

PARTICIPANT SPONSORSHIP AGREEMENT

Third Party Platform Pty Ltd (ABN 74 121 227 905) Trading as Desktop Broker
AFSL 314341 Participant of the ASX Group and Trading Participant of Chi-X

EXPLANATION OF SPONSORSHIP AGREEMENT

This explanation of the terms of the Sponsorship Agreement provides you with an outline of the main features of the Sponsorship Agreement. To have a full understanding of the Sponsorship Agreement it will be necessary for you to read the entire agreement which is available on this website. To get a full understanding of your and our obligations it is also necessary that you read our Terms and Conditions which are also available on this website. If there is anything you do not understand please contact us on 1300 726 177.

CHESS

To facilitate settlement of your trades and to hold Financial Products in CHESS you must be sponsored in CHESS. Only Participants of the ASX Group of Companies, such as Desktop Broker can sponsor Financial Products in CHESS. As your sponsoring broker, in relation to any Financial Products that are held through us, only Desktop Broker may communicate with CHESS to effect your settlements, maintain your holdings and take any corporate actions and otherwise send instructions to CHESS on your behalf. Desktop Broker will take such action in accordance with your instructions but subject to our Terms and Conditions and the Sponsorship Agreement.

Holder Identification Number ("HIN")

In CHESS your Financial Products are identified by your HIN. You will be informed of your HIN before your first trade is settled through us.

Payment and Settlement

When purchasing Financial Products through Desktop Broker you must provide sufficient funds in the manner set out in the Terms and Conditions to pay for the Financial Products and any associated charges, including brokerage and taxes. If there are insufficient funds provided, Desktop broker may be entitled to sell the Financial Products that you have purchased or any other Financial Products in your Trading Account. When selling Financial Products you must deliver sufficient Financial Products to enable us to settle and you must pay all associated charges including brokerage.

Withdrawal of Financial Products

You can withdraw Financial Products at any time from your CHESS holding by sale or you may transfer the sponsorship of them to another CHESS Participant. Provided you have met all of your obligations to Desktop Broker, we will comply with your instructions. If you have not met all of your obligations we can, amongst other things, retain Financial Products to a maximum value of 120% of the value of the amount owing to us. In certain circumstances, will also be able to sell any Financial Products held with us to recover amounts owed by you to us.

Information

You must also provide Desktop Broker with access to certain information relating to your sponsored holdings and your contact details, in order for you to comply with CHESS registration requirements. You may be required to pay the reasonable costs of obtaining such information and it may also be necessary for us to disclose this information to others.

Other Matters

Our ability to meet any claims made by you will depend, amongst other things, on our financial circumstances at the time the claim is made. You may also be entitled to make a claim under the relevant compensation arrangements for a breach of this Agreement if it falls within the compensation arrangements of the Approved Market Operator or ASX Clear under the Corporations Act and Regulations.

The agreement also sets out what happens to your holdings in the event of death or bankruptcy of the account holder, or of one of the account holders, if the account is in joint names.

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INTRODUCTION

- A. ASX Settlement Pty Limited ("ASX Settlement") in its capacity as the approved Clearing and Settlement Facility under the Corporations Act, operates the Clearing House Electronic Subregister System ("**CHESS**").
- B. CHESS allows clients to hold Financial Products in an uncertificated form in holdings sponsored by the Sponsoring Participant.
- C. The client ("**the Participant Sponsored Holder**") agrees to be sponsored by Third Party Platform Pty Trading as Desktop Broker ("**the Sponsoring Participant**").
- D. Any term used in this Agreement which is defined in the ASX Settlement Operating Rules has the meaning given in those Rules. Should you require a copy of these definition please contact us by emailing support@desktopbroker.com.au.
- E. The client is entitled to receive a copy of the executed Sponsorship Agreement and may request a copy by emailing support@desktopbroker.com.au.
- F. If you have any questions concerning this agreement please contact our customer service team on 1300 726 177.

AGREEMENT

1. DEFINITIONS AND INTERPRETATIONS

1.1 In this Agreement:

ASIC means the Australian Securities and Investments Commission.

ASIC Rules means the ASIC Market Integrity Rules (ASX Market) 2010 as amended from time to time.

ASX means ASX Limited (ABN 98 008 624 691). ASX operates the Australian Securities Exchange.

ASX Clear means ASX Clear Pty Ltd (ABN 48 001 314 503) and its successors.

ASX Clear Rules means the ASX Clear Operating Rules as amended from time to time.

ASX Settlement means the ASX Settlement Pty Ltd (ABN 49 008 504 532) as approved as the Clearing and Settlement Facility under the Corporations Act to operate CHESS.

ASX Settlement Rules means the ASX Settlement Operating Rules as amended from time to time.

CHESS Holding means an uncertificated holding of Financial Products on a sub-register for that class of Financial Products maintained by ASX Settlement;

Chi-X means Chi-X Australia Pty Ltd (ABN 47 129 584 667)

Corporations Act means the Corporations Act 2001 (Cth) and any regulations made under it as amended and in force from time to time.

HIN means Holder Identification Number.

Regulatory Rules means the ASIC Rules, the ASX Clear Rules, the ASX Settlement Rules, the Corporations Act and the procedures, directions, decisions, requirements, customs, usages and practices of ASIC, ASX, ASX Clear and ASX Settlement.

Sponsored Holding means a CHESS Holding of the Participant Sponsored Holder which is identified by a HIN which is, at the request of the Participant Sponsored Holder, notified in writing by the Sponsoring Participant to the Participant Sponsored Holder after this Agreement commences.

Withdrawal Instructions means instructions for withdrawal of Financial Products from a Sponsored Holding.

1.2 Any term used in this Agreement which is defined in the ASX Settlement Rules has the same meaning given to term in the ASX Settlement Rules.

1.3 Words expressed in one gender include all genders; and words expressed in the singular include the plural and vice versa.

1.4 This Agreement is intended to comply with the ASX Settlement Rules and shall be read and construed accordingly.

2. APPOINTMENT

2.1 The Participant Sponsored Holder appoints the Sponsoring Participant to provide, and the Sponsoring Participant agrees to provide, transfer and settlement services as agent for the Participant Sponsored Holder in relation to Sponsored Holdings on the terms and conditions contained in this Agreement.

3. SPONSORING PARTICIPANT'S RIGHTS

3.1 Where the Participant Sponsored Holder authorises the Sponsoring Participant to buy Financial Products, the Participant Sponsored Holder will pay for those Financial Products within two Business Days of the date of purchase. The Sponsoring Participant may require payment or a deposit before it executes the

- Participant Sponsored Holder's instructions to buy Financial Products.
- 3.2 Subject to Clause 3.3, the Sponsoring 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.
- 3.3 Where a contract for the purchase of Financial Products remains unpaid, after the Sponsoring Participant has made a demand of the Participant Sponsored Holder to pay for the Financial Products, the Sponsoring Participant may sell those Financial Products that are the subject of that contract at the Participant Sponsored Holder's risk and expense and may sell any Financial Products that are outstanding in your trading account or any other Financial Products that are in our control or possession at your risk and expense and that expense shall include brokerage, stamp duty, GST, recovery costs and any other costs incurred by the Sponsoring Participant.
- 3.4 Where the Sponsoring Participant claims that an amount lawfully owed to it has not been paid by the Participant Sponsored Holder, the Sponsoring 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).
- 4. PARTICIPANT SPONSORED HOLDER'S RIGHTS**
- 4.1 Subject to ASX Settlement Rules 7.2.2(e) and 7.2.2(f) the Sponsoring Participant will initiate any Transfer, Conversion or an action necessary to give effect to Withdrawal Instructions within two (2) Business Days of the date of the receipt of the Withdrawal Instructions.
- 4.2 Subject to Rule 7.4, the Sponsoring 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.
- 4.3 The Sponsoring Participant is an Australian Financial Services Licensee and is therefore regulated by ASIC pursuant to the Corporations Act. The conduct of the Sponsoring Participant is also regulated in accordance with the Regulatory Rules.
- 4.4 The Participant Sponsored Holder may lodge a complaint against the Sponsoring Participant with either ASIC, ASX, ASX Settlement, ASX Clear or the Australian Financial Complaints Authority ("**AFCA**") as a result of any contravention of this agreement. Any claim for compensation can initially be lodged with the Participant and then with AFCA.
- 5. SUPPLY OF INFORMATION**
- 5.1 The Participant Sponsored Holder shall supply all information and supporting documentation that is reasonably required to permit the Sponsoring Participant to comply with the registration requirements, as are in force from time to time, under the ASX Settlement Rules.
- 6. EXCHANGE TRADED OPTIONS, PLEDGING AND SUB-POSITIONS**
- 6.1 Where the Participant Sponsored Holder arranges with ASX Clear to lodge Financial Products in a Participant Sponsored Holding as cover for written positions in the Australian Options Market, and informs the Sponsoring Participant of the arrangement, the Participant Sponsored Holder authorises the Sponsoring Participant to take whatever action is reasonably required by ASX Clear in accordance with the Rules to give effect to that arrangement.
- 6.2 Where the Participant Sponsored Holder arranges with any person to give a charge or any other interest in the Financial Products in a Participant Sponsored Holding, the Participant Sponsored Holder authorises the Sponsoring Participant to take whatever action is reasonably required by the person in accordance with the Rules to give effect to that arrangement.
- 6.3 The Participant Sponsored Holder acknowledges that where, in accordance with this Agreement and/or the Participant Sponsored Holder's instructions, the Sponsoring 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 subpositions.
- 6.4 The right of the Participant Sponsored Holder to deal with Financial Products that are reserved in a Subposition in accordance with the Rules is restricted in accordance with the Rules relating to Subpositions.
- 6.5 Nothing in this Agreement operates to override any interest of ASX Clear in the Financial Products.
- 7. FEES**
- 7.1 The Participant Sponsored Holder shall pay all Brokerage fees and associated transactional costs within the period prescribed by the Sponsoring Participant.

8. NOTIFICATIONS AND ACKNOWLEDGEMENTS

- 8.1 The Participant Sponsored Holder acknowledges that 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.
- 8.2 The Participant Sponsored Holder acknowledges that if a Transfer is taken to be effected by the Sponsoring Participant 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) 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 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 arrangements applicable to the Approved Market Operator or the Clearing Participant of ASX Clear under the Corporations Act and Corporations Regulations.
- 8.3 In the event that the Sponsoring Participant breaches any of the provisions of this Sponsorship Agreement, the Participant Sponsored Holder may refer that breach to any regulatory authority, including ASX Settlement.
- 8.4 In the event that the Sponsoring Participant is suspended from the Settlement Facility, subject to the assertion of an interest in Financial Products controlled by the Sponsoring Participant, where the assertion is made by either a 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 CHESSE Subregister; or (ii) from the control of the suspended Sponsoring Participant to the control of another Sponsoring Participant with whom they have entered into a valid Sponsorship Agreement pursuant to Rule 12.19.10; and
- (b) where the Participant Sponsored Holder does not give notice under Rule 7.2.3(b)(i), 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 Sponsoring Participant on the same terms as the existing Sponsorship Agreement. Where a Participant Sponsored Holder is deemed to have entered into a Sponsorship Agreement in accordance with Rule 7.2.3(b)(ii), the Sponsoring Participant must enter into a Sponsorship Agreement with the Participant Sponsored Holder within ten (10) Business Days of the change of Controlling Participant.
- 8.5 The Participant Sponsored Holder acknowledges that before the Participant Sponsored Holder executed this Sponsorship Agreement, the Sponsoring Participant provided the Participant Sponsored Holder with an explanation of the effect of this Sponsorship Agreement to the Participant Sponsored Holder and the Participant Sponsored Holder understood the effect of the Sponsorship Agreement.
- 8.6 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 ASX Settlement Operating Rules 8.15.8 to 8.15.11, unless the Participant Sponsored Holder's legally appointed representative or trustee elects to remove the Participant Sponsored Holdings from the CHESSE Subregister.
- 8.7 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, for a period of up to three calendar months after the removal of the Holder Record Lock pursuant to Rule 8.16.3, unless the Participant Sponsored Holder's legally appointed representative elects to remove the Participant Sponsored Holdings from the CHESSE Subregister.

FOR JOINT HOLDINGS ONLY

- 8.8 The Participant Sponsored Holder acknowledges that in the event of the death of a joint Participant Sponsored Holder, all Holdings under the joint Holder Record must be transferred into new Holdings under a new Holder Record in the name of the surviving Participant Sponsored Holder, and the Sponsorship Agreement must be valid for the new Holdings under the new Holder Record.

- 8.9 The Participant Sponsored Holder acknowledges that in the event of the bankruptcy of one of the Holders the Controlling 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.
9. **CHANGE OF CONTROLLING PARTICIPANT**
- 9.1 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 9.2 or 9.3.
- 9.2 The Participant Sponsored Holder may choose to terminate the Agreement by giving Withdrawal Instructions under the ASX Settlement 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.
- 9.3 If the Participant Sponsored Holder does not take any action to terminate the agreement in accordance with 9.2 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.
- 9.4 The novation in clause 9.3 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.
- 9.5 The Participant Sponsored Holder 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 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 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.
- 9.7 Nothing in this clause 9 will prevent the completion of CHESS transactions by the Existing Controlling Participant where the obligation to complete those transactions arises before the Effective Date and 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 Sponsoring Participant maintains professional indemnity insurance in accordance with the obligations imposed on it by s912B of the Corporations Act.
- 10.2 If the Sponsoring 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 Sponsoring Participant to satisfy that claim will depend on the financial circumstances of the Sponsoring Participant. In this regard, the Sponsoring Participant may seek to rely

upon the cover provided by its professional indemnity insurance policy.

- 10.3 If a breach by a Sponsoring Participant of a provision of this Agreement falls within the circumstances specified under in the compensation arrangements applicable to the Approved Market Operator or the Clearing Participant of ASX Clear under the Corporations Act and Corporations Regulations, a Participant Sponsored Holder may make a claim under the relevant compensation arrangements.

11. **TERMINATION**

- 11.1 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 the Participant Sponsored Holder or the Sponsoring Participant to the other party to this Agreement;
 - (b) upon the Sponsoring Participant becoming insolvent;
 - (c) upon the termination or suspension of the Sponsoring 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).
- 11.2 Termination under Clause 11.1 (a) will be effective upon receipt of Notice by the other party to the Agreement.

12. **VARIATION**

- 12.1 Should any of the provisions of this Agreement be inconsistent with the ASX Settlement Rules, the Sponsoring Participant shall, by giving the Participant Sponsored Holder not less than seven (7) Business Days written Notice, vary the Agreement to the extent to which, in the Sponsoring Participant's reasonable opinion, it is necessary to remove any inconsistency.

EXECUTED as an Agreement