

## APPENDIX 3

### Pro-Forma Participant Sponsorship Agreement

SPONSORING PARTICIPANT:	[NAME OF SPONSORING PARTICIPANT]
PARTICIPANT SPONSORED HOLDER/S:	[NAME OF CLIENT/S]
DATE OF OFFER:	[DATE OF LETTER OF OFFER]
HOLDINGS TO WHICH AGREEMENT APPLIES:	[CLIENT'S HIN(S)]

#### 1. INTERPRETATION

1.1 Any term used in this 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 your Sponsoring Participant)

#### 2. MANDATORY PROVISIONS

##### 2.1 PARTICIPANT RIGHTS

2.1.1 Where the Participant Sponsored Holder authorises the Participant to buy Financial Products, the Participant Sponsored Holder will pay for those financial products within three Business Days of the date of purchase.

2.1.2 Subject to Clause 2.1.3, the Participant is not obliged to Transfer Financial Products into the Participant Sponsored Holding, where payment for those Financial Products has not been received, until payment is received.

2.1.3 Where a contract for the purchase of Financial Products remains unpaid, after the Participant has made a demand of the Participant Sponsored Holder to pay for the Financial Products, the 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 will include brokerage and stamp duty.

2.1.4 Where the Participant claims that an amount lawfully owed to it has not been paid by the Participant Sponsored Holder, the 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).

##### 2.2 PARTICIPANT SPONSORED HOLDER'S RIGHTS

2.2.1 Subject to Clauses 2.1.3 and 2.1.4, the Participant 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 Withdrawal Instructions.

- 2.2.2 The Participant will not initiate any Transfer or Conversion into or out of the Participant Sponsored Holding without the express authority of the Participant Sponsored Holder.
- 2.2.3 The regulatory regime which applies to the Participant is *[specify the appropriate regulatory regime]*. The Participant Sponsored Holder can obtain information as to the status of the Participant from *[specify the name of the appropriate regulatory authority]*.
- 2.2.4 The Participant Sponsored Holder may lodge a complaint against the Participant or any claim for compensation with *[identify the regulatory authority or any other body to whom complaints or claims for compensation can be made by the Participant Sponsored Holder]*.

Amended 19/08/09

## **OTHER RIGHTS AND DUTIES**

### **3.1 SUPPLY OF INFORMATION**

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

### **3.2 EXCHANGE TRADED OPTIONS, PLEDGING AND SUB-POSITIONS**

- 3.2.1 Where the Participant Sponsored Holder arranges with ASX Clear to lodge Derivatives Cover in a Participant Sponsored Holding, and informs the Participant of the arrangement, the Participant Sponsored Holder authorises the Participant to take whatever action is reasonably required by ASX Clear in accordance with the Rules to give effect to that arrangement.
- 3.2.2 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 Participant 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 Participant Sponsored Holder acknowledges that where, in accordance with this Agreement and/or the Participant Sponsored Holder's instructions, the Participant initiates any action which has the effect of creating a sub-position over financial products in the 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.
- 3.2.4 Nothing in this Agreement operates to override any interest of ASX Clear in the financial products.

Amended 23/10/09

### **3.3 FEES**

- 3.3.1 The Participant Sponsored Holder will pay all Brokerage fees and associated transactional costs within the period prescribed by the Participant.

#### **4. MANDATORY NOTIFICATIONS AND ACKNOWLEDGMENTS**

- 4.1 The Participant Sponsored Holder acknowledges that if the Participant 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 Participant Sponsored Holder and the Participant, other than in relation to the Rules relating to Sponsorship Agreements.
- 4.2 The Participant Sponsored Holder acknowledges that if a Transfer is taken to be effected by the 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.
- 4.3 In the event that the Participant breaches any of the provisions of this Agreement, the Participant Sponsored Holder may refer that breach to any regulatory authority, including ASX Settlement.
- 4.4 In the event that the Participant is suspended from CHESS participation, subject to the assertion of an interest in Financial Products controlled by the Participant, or by the liquidator, receiver, administrator or trustee of that Participant:
- (a) the Participant Sponsored Holder has the right, within twenty (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 CHESS Subregister; or
    - (ii) 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 4.4.(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 the 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 ten (10) Business Days of the change of Controlling Participant.
- 4.5 The Participant Sponsored Holder acknowledges that before the Participant Sponsored Holder executed the Sponsorship Agreement, the 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.

- 4.6 The Participant Sponsored Holder acknowledges that in the event of the 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 CHESS Subregister.
- 4.7 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 three calendar months after the removal of a Holder Record Lock applied pursuant to Clause 4.6.

Amended 19/08/09

#### **FOR JOINT HOLDINGS ONLY**

- 4.8 The Participant Sponsored Holder acknowledges that in the event of the death of one of the Holders, the Participant will 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/s, and that this Sponsorship Agreement will remain valid for the new Holdings under the new Holder Record.
- 4.9 The Participant Sponsored Holder acknowledges that in the event of the bankruptcy of one of the Holders the Participant will:
- (a) unless the legally appointed representative of the bankrupt Participant Sponsored Holder elects to remove the Participant Sponsored Holdings from the CHESS Subregister, 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.

Amended 10/06/04

#### **5. CHANGE OF CONTROLLING PARTICIPANT**

- 5.1 If the Participant Sponsored Holder receives a Participant Change Notice from the Controlling Participant of the 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, 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 5.2 or 5.3.

- 5.2 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.
- 5.3 If the Participant Sponsored Holder does not take any action to terminate the agreement in accordance with 5.2 above, and does not give any other 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.
- 5.4 The novation in clause 5.3 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 for the Participant Sponsored Holder. The Effective Date may as a result be later than the date set out in the Participant Change Notice.
- 5.5 The Participant Sponsored Holder 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 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.
- 5.6 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 5.3 not binding or effective on the Effective Date, then the 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 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 5.

Amended 10/06/04, 19/08/09

## **6. CLAIMS FOR COMPENSATION**

*(Note:*

1. *If compensation arrangements apply to the Participant Sponsored Holder, the Sponsorship Agreement must contain a term to the effect of clause 6.1. If no compensation arrangements apply, the Agreement must contain a term to the effect of clause 6.2; and*
2. *if the Sponsoring Participant is a Market Participant of ASX or a Clearing Participant of ASX Clear, the Sponsorship Agreement must contain a term to the effect of clause 6.4. If the Sponsoring Participant is not a Market Participant of ASX or a Clearing Participant of ASX Clear, the Agreement must contain a term to the effect of clause 6.5.)*

6.1 The following compensation arrangements apply to the Participant Sponsored Holder: *[set out brief details of the relevant compensation arrangements].*

*[OR]*

6.2 No compensation arrangements apply to the Participant Sponsored Holder.

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

6.4 If a breach by a Participant of a provision of this Agreement falls within the circumstances specified under Part 7.5, Division 4 of the Corporations Regulations, a Participant Sponsored Holder may make a claim on the National Guarantee Fund for compensation.

*(For more information on the circumstances in which a Participant Sponsored Holder 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).*

*[OR]*

6.5 If the Participant breaches a provision of this Agreement, the Participant Sponsored Holder is not entitled to make a claim on the National Guarantee Fund for compensation.

Amended 10/06/04.

## **7. TERMINATION**

7.1 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 Participant to the other party to the Agreement;
- (b) upon the Participant becoming insolvent;
- (c) upon the termination or suspension of the Participant; or

(d) upon the giving of Withdrawal Instructions by a Participant Sponsored Holder to a Controlling Participant 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 the Agreement.

## **8. VARIATION**

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

EXECUTED as an Agreement

**Execution by Participant**

**Execution by Participant Sponsored Holder**

**End of Document**