5.

#### 8. Joint Holdings

8.1. You acknowledge that in the event of the death of one of the Holders, FinEx will transfer all Holdings under the joint Holder Record into new Holdings under a new Holder Record in the name of the surviving joint Participant Sponsored Holder(s), and that this Sponsorship Agreement will remain valid for the new Holdings under the new Holder Record.

8.2. You acknowledge that in the event of the bankruptcy of one of the Holders, FinEx will:

- a) unless the legally appointed representative of the bankrupt Participant Sponsored Holder elects to remove the Participant Sponsored Holdings from the CHESS 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 name(s) 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 you receive a Participant Change Notice from FinEx in relation to your Participant 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, you are under no obligation to agree to the change of Controlling Participant, and may choose to do any of the things set out in clause 9.2 or 9.3.

9.2. You may choose to terminate this Agreement by giving Withdrawal Instructions to FinEx, including whether you wish to:

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

For a) and b) above will be subject to all conditions stipulated by ASX Settlement in connection with the transfer having been met and ASX Settlement consenting to the transfer.

9.3 If you do not take any action to terminate the Agreement in accordance with clause 9.2 above, and do not give any other instructions to FinEx which would indicate that you do 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 FinEx;
- b) any rights of FinEx are transferred to the New Controlling Participant; and
- c) FinEx is released by you from any obligations arising on or after the Effective Date.

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

9.5 You 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 FinEx 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 or effective on the Effective Date, then the Agreement will continue for the benefit of FinEx until such time as the novation is effective, and FinEx will hold the benefit of the Agreement on trust for the New Controlling Participant.

9.7 Nothing in this clause 9 will prevent the completion of CHESS transactions by FinEx 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 The avenues available to you for making a claim for compensation are described in clauses 3.4 and 10.3.

10.2 If FinEx breaches a provision of this Agreement and you make a claim for compensation pursuant to that breach, the ability of FinEx to satisfy that claim will depend on FinEx's financial circumstances.

10.3 If a breach by FinEx of a provision of this Agreement falls within the circumstances specified under Part 7.5, Division 4 of the Corporations Act, you may make a claim on the National Guarantee Fund for compensation. For more information on the circumstances in which you may make a claim on the National Guarantee Fund or for information on the National Guarantee Fund generally, contact the Securities Exchange Guarantee Corporation Limited via ASX.

#### 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 you or FinEx to the other party, to terminate this Agreement;
- b) upon FinEx becoming insolvent;
- c) upon the termination or suspension of FinEx's access to CHESS by ASX Settlement i.e. FinEx's recognition as an ASX Settlement Participant has been terminated or suspended, preventing us from acting as a Sponsoring Participant); or
- d) upon the giving of Withdrawal Instructions to FinEx by another Controlling Participant in accordance with ASX Settlement Operating Rule 7.11.0(c) and Clause 9.1 Termination under Clause 12.1(a) will be effective upon receipt of written notice by the other party to the Agreement.

11.2 In the event that any of the holdings comprise AQUA products, the new Controlling Participant is accredited in accordance with Section 18 of the ASX Settlement Rules to facilitate the settlement of AQUA Products.

11.3 ASX Settlement will not accept a Notice of change of Controlling Participant where Holdings to which the Notice relates comprise AQUA Products and the new Controlling Participant is not accredited in accordance with Section 18 of the ASX Settlement Rules to facilitate the settlement of AQUA Products. In

this instance, the existing Controlling Participant must convert the AQUA Product Holdings to Holdings on the Issuer Sponsored Subregister. If the existing Controlling Participant fails to convert the AQUA Product Holdings to Holdings on the Issuer Sponsored Subregister, ASX Settlement may convert the AQUA Product Holdings to Holdings on the Issuer Sponsored Subregister.

## 12. Variation

12.1 Should any of the provisions in this Agreement be inconsistent with the provisions in the ASX Settlement Operating Rules, FinEx will, by giving you not less than 7 Business Days written Notice, vary the Agreement to the extent to which in FinEx's reasonable opinion is necessary to remove any inconsistency.

## 13. Indemnity

13.1 You indemnify FinEx against, and you must therefore pay FinEx on demand for liability, loss or costs FinEx suffers or incurs in connection with:

- a) FinEx performing its obligations under this Agreement; or
- b) FinEx acting as your Controlling Participant or agent for the purposes of CHES Sponsorship; or
- c) You doing something that you agreed not to do or not doing something that you agreed to do under this Agreement.

## 14. Miscellaneous

14.1 All duties or taxes (e.g. GST) applicable to this Agreement or applicable to services provided in accordance with this Agreement will be paid by you.

14.2 This Agreement is governed by the laws for the time being in force in the State of Victoria and the parties to this Agreement submit to the non-exclusive jurisdiction of the Courts of Victoria and Courts which may hear appeals from those Courts.