

SCHEDULE 1B – NTA REQUIREMENTS

This schedule sets out the NTA Requirements for the purposes of Rule 6.2. A Market Participant subject to the NTA Requirements must comply with this schedule. Under Rule 6.2, the NTA Requirements are only applicable to Market Participants whose Trading Permission is limited to Futures and who have elected under Rule 6.2 to comply with the NTA Requirements.

S1B.1 INTERPRETATION

In this Schedule, unless the context otherwise requires:

“**Approved Subordinated Debt**” means an amount owing by a Market Participant under a subordination arrangement which is approved by ASX under Rule S1B.8.

“**Approved Subordinated Loan Deed**” means, in respect of a subordination arrangement, a deed which:

- (a) is executed by the lender, the Market Participant and ASX under seal or by such equivalent method expressly recognised under the Corporations Act (or in the case of ASX, on behalf of ASX by its attorney, delegate or sub-delegate);
- (b) sets out details of the terms governing any subordinated debt regulated by the subordination arrangement or identifies the document which does so;
- (c) contains those provisions required by ASX including without limitation, provisions to the effect that:
 - (i) alterations to the subordinated loan deed or the terms or details of any subordinated debt regulated by the subordination arrangement cannot be made unless the agreement of all parties is obtained and the variation is executed in the manner required under paragraph (a);
 - (ii) ASX must be satisfied that the Market Participant has made adequate arrangements to ensure that the NTA Requirements will be complied with and will continue to be complied with upon the maturity date of any loan for a fixed term;
 - (iii) ASX must be given full particulars of any debt to be regulated by the subordination arrangement under the subordinated loan deed prior to such debt being created; and
 - (iv) prior to the Bankruptcy of the Market Participant, repayment of any subordinated debt regulated by the subordination arrangement can only occur in accordance with Rules S1B.8.5 and S1B.8.6; and
- (d) contains specific acknowledgment by the lender of the matters set out in Rule S1B.8.2(a) and S1B.8.2(b).

“**Bankruptcy**” means in respect of an entity:

- (a) the entity becomes an externally administered body-corporate within the meaning of the Corporations Act;
- (b) the entity becomes an individual who is an insolvent under administration within the meaning of the Corporations Act;
- (c) a person takes control of the entity’s property for the benefit of the entity’s creditors because the entity is, or is likely to become, insolvent;
- (d) the entity enters into an arrangement, composition or compromise with, or assignment for the benefit of, all of its creditors or any class of them; or
- (e) anything analogous to, or having a substantially similar effect to the events specified in paragraphs (a) to (d) happens under the laws of any applicable jurisdiction.

S1B.2 MEANING AND CALCULATION OF NET TANGIBLE ASSETS (NTA)

S1B.2.1 Calculating a Market Participant’s NTA

In this Schedule, the “NTA” of a Market Participant is calculated as the sum of the values of the assets (both non-current and current) owned by the Market Participant less the sum of any liabilities (secured and unsecured) attaching to those assets or to the Market Participant.

S1B.2.2 Excluding items from calculation

In calculating the values of the assets for the purposes of Rule S1B.2.1 any value attributable to the following must be excluded:

- (a) any future tax benefit, goodwill, patent, trademark, participation rights granted by ASX or a Related Body Corporate, and any preliminary expense;
- (b) any other similar item which, in the opinion of ASX, should be excluded or is regarded in current accounting practice as intangible;
- (c) any debt owed to the Market Participant which is disputed or may otherwise be regarded as doubtful; and
- (d) any asset which is not capable of being realised within 12 months on a going concern basis.

S1B.2.3 Calculating liabilities

In calculating the sum of the liabilities for the purposes of Rule S1B.2.1:

- (a) the sum must include a provision for the Market Participant's estimated liability for income tax, long service leave and any other contingency for which, in the opinion of ASX, provision must be properly made in accordance with current accounting practice; and

(b) the sum must exclude Approved Subordinated Debt.

S1B.2.4 ASX may prescribe alternative bases for calculating NTA

ASX may prescribe alternative bases for calculating the NTA for the purposes of this Schedule.

S1B.3 MINIMUM NTA REQUIREMENT

A Market Participant must have at all times an NTA of at least \$1,000,000.

S1B.4 ASX MAY IMPOSE A HIGHER MINIMUM NTA REQUIREMENT

ASX may require a Market Participant to have a minimum NTA which is greater than the minimum amount which it is required to have under Rule S1B.3 if ASX considers that action appropriate having regard to Rule 1.13.

S1B.5 OBLIGATION TO NOTIFY ASX IN CERTAIN CIRCUMSTANCES

S1B.5.1 NTA below minimum amount

A Market Participant must immediately notify ASX if its NTA falls below the minimum amount which applies to that Market Participant under Rules S1B.3 or S1B.4 above.

S1B.5.2 NTA Changes

A Market Participant must immediately notify ASX in each of the following circumstances:

- (a) if the Market Participant's NTA is less than 150 per cent of the minimum amount required under Rules S1B.3 or S1B.4 above; and
- (b) having notified ASX under paragraph (a), the Market Participant's NTA has then decreased by more than 20% since the amount last notified to ASX under this Rule S1B.5.

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S1B.6 RECORDS, ACCOUNTS AND RETURNS

S1B.6.1 Market Participant must maintain records

Without limiting the Market Participant's obligations under Rule 4.9, a Market Participant must maintain records and working papers in sufficient detail to show continuous compliance with this Schedule for at least 7 years.

S1B.6.2 Market Participant must prepare and lodge returns

A Market Participant must prepare and lodge returns by the time and in the manner and form prescribed by ASX. Those returns must accurately reflect the Market Participant's accounts and financial position.

S1B.6.3 ASX may require additional returns

ASX may require a Market Participant who has given a notice under Rule S1B.5 to prepare and lodge additional returns by the time and in the manner and form determined by ASX. The Market Participant concerned must comply with those additional requirements.

S1B.6.4 Returns to be certified

All returns lodged by the Market Participant under this Rule S1B.6 must be certified by the number of directors of the Market Participant prescribed by ASX as having been prepared in accordance with the Rules.

S1B.7 REQUEST FOR INFORMATION

S1B.7.1 ASX may require information

ASX may require the Market Participant to provide any document or other information, or an explanation, which ASX considers it requires to satisfy itself that the Market Participant is complying, has been complying and will comply with this Schedule.

S1B.7.2 Market Participant to provide information

A Market Participant which receives a request from ASX under Rule S1B.7 must provide the document, information or explanation requested by the time and in the form and manner specified by ASX.

S1B.8 APPROVED SUBORDINATED DEBT

S1B.8.1 Circumstances in which amounts owing under a subordination arrangement may be excluded from a Market Participant's liabilities

A Market Participant entering into a subordination arrangement may only exclude an amount owing under such an arrangement from the sum of its liabilities for the purposes of calculating its NTA if:

- (a) the subordination arrangement has the prior approval of ASX under Rule S1B.8.2; and
- (b) the amount is notified to and approved by ASX prior to being drawn down under the subordination arrangement. ASX will not approve an amount under paragraph 8.1(b) if the Market Participant does not have at least \$250,000 in paid-up capital. Further, the maximum amount that ASX will approve is two times the amount of shareholders equity excluding Approved Subordinated Debt.

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S1B.8.2 Circumstances in which ASX will not approve a subordination arrangement

ASX will not approve a subordination arrangement unless in the opinion of ASX:

- (a) subject to Rule S1B.8.5, the amount owing to the lender under the subordination arrangement will not be repaid until all other debts which the Market Participant owes to any other persons are repaid in full; and
- (b) the obligation to pay any amount owing under the subordination arrangement is suspended if Rules S1B.3 and S1B.4 are no longer complied with.

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S1B.8.3 Execution of approved Subordination Loan Deed

ASX will not approve a subordination arrangement unless the Market Participant has executed an Approved Subordinated Loan Deed in respect of the subordination arrangement.

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S1B.8.4 Market Participant obligations

A Market Participant must comply with the terms of the Approved Subordinated Loan Deed and any associated agreement and must ensure the lender's compliance with these documents.

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S1B.8.5 Repayment of Amounts owing under an approved subordination arrangement

Prior to its Bankruptcy, a Market Participant may repay an amount owing under an approved subordination arrangement only with the prior approval of ASX.

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S1B.8.6 Circumstances in which ASX will not withhold its approval for repayment

ASX will not withhold approval under Rule S1B.8.5 if in the opinion of ASX the Market Participant's NTA is capable of continuing, on repayment, to be greater than 150 per cent of the minimum required under Rule S1B.3 or S1B.4 above.

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