

## Participant Sponsorship Agreement

Under CHESS (Clearing House Electronic Subregister System) you can hold Financial Products, including shares, in uncertificated (paperless) form. This agreement allows you to hold uncertificated Financial Products under CHESS sponsored by **STATE ONE STOCKBROKING LTD.**

**Account Number:**

This agreement dated the ..... day of ..... in the year 20.. is between **State One Stockbroking Ltd** "Sponsoring Participant", of Level 14, 172 St Georges Terrace. PERTH WA 6000, and

### A. INDIVIDUAL / JOINT ACCOUNTS (Collectively the "Participant Sponsored Holder(s)")

Mr/Mrs/Miss/Ms/Dr/Other – First name(s) in Full	Surname
.....	.....
Mr/Mrs/Miss/Ms/Dr/Other – First names(s) in Full	Surname
.....	.....
Mr/Mrs/Miss/Ms/Dr/Other – First name(s) in Full	Surname
.....	.....

### B. COMPANY ACCOUNTS

Company Name	ACN
.....	.....

### C. DESIGNATED ACCOUNT

.....

### D. ADDRESS

.....  
 .....  
 ..... Postcode.....

### E. AGREEMENT

I/We acknowledge and agree to the terms and conditions of the Participant Sponsorship Agreement attached to this form.

..... Client/Director/Secretary	..... Client/Director/Secretary	..... Client/Director/Secretary	..... Witness
..... Print Name	..... Print Name	..... Print Name	..... Print Name

<b>STATE ONE</b> <b>STOCKBROKING LTD</b>  <b>USE ONLY</b>	HIN	.....	Account Number	.....
		.....		.....
		Authorised Signature		Witness
		.....		.....
	Print Name		Print Name	

## EXPLANATION OF PARTICIPANT SPONSORSHIP AGREEMENT

Under clause 5.5 of the Participant Sponsorship Agreement ("**Agreement**"), State One is required to provide an explanation of the effect of entering into such an Agreement. Please ensure you read this explanatory information and should you have any questions, you should contact an Amscot dealer or the State One Compliance Officer.

### What is CHES?

CHES (Clearing House Electronic Sub-Register System) is a computer system that registers securities. CHES transfers legal ownership of securities between buyers and sellers. CHES also facilitates the transfer of monies for securities.

CHES is operated by the ASX Settlement Pty Limited (ASX Settlement), a wholly owned subsidiary of the ASX.

CHES has a monopoly on the securities clearing function in Australia, doing the securities clearing for ASX and other exchanges including Chi-X Australia and Asia Pacific Exchange Limited.

### What is the Purpose of the Agreement?

Before Your shares can be registered on CHES, an agreement must be entered into between You and an approved CHES sponsor. State One, as a full trading, clearing and settlement of ASX and other key Australian exchanges, is an approved CHES sponsor. The Agreement sets out the terms and conditions by which you appoint State One as a sponsor.

### In this explanation:

"You / Your" means the party/parties to this Agreement as a Participant Sponsored Holder.

"State One" means State One Stockbroking Ltd [ABN 95 092 989 083], holder of an Australian Financial Services Licence (AFSL # 247100) and a Participant of ASX Group, Chi-X Australia and Asia Pacific Exchange.

"AQUA Product" means an Approved Financial Product that is admitted under Schedule 10A of the ASX Operating Rules, and is a Managed Fund Product (as defined in the ASX Operating Rules) which is issued by or provided pursuant to a "simple managed investment scheme" (as defined in the Corporations Regulations) in relation to which the issuer provides disclosure in the form of a shorter PDS in accordance with Part 7.9 Division 4, Subdivision 4.2C of the Corporations Regulations. ETFs and Structured Products (as those terms are defined in the ASX Operating Rules) are not AQUA Products for the purposes of these Rules.

### Explanation of the Agreement

#### 1. Interpretation

Indication as to where meanings for terms defined can be located.

#### 3. Mandatory Provisions

##### State One's Rights

You must pay State One within 2 business days of a purchase of shares. Where payment is not received, State One is not obliged to transfer these shares and if payment remains outstanding, State One may sell those shares at Your risk and expense (this includes brokerage, GST and stamp duty). Any loss arising is payable by You.

Where monies are legally owed to State One, State One can refuse to transfer Your holdings to the extent that at least 120% of the current market value remains. For example, if You owe State One \$10,000 and You currently have holdings of \$20,000 (current market value), State One can refuse to transfer \$12,000 of Your holdings.

##### Your Rights

State One will initiate any transfer or conversion within 2 business days and we will only do so if requested by You.

If You have any questions about State One's Australian Financial Services Licence (AFSL) You can contact ASIC for further information.

Should You have a complaint with State One and You don't believe the complaint has been dealt with by State One appropriately You can lodge a complaint with the Financial Ombudsman Service ("FOS").

#### 4. Other Rights and Duties

You must supply all information reasonably requested to allow State One to comply with requirements.

For exchange traded options ("options"), where You lodge holdings sponsored by State One as cover for a written position and You inform State One, You authorise State One to do whatever is required to satisfy ASX Clear Pty Ltd ("ASX Clear") requirements.

Where You arrange a charge over holdings sponsored by State One, You authorise State One to do whatever is required to give effect to that arrangement.

Where a sub-position (as per Rule 14.1.3) is created through the actions of State One, in accordance with the Agreement and Your instructions, You agree that any transfers or conversions will be restricted in accordance to the Rules relating to sub-positions (e.g. acceptance of a take over offer or the lodgement of stock as collateral for an ETO position)

The Agreement does not override any interest that ASX Clear may have.

You must pay all brokerage and associated transactional costs to State One within the prescribed period.

#### 5. Notifications and Acknowledgements

The Approved Market Operator (or related party) does not have any responsibility to You if State One is **not** a Participant of the Approved Market Operator. State One is a Participant of ASX Group ("ASX"), Chi-X Australia ("Chi-X"), Asia Pacific Exchange Ltd ("APX") and National Stock Exchange of Australia ("NSX Limited").

Where a transaction sponsored by State One occurs under Section 9 of the ASX Settlement Rules You cannot claim that State One did not perform the transaction or that it was not authorised by You. Where a transaction is not effected by a Participant of an Approved Market Operator, You will have no claim against the relevant compensation arrangement (refer clause 6 below).

You may notify any regulatory authority, including ASX Settlement of any breach of this Agreement by State One.

Where State One is suspended from CHES (by virtue of a liquidator, receiver, administrator or trustee being appointed) by the ASX Settlement through the issue of a Notice of Suspension, You may request that ASX Settlement Ltd (within 20 days) to either remove holdings sponsored by State One from CHES or that Your holdings be transferred to another sponsoring participant (a Participant Sponsorship agreement must be in place).

Where You do not instruct ASX Settlement within 20 days, ASX Settlement Pty Ltd may provide a substitute participant on the same terms as the Agreement. The new participant must provide You with a new agreement within 10 business days.

You acknowledge that You have been provided with an explanation of the Agreement and that You understand the effect of the Agreement. If, after reading this explanatory information (and the Agreement), You do not understand the effect of entering into the Agreement, please contact an Amscot dealer or the State One Compliance officer before signing.

In the event that You die or become bankrupt, Your holdings will be "locked" in accordance with the Settlement Rules, unless a legally appointed representative or trustee elects to remove the holdings from CHES. A "lock" will prevent transactions involving these holdings from being entered into until unlocked. In the event of death, the Agreement will continue for up to 3 months after the "lock" is removed.

For joint accounts, where one holder dies, State One will transfer all holdings to a new account in the name of the surviving account holder. The Agreement will remain in place under the new account.

For joint accounts, where one holder becomes bankrupt, State One will (unless legally appointed representative elects to remove holdings from CHES) transfer the interests of the bankrupt person to a new account in name of bankrupt person and request that it be "locked". The remaining holdings will be transferred to a new account for the non bankrupt holder.

#### 6. Change of Controlling Participant

Where notice is given to You that State One will have a change of control (e.g. taken over or sold) You may:

- Do nothing or inform State One that You will accept to the change of State One's ownership change.

In such circumstances:

- ❖ the new controller of State One will become a party to the Agreement in place of State One;
- ❖ all rights will be transferred to the new controller;
- and
- ❖ State One will have no obligations to You from the effective date of change of control.

Before the transfer can take effect, the new controller must provide You with a notice indicating that they will act as Your Sponsoring Participant.

- Request the Agreement be cancelled by giving State One written instructions that You would like to transfer Your holdings to another broker **or** transfer Your holdings to one or more Issuer Sponsored Holdings.

The Agreement will continue to be in place for State One for any rights and obligations that have accrued before the change in controller takes effect (or You terminate the Agreement) and State One will be obliged to complete all CHESS transactions that have arisen before this date.

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## 7. Claims for Compensation

As a client of a Participant of ASX Group, Chi-X Australia APX and NSX, you are entitled to lodge a claim for compensation (under their various compensation arrangements for each market) if you suffer loss due to default by State One in relation to trades in equities, warrants and exchange trade options.

The entitlement to make a claim is detailed under the statutory compensation arrangements specified in the Corporations Act and Corporations Regulations.

If State One breaches a provision of this Agreement and You make a claim for compensation pursuant to that breach, the ability of State One to satisfy that claim will depend on the financial circumstances of State One.

For more information on the circumstances in which a Participant Sponsored Holding may make a claim on the National Guarantee Fund or for information on the National Guarantee Fund generally, contact the Securities Exchanges Guarantees Corporation Limited.

## 8. Termination

The Agreement may be terminated if:

- State One becomes insolvent;
- State One's participation on CHESS is suspended / terminated; or
- Either party provides written notification that they wish to terminate

Any rights existing before termination will not be affected.

## 9. Variation

Where there is an inconsistency between the Agreement and the Settlement Rules, the Settlement Rules will apply.

You will be notified of any significant change to the Agreement.

## 10. Additional information

Additional information on CHESS can be obtained from the ASX website at:

[http://www.asx.com.au/documents/research/chess\\_brochure.pdf](http://www.asx.com.au/documents/research/chess_brochure.pdf)

**This Agreement applies when a person or entity ("The Client") agrees to be sponsored by State One Stockbroking Ltd in the Clearing House Electronic Sub-Register System ("CHESS")**

## **1. INTERPRETATION**

- 1.1 Any term used in this Agreement which is defined in the ASX Settlement Rules ("the Rules") has the meaning given in the Rules.

(Should You require a copy of these definitions please contact State One Stockbroking Ltd or visit the ASX website at <http://www.asx.com.au/regulation/rules/asx-settlement-operating-rules.htm>

"You / Your" means the party/parties to this Agreement as a Participant Sponsored Holder.

- 1.3 "State One" means State One Stockbroking Ltd [ABN 95 092 989 083], holder of Australian Financial Services Licence ("AFSL" 2471000 and a Participant of ASX Group, Chi-X Australia, APX and NSX.

- 1.4 "HIN" means Holder Identification Number

## **2. APPOINTMENT**

You appoint State One to provide, and State One agrees to provide, transfer and settlement services as Your agent in relation to Sponsored Holdings identified by the HIN notified to You in writing after the date of this Agreement, on the terms and conditions of this Agreement. You authorise State One as Your agent to do any act under CHESS, relating to Your Sponsored Holdings.

## **3. MANDATORY PROVISIONS**

### **3.1 PARTICIPANT RIGHTS**

- 3.1.1 Where You authorise State One to buy Financial Products, You will pay for those Financial Products within two (2) Business Days of the date of purchase.
- 3.1.2 Subject to Clause 3.1.3, State One is not obliged to Transfer Financial Products into the Participant Sponsored Holding, where the payment for those Financial Products has not been received, until the payment is received.
- 3.1.3 Where a contract for the purchase of Financial Products remains unpaid, after State One has made a demand of You to pay for the Financial Products, State One may sell those Financial Products that are the subject of that contract at Your risk and expense and that expense will include brokerage, GST and stamp duty.
- 3.1.4. Where State One claims that an amount lawfully owed to it has not been paid by You, State One has the right to refuse to comply with Your 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 value of the amount claimed).

### **3.2 PARTICIPANT SPONSORED HOLDER'S RIGHTS**

- 3.2.1 Subject to Clauses 3.1.3. and 3.1.4., State One 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.
- 3.2.2 Subject to Clause 6.8 State One will not initiate any Transfer or Conversion into or out of the Participant Sponsored Holding without Your express authority.
- 3.2.3 The Regulatory regime which applies to State One is the Corporations Act and Corporations Regulations, ASIC Market Integrity Rules, Chi-X Operating Rules, APX Operating Rules, NSX Operating Rules, and the rules of the ASX Group, including the ASX Operating Rules, the ASX Settlement Rules and the ASX Clear Rules and their associated procedures. You can obtain information as to

the status of State One from the Australian Securities and Investments Commission ("ASIC"), Chi-X Australia Pty Ltd ("Chi-X"), Asia Pacific Exchange Pty Ltd ("APX"), National Stock Exchange of Australia ("NSX Limited"), the Australian Securities Exchange Limited ("ASX"), ASX Settlement Pty Ltd ("ASX Settlement") and ASX Clear Pty Ltd ("ASX Clear").

- 3.2.4 You may lodge a complaint against State One with ASIC, APX, NSX, Chi-X, ASX, ASX Settlement, ASX Clear or the Financial Ombudsman Service ("FOS"). You may lodge any claim for compensation with State One in the first instance and if not satisfied with State One's response, You may refer the matter to FOS. You may lodge any claims to the relevant compensation fidelity fund for each market.

## **4. OTHER RIGHTS AND DUTIES**

### **4.1 SUPPLY OF INFORMATION**

- 4.1.1 You shall supply all information and supporting documentation which is reasonably required to permit State One to comply with the registration requirements, as are in force from time to time, under the ASX Settlement Rules.

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

- 4.2.1 Where You arrange with ASX Clear to lodge Financial Products in a Participant Sponsored Holding as a cover for written positions in the Australian Options Market, and inform State One of the arrangement, You authorise State One to take whatever action is reasonably required by ASX Clear in accordance with the Rules to give effect to that arrangement.
- 4.2.2 Where You arrange with any person to give a charge over, or any other interest in, Financial Products in a Participant Sponsored Holding, You authorise State One to take whatever action is reasonably required by the person in accordance with the Rules to give effect to that arrangement.
- 4.2.3 You acknowledge that where, in accordance with this Agreement and/or Your instructions, State One initiates any action which has the effect of creating a sub-position over Financial Products in the Participant Sponsored Holding, Your right to transfer, convert or otherwise deal with those Financial Products is restricted in accordance with the terms of the Rules relating to sub-positions.
- 4.2.4 Nothing in this Agreement operates to override any interest of ASX Clear in the Financial Products.

### **4.3 FEES**

- 4.3.1 You will pay all Brokerage fees, GST and associated transactional costs within the period prescribed by State One.

## **5. NOTIFICATIONS AND ACKNOWLEDGEMENTS**

- 5.1 You acknowledge that if State One is not a Participant of an Approved Market Operator, neither the Approved Market Operator nor any related party of the Approved Market Operator has any responsibility for supervising or regulating the relationship between You and State One, other than in relation to the Rules relating to Sponsorship Agreements.
- 5.2 You acknowledge that if a Transfer is taken to be effected by State One under Section 9 of the ASX Settlement Rules and the Source Holding for the Transfer is a Participant Sponsored Holding under the Sponsorship Agreement, then:

- (a) You may not assert or claim against ASX Settlement or the relevant Issuer that the Transfer was not

effected by State One or that State One was not authorised by You to effect the Transfer;

and

- (b) unless the Transfer is also taken to have been effected by a Participant of an Approved Market Operator or a Clearing Participant of ASX Clear, You have no claim arising out of the Transfer against the relevant fidelity fund under Part 7.5, Division 4 of the Corporations Regulations.

5.3 In the event that State One breaches any of the provisions of this Agreement, You may refer that breach to any regulatory authority, including ASX Settlement.

5.4 In the event State One is suspended from CHES participation, subject to the assertion of an interest in Financial Products controlled by State One, by the liquidator, receiver, administrator or trustee of State One:

- (a) You have the right, within twenty (20) Business Days of ASX giving Notice of Suspension, to give notice to ASX requesting that any Participant Sponsored Holdings be removed either:

- (i) from the CHES Sub-Register; or

- (ii) from the control of State One to the control of another Participant with whom You have concluded a valid Sponsorship Agreement pursuant to Rule 12.19.10; or

- (b) where You do not give notice under Clause 5.4.(a), ASX Settlement may effect a change of Controlling Participant under Rule 12.19.11 and You shall be deemed to have entered into a new Sponsorship Agreement with the substitute Participant on the same terms as State One's Sponsorship Agreement. Where You are deemed to have entered into a Sponsorship Agreement, the new Participant must enter into a Sponsorship Agreement with You within ten (10) Business Days of the change of Controlling Participant.

5.5 You acknowledge that before You executed the Sponsorship Agreement, State One provided You with an explanation of the effect of the Sponsorship Agreement and You understood the effect of the Sponsorship Agreement.

5.6 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 Rules, unless the Participant Sponsored Holding's legally appointed representative or trustee elects to remove the Participant Sponsored Holdings from the CHES Sub-Register.

5.7 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 5.6.

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

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

5.9 You acknowledge that in the event of the bankruptcy of one of the Holders State One will:

- (a) unless the legally appointed representative of the bankrupt Participant Sponsored Holder elects to remove the Participant Sponsored Holdings from the CHES 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 a 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.

#### **6. CHANGE OF CONTROLLING PARTICIPANT**

6.1 If You receive a Participant Change Notice from State One for 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 Clauses 6.2 or 6.3.

6.2 You may choose to terminate the Agreement by giving Withdrawal Instructions under the ASX Settlement Rules to State One, indicating whether You wish to:

- (a) transfer Your Holding to another Controlling Participant; or

- (b) transfer Your Holding to one or more Issuer Sponsored Holdings.

6.3 If You do not take any action to terminate the agreement in accordance with 6.2 above, and You do not give any other instructions to State One 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 State One;

- (b) any rights of State One are transferred to the New Controlling Participant; and

- (c) State One is released by You from any obligations arising on or after the Effective Date.

6.4 The novation in Clause 6.3 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 the Controlling Participant for You. The Effective Date may as a result be later than the date set out in the Participant Change Notice.

6.5 You will be taken to have consented to the events referred to in Clause 6.4 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.

6.6 The Agreement continues for the benefit of State One 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 6.3 not binding or effective on the Effective Date, then the Agreement will continue for the benefit of State One until such time as the novation is effective, and State One will hold the benefit of the Agreement on trust for the New Controlling Participant.

6.7 Nothing in this Clause 6 will prevent the completion of CHES transactions by State One 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 6.

- 6.8 ASX Settlement will not accept a Notice of change of Controlling Participant under Rule 8.17 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 Rules to facilitate the settlement of AQUA Products. In this instance **your existing controlling participant** must convert the AQUA Product Holdings to Holdings on the Issuer Sponsored Sub-Register. If State One fails to convert the AQUA Product Holdings to Holdings on the Issuer Sponsored Sub-Register, ASX Settlement may convert AQUA Product Holdings to Holdings on the Issuer Sponsored Sub-Register.

## **7. CLAIMS FOR COMPENSATION**

- 7.1 As a Participant of ASX Group any claim for compensation can be lodged with the National Guarantee Fund which operates as a compensation arrangement for investors who may suffer loss due to default by State One in relation to equities, warrants and exchange trade options.

As a Participant of Chi-X any claim can be lodged (by a retail client) with the Fidelity Fund operated by Chi-X. Losses covered by the fidelity fund may include money and property given to State One in connection with effecting a transaction or proposed transaction through the Chi-X market.

As a Participant of APX, claims can be made against the APX Fidelity Fund.

- 7.2 If State One breaches a provision of this Agreement which 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,, You may make a claim under the relevant compensation arrangements.

- 7.3 If State One breaches a provision of this Agreement and You make a claim for compensation pursuant to a breach, the ability of State One to satisfy that claim will depend on the financial circumstances of State One.

## **8. TERMINATION**

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

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

- 8.2 Termination under Clause 8.1(a) will be effective upon receipt of Notice by the other party to the Agreement.

## **9. VARIATION**

- 9.1 Should any of the provisions in this Agreement be inconsistent with the provisions in the ASX Settlement Rules, State One shall, by giving You no less than 7 Business Days written Notice, vary the Agreement to the extent to which in State One's reasonable opinion is necessary to remove any inconsistency.