

SPONSORSHIP AGREEMENT

NOTICE TO CLIENTS – Changes to Sponsorship Agreement

Shares used to secure your Portfolio Lending facility are held in a CHESS HIN sponsored by BPC Securities Pty Ltd.

The following changes have been made to the CHESS Sponsorship Agreement between you, Bell Potter Capital Limited and BPC Securities Pty Ltd:

Clause 3.5

Clause 3.5(d) has been deleted. Clause 3.5 (d) only applies to ASX Market Participants. BPC Securities is not a market participant and therefore the clause does not apply.

Clause 7.7

The reference at the end of Clause 7.7 to “Clause 8” is incorrect and should refer to “Clause 7.6”

Please contact your Account Manager on 1800 061 327 if you are unsure of the impact of these changes, or you require further information. The revised Sponsorship Agreement (incorporating the above changes) is attached.

PARTIES

Bell Potter Capital Limited ACN 085 797 735 (the *lender*)

The person named as the "**participant sponsored holder**" in the schedule to this document
(the *participant sponsored holder*)

BPC Securities Pty Limited ACN 072 910 966 (the *participant*)

1. **BACKGROUND**

- (a) The *participant sponsored holder* has entered into, or will enter into, the *mortgage* with the *lender*.
- (b) The *participant sponsored holder* wishes to appoint the *participant*, on the terms and conditions set out in this agreement, as the *controlling participant* for any *financial products* which the *lender* notifies the *participant* from time to time are subject to the *mortgage*.

2. **INTERPRETATION**

Any term used in this agreement which is defined in the *ASTC Rules* has the meaning given in the *ASTC Rules*. If the *participant sponsored holder* requires a copy of these definitions, the *participant* will supply them on request.

3. **MANDATORY PROVISIONS**

3.1 **Appointment as controlling participant**

The *participant sponsored holder* appoints the *participant* as its *controlling participant* upon the terms of this agreement and the *ASTC Rules* in relation to those *approved financial products* which form part of the *secured property*.

3.2 **Participant rights**

- (a) Where the *participant sponsored holder* authorises the *participant* to buy *financial products*, the *participant sponsored holder* will pay for those *financial products* within 3 business days of the date of purchase.
- (b) Subject to clause 3.2(c), 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.
- (c) 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, subject to clause 12.1, 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.

- (d) 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).

3.3 Participant sponsored holder's rights

- (a) Subject to clauses 3.2(c) and 3.2(d) and to clause 12.1, the *participant* will initiate any *transfer*, *conversion* or other action necessary to give effect to *withdrawal instructions* within the time required by the *ASTC Rules*.
- (b) Except in accordance with clause 12.1, 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*.

3.4 Regulatory regime

The *participant sponsored holder* acknowledges that:

- (a) the regulatory regime which applies to the *participant* is the regulation of the clearing and settlement facility operated by *ASTC* and *ACH* under the *Corporations Act*, the *ASTC Rules* and the operating rules of *ACH* and the regulation of financial services licensees under the *Corporations Act*;
- (b) information about the status of the *participant* (as a financial services licensee and a *participant*) can be obtained from the Australian Securities and Investments Commission and *ASTC*; and
- (c) the *participant sponsored holder* may lodge a complaint against the *participant* or any claim for compensation with the Australian Securities and Investments Commission, *ASTC*, or the Financial Industry Complaints Service Limited.

3.5 Claims for compensation

The *participant sponsored holder* acknowledges that:

- (a) no compensation arrangements apply to the participant sponsored holder as participant sponsored holder;
- (b) 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*;
- (c) if the *participant* has lodged a sponsorship bond with *ASTC* the *participant sponsored holder* may be entitled to make a claim under that sponsorship bond;
- (d) where the *participant* is not a *market participant* of *ASX* or a *clearing participant* of *ACH*, 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.

4. **SUPPLY OF INFORMATION**

The *participant sponsored holder* must 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 *ASTC Rules*.

5. **EXCHANGE TRADED OPTIONS, PLEDGING AND SUB-POSITIONS**

5.1 **Cover for positions in options market**

Where the *participant sponsored holder*, with the consent of the *lender*, arranges with *ACH* to lodge *financial products* in a *participant sponsored holding* as cover for positions in the Australian Options Market and the *participant sponsored holder* informs the *participant* of the arrangement, the *participant sponsored holder* and the *lender* authorise the *participant* to take whatever action is reasonably required by *ACH* in accordance with the *ASTC Rules* to give effect to that arrangement.

5.2 **Giving effect to interests in financial products**

In relation to the *mortgage* of the *financial products* in the *participant sponsored holding*, the *participant sponsored holder* authorises the *participant* to take whatever action is reasonably required by the *lender* in accordance with the *ASTC Rules* (including any actions specified in clause 12.1) to give effect to that arrangement.

5.3 **Sub-positions**

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 *ASTC Rules* related to sub-positions.

5.4 **Interest of ACH**

Nothing in this agreement operates to override any interest of *ACH* in the *financial products*.

6. **FEES**

The *participant sponsored holder* must pay all *brokerage* fees and associated transactional costs within the period prescribed by the *participant*.

7. **MANDATORY NOTIFICATIONS AND ACKNOWLEDGMENTS**

7.1 **Responsibility of ASX**

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 *ASTC Rules* relating to *sponsorship agreements*.

7.2 Claims by participant sponsored holder

The *participant sponsored holder* acknowledges that if a *transfer* is taken to be effected by the *participant* under Section 9 of the *ASTC Rules* and the *source holding* for the *transfer* is a *participant sponsored holding* under this agreement, then:

- (a) the *participant sponsored holder* may not assert or claim against *ASTC* or the relevant *issuer* that the *transfer* was not effected by the *participant* or that the *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 ACH, the *participant sponsored holder* has no claim arising out of the *transfer* against the National Guarantee Fund under Part 7.5, Division 4 of the Corporations Regulations.

7.3 Breach by participant

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 *ASTC*.

7.4 Suspension of participant

In the event that the *participant* is suspended from participation in the *settlement facility*, subject to the assertion of an interest in *financial products* controlled by the *participant* by the liquidator, receiver, administrator or trustee of that *participant*:

- (a) the *participant sponsored holder* has the right, within 20 *business days* of *ASTC* giving *notice of suspension* and with the written consent of the *lender*, to give notice to *ASTC* requesting that any *participant sponsored holdings* be removed either:
 - (i) from the CHESSE Subregister; or
 - (ii) from the control of the suspended *participant* to the control of another *participant* approved by the *lender* with whom they have concluded a valid *sponsorship agreement* pursuant to Rule 12.19.10; or
- (b) where the *participant sponsored holder* does not give notice under clause 7.4(a), *ASTC* may, with the written consent of the *lender*, effect a change of *controlling participant* under Rule 12.19.11 and the *participant sponsored holder* and the *lender* is deemed to have entered into a new *sponsorship agreement* with that *participant* on the same terms as are contained in this 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 and the lender within 10 business days of the change of controlling participant.

7.5 Explanation of agreement

The participant sponsored holder acknowledges that before the participant sponsored holder executed this agreement, the participant provided the participant sponsored holder with an explanation of the effect of this agreement and that the participant sponsored holder understood the effect of this agreement.

7.6 Death or bankruptcy of participant sponsored holder

The participant sponsored holder acknowledges that in the event of the death or bankruptcy of the participant sponsored holder, a holder record lock will, subject to clause 12.1, be applied to all participant sponsored holdings in accordance with the ASTC Rules, unless the participant sponsored holder's legally appointed representative or trustee elects, with the consent of the lender, to remove the participant sponsored holdings from the CHES Subregister.

7.7 Continuation of agreement

The participant sponsored holder acknowledges that in the event of the death of the participant sponsored holder, this agreement is, subject to clause 12.1, deemed to remain in operation, in respect of the legally appointed representative authorised to administer the participant sponsored holder's estate and the lender, 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 7.6.

8. JOINT HOLDINGS ONLY

8.1 Death of one joint holder

The participant sponsored holder acknowledges that in the event of the death of one of the holders, the participant must transfer all holdings under the joint holder record into new holdings under a new holder record in the name of the surviving participant sponsored holders, and that this agreement will remain valid as between the surviving participant sponsored holder, the participant and the lender for the new holdings under the new holder record.

8.2 Bankruptcy of one joint holder

The participant sponsored holder acknowledges that in the event of the bankruptcy of one of the holders the participant will:

- (a) *unless either the lender, or the legally appointed representative of the bankrupt participant sponsored holder with the consent of the lender, 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 the new *holder record* and request that *ASTC* apply a *holder record lock*, subject to clause 12.1, to all *holdings* under that *holder record*; and

- (b) establish a new *holder record* in the names of the remaining *participant sponsored holders* and transfer the interest of the remaining *participant sponsored holders* into new *holdings* under the new *holder record*.

9. CHANGE OF CONTROLLING PARTICIPANT

9.1 Participant change notice

If the *participant sponsored holder* and the *lender* receive a *participant change notice* from the *controlling participant* 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* and the *lender* 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 9.2 or 9.3.

9.2 Right to terminate

The *lender*, or the *participant sponsored holder* with the consent of the *lender*, may choose to terminate this agreement by giving *withdrawal instructions* under the *ASTC Rules* to the *controlling participant* indicating whether *participant sponsored holder* wishes to:

- (a) transfer its *participant sponsored holding* to another *controlling participant*; or
- (b) transfer its *participant sponsored holding* to one or more issuer sponsored holdings.

9.3 Novation

If the *participant sponsored holder* with the consent of the *lender* does not take any action to terminate this agreement in accordance with clause 9.2, and does not give any other instructions to the *controlling participant* which would indicate that the *participant sponsored holder* or the *lender* does not agree to the change of *controlling participant* then, on the *effective date*, this agreement will have been taken to have been 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 *participant sponsored holder* and the *lender* from any obligations arising on or after the *effective date*.

9.4 Effective date of novation

The novation in clause 9.3 will not take effect until the *participant sponsored holder* and the *lender* have 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* and the *lender*. The *effective date* may as a result be later than the date set out in the *participant change notice*.

9.5 **Implied consent**

The *participant sponsored holder* and the *lender* will be taken to have consented to the events referred to in clause 9.3 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*.

9.6 **Continuation in certain circumstances**

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 9.3 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 this agreement (to the extent it relates to a *holding* transferred to the new *controlling participant*) on trust for the new *controlling participant*.

9.7 **Transitional provisions**

Nothing in this clause 9 will prevent the completion of *CHES*S 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 9.

10. **TERMINATION**

10.1 **Termination events**

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

- (a) by notice in writing from:
 - (i) the *lender*;
 - (ii) the *participant sponsored holder* with the consent of the *lender*; or
 - (iii) the *participant*,
 to the other parties to this agreement;
- (b) upon the *participant* becoming insolvent;
- (c) upon the termination or suspension of the *participant's* participation in the *settlement facility*; or

- (d) upon the lender, or the participant sponsored holder with the consent of the lender, giving withdrawal instructions under Rule 7.1.10(c) to the controlling participant.

10.2 **Effective date of termination**

Termination under clause 10.1(a) will be effective upon receipt of notice by the other parties to this agreement given in accordance with the *ASTC Rules*.

10.3 **New sponsorship agreement**

Upon termination under clause 10.1(b) or (c), the *participant sponsored holder* and the *lender* must immediately enter into, with a *participant* approved by the *lender*, a new *sponsorship agreement* in respect of the *participant sponsored holding* upon substantially the same terms as are contained in this agreement.

11. **VARIATION**

Without limiting the power to amend this agreement set out in clause 6.2 of the *general terms*, should any of the provisions in this agreement be inconsistent with the provisions in the *ASTC Rules*, the *participant* may, by giving the *participant sponsored holder* and the *lender* not less than 7 *business days'* written *notice*, vary this agreement to the extent to which in the *participant's* reasonable opinion is necessary to remove any inconsistency.

12. **RIGHTS OF LENDER**

12.1 **Instructions from lender**

Despite anything to the contrary contained in this agreement, the *participant sponsored holder* irrevocably authorises and instructs the *participant* and, until the *participant* receives a notification from the *lender* under clause 12.2, the *participant* agrees with the *participant sponsored holder* and the *lender* that the *participant* must:

- (a) deal with the *financial products* covered by this agreement only on the instructions, and with the consent, of the *lender*;
- (b) *transfer* the legal title to any of the *financial products* covered by this agreement upon receiving the instructions of the *lender*;
- (c) issue the appropriate *CHESS transfer* message to *ASTC* upon receiving the instructions of the *lender* to receive or deliver or *transfer financial products* covered by this agreement;
- (d) in respect of any sale of *financial products* covered by this agreement which has been instructed or consented to by the *lender*, remit to the *lender* or as it may direct the proceeds of sale promptly upon receipt without any deduction other than its normal sale commission; and
- (e) if so instructed by the *lender*:

10.

- (i) accept a takeover offer for any of the *financial products* covered by this agreement; and
- (ii) initiate a change in the sponsorship of the *financial products* covered by this agreement,

without reference to the *participant sponsored holder* and irrespective of:

- (f) any dispute with the *participant sponsored holder*;
- (g) any direction not to comply with the instructions of the *lender* by the *participant sponsored holder*; or
- (h) the death or *bankruptcy* of, the *participant sponsored holder*.

12.2 Discharge

The *lender* undertakes that, once the *mortgage* has been discharged in full, it will notify the *participant* that this agreement is to be terminated.

12.3 Provision of information

The *participant* must, upon the request of the *participant sponsored holder* or the *lender* and at the cost of the *participant sponsored holder* obtain and provide to the *participant sponsored holder* or (as the case may require) the *lender* statements of holding balances and any other information which the *participant* is reasonably able to obtain in relation to the *financial products* covered by this agreement from *ASTC*, any relevant issuers or other persons.

13. EXECUTED SPONSORSHIP AGREEMENT

The *participant sponsored holder*, by signing the *application form*, agrees to and is bound by this agreement, and expressly instructs the *participant* not to provide the *participant sponsored holder* with a hard copy of this agreement (unless the *participant sponsored holder* requests it). The *participant* agrees to provide to the *participant sponsored holder* a hard copy of this agreement on request by the *participant sponsored holder*.

14. GENERAL TERMS

The general terms accepted by the *participant sponsored holder* on signing of a Bell Potter Portfolio Lending application form (as amended from time to time) apply as if set out in full in this document. (One effect of this clause is that words in italics have the meaning given to them in the general terms.)