



Business Rules

of the

Port Moresby
Stock Exchange

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INTRODUCTION

Upon its establishment and for a limited period, ("the "Initial Phase") Port Moresby Stock Exchange Limited ("POMSoX") will settle transactions in quoted uncertificated securities with paper transfers. After the Initial Phase, POMSoX will adopt an electronic system for transfer, settlement and registration of quoted securities. Substantial amendment to the Business Rules will be necessary at that time to provide for the regulation of POMSoX's fully electronic environment.

Given the relatively short period of time during which the Initial Phase will operate, it has been determined the POMSoX should so far as it is able to do so:

- (a) adopt the Business Rules of the Australian Stock Exchange, so far as they are applicable and appropriate to the circumstances of Papua New Guinea and POMSoX;
- (b) not rewrite those rules (except where absolutely necessary) but adopt them generally, subject to particular rules of interpretation; and
- (c) commence the process of developing long form rules with a view to having complete long form rules by the conclusion of the Initial Phase.

Pursuant to that determination the POMSoX Business Rules comprise two parts. Part A consists of the short form adoption of relevant parts of the ASX Business Rules. Part B comprises particular long form sections which take effect immediately. Section 4 has been developed to deal with transfers, delivery and settlement in the Initial Phase. It will require substantial revision to regulate these matters upon POMSoX moving to a fully electronic environment. Sections 2 and 6 are expected to continue in substantially the same form even after the conclusion of the Initial Phase.

PART A

The Business Rules of Port Moresby Stock Exchange Limited ("POMSoX") are the Business Rules of Australian Stock Exchange Limited as at October 1998 except to the extent that those rules are inapplicable or inappropriate to the circumstances of Papua New Guinea or POMSoX having regard to the different legislative regime applying in Papua New Guinea and different electronic system adopted by POMSoX for market trading and without limiting the generality of the foregoing and unless the context otherwise requires the ASX Business Rules as at October 1998 are amended as follows:

1. Sections 2A, 6, 7, 8, 9, 10, 11 and 12 and any other part of the ASX Business Rules solely referring to business the subject of those Sections, and all references to any rules included in any of those Sections, apart from the definitions, are omitted. Notwithstanding any other provision of these Rules no trading or dealing on POMSoX is permitted in relation to the types of business the subject of Sections 2A[ASX Match Trial], 6[Appendices], 7[Options Market], 8[Warrant Rules], 9[Share Ratio Rules], 10[Derivatives Clearing Rules], 11[Derivatives General Rules] and 12[Derivatives Interpretation] until POMSoX adopts rules in relation to those types of business.
2. Sections 2 [Dealing], 4 [Delivery and Settlement] and 5A[Affiliates and Participating Organisations] are replaced in full by Sections 2, 4 and 6 respectively and which form part of these POMSoX Business Rules. A section of Definitions and Sections 1, 3, 5, 13, and 14 will replace the equivalent section of the ASX Business Rules and these rules of interpretation as those sections are progressively added.
3. "Accountant", "auditor", "company auditor" and "liquidator" means a person registered in that capacity pursuant to the Accountants Registration Act 1996.
4. The definition of "Approved Representative" is amended by deleting the requirement for the relevant person to hold a proper authority.
5. "Papua New Guinea bank" means a bank licensed pursuant to the Banks and Financial Institutions Act.
6. References to the "BBS System", and references solely related to it, are omitted.
7. "Broker" means a broker which is a Participating Organisation pursuant to Section 6.
8. "Business Day" means Monday to Friday inclusive except public holidays in Papua New Guinea and any other day that POMSoX declares is not a business day.
9. Only the Bank of Papua New Guinea, companies or overseas companies may be members of POMSoX whether alone or in partnership and accordingly references to members who are natural persons and provisions solely related to them are omitted.

10. "Professional Investor" includes, in addition to the entities referred to, a person who is referred to in section 51(2)(a) of the Securities Act 1997.
11. References to the Reserve Bank of Australia shall be read as references to the Bank of Papua New Guinea.
12. References in the definition of "Related Party" to the Corporations Law shall retain those references, amended as the circumstances of Papua New Guinea require.
13. "Securities" and "Equity Securities" have the meaning provided for in the Securities Act 1997. References to "Loan Securities" shall be read as references to "Debt Securities" which has the meaning provided for in the Securities Act 1997.
14. "Substantial Shareholder" has the meaning provided for in the Securities Act 1997.
15. References to a particular provision in a statute or statutory instrument of Australia shall, where there is a substantially similar provision in a Papua New Guinea statute or statutory instrument, be read as a reference to the Papua New Guinea provision.
16. References to a particular provision in a statute or statutory instrument of Australia, where there is no substantially similar provision in a Papua New Guinea statute or statutory instrument and it is just and convenient to do so, shall form part of these POMS0X Business Rules.
17. References to the Commonwealth, Australia or Australian shall be read as references to Papua New Guinea or Papua New Guinean. References to States or Territories of Australia and provisions solely related to them are omitted or if the context requires, shall be read as references to Papua New Guinea.
18. References to the Australian Accounting Standards Board and AASB shall be interpreted as such.
19. References to dealer's licences, securities licences, securities dealers licences, proper authorities and proper authority holders, and provisions solely related to them, are omitted.
20. References to financial year end of 30 June shall be read as references to 31 December and references in ASX Business Rule 5.9 to 31 July shall be read as references to 31 January.
21. References to Australian dollars and cents shall be read as references to Papua New Guinea kina and toea converted on a one for one basis. References to currency shall be read as references to Papua New Guinea currency.
22. References to ASX's electronic trading system or SEATS and dealings using it shall be read as references to POMS0X's electronic trading system or PETS, amended as may be just and convenient to account for any variations between those systems.

23. References in the ASX Business Rules to CHES and SCH shall be read as such but shall have regard to the fact that all securities listed on POMSoX are CHES Approved Securities and that unless Brokers agree that a transaction is to be settled on the CHES Subregister, the transaction is to be settled with a paper transfer on the Papua New Guinea register of the Issuer, which register forms part of the Issuer Sponsored Subregister.
24. References to FAST shall be taken into account only in so far as the FAST system is the same as POMSoX's system of paper transfers and certificate less securities.
25. References to ASXO shall be read as references to POMSoX unless and until an equivalent organisation is established.
26. References to TNSC and OCH, and provisions solely related to them, are omitted.
27. References to ASX Listing Rules shall be read as references to POMSoX Listing Rules and references to particular provisions of the ASX Listing Rules shall be read as references to the equivalent provision of the POMSoX Listing Rules.
28. References to the Commission, ASIC and Australian Securities and Investments Commission shall be read as references to the Securities Commission of Papua New Guinea or as the circumstances require as references to the Registrar of Companies.
29. References to ASX, Australian Stock Exchange and Australian Stock Exchange Limited shall be read as references to POMSoX.
30. References to the National Voicemail System, and provisions solely related to them, are omitted.
31. References to Takeover Announcements and legislative and other provisions solely related to them are omitted and legislative provisions concerning Takeovers are to be read as references to the relevant provision of the Takeovers Code 1998.
32. References to SEATS Market Control shall be read as references to POMSoX.
33. References to SEATS Reference Manual shall be read as references to the PETS Reference Manual published by POMSoX. All references in the PETS Reference Manual to ASTS or CTS shall be read as references to PETS.
34. References to dealer shall be read as references to a person or persons who carry on a Securities business. References to a securities representative shall be read as references to a person who conducts or is engaged in carrying on a Securities business as an employee or agent of another person.
35. References to a company's Memorandum and Articles of Association shall be read as references to that company's constitution.

36. References to the Australian Capital Territory Commercial Arbitration Ordinance No. 84 of 1986 shall be construed as references to the Arbitration Act Ch. 46.
37. Section 3 is amended by adding rule 3.17 as follows:

3.17 CLIENT BROKER AGREEMENT

Before buying or selling Securities for a client a Broker must enter into a written agreement containing the following operative terms:

- (a) The client appoints the Broker as the client's stockbroker to buy and sell Securities in accordance with the client's instructions from time to time.
 - (b) The client and the Broker agree that the POMSoX Business Rules as amended from time to time form part of the agreement governing the contractual relationship between the client and the Broker and apply to all dealings between the client and the Broker and to all dealings and transactions in Securities conducted by the Broker on behalf of the client.
 - (c) Without limiting the generality of the foregoing where a Broker has bought or sold Securities in accordance with a client's instructions, the client appoints the Broker as the client's agent and attorney to execute on the client's behalf any transfer of those Securities to give effect to that transaction.
37. Rule 3.10, credit references, is omitted.
 38. Rule 3.14 shall apply where a Broker has an order that complies with Clause 19 of the Takeovers Code 1998 from an offeror who has made a takeover offer to which the Takeovers Code 1998 applies.
 39. References to the common law shall be construed as references to the underlying law.
 40. Rule 3.16, National Guarantee Fund, is omitted.
 41. All equity securities shall be certificateless CHES Approved Securities. Until a date nominated by POMSoX and of which POMSoX gives not less than 1 month's notice to members, all listed companies and the Commission, all transfers of equity securities (other than transfers effected with the agreement of the selling Broker and the buying Broker through CHES) shall be paper based and the Rules shall be read, with such modifications as may be just and convenient, accordingly.
 42. Provisions concerning TNS, DNS, PNS and FIDS shall have no application unless and until POMSoX establishes equivalent services.
 43. References to Inscribed Stock shall be read as references to Treasury Bills.

44. References to the Securities Lending Service and references solely related to them, apart from the definition, are omitted.
45. References to the Membership Department shall be construed as references to POMSoX.
46. References to the Securities Exchanges Guarantee Corporation Limited and SEGC shall be construed as references to POMSoX, in so far as those references are applicable to the circumstances of POMSoX. References to the National Guarantee Fund shall be read as references to POMSoX's fidelity fund established pursuant to the Securities Act 1997, in so far as those references are applicable to the circumstances of POMSoX. In particular all such references must be construed having regard to the fact that the statutory regime in relation to fidelity funds applicable to POMSoX is based upon Part 7.9 of the Corporations Law and not part 7.10, which applies to ASX. Nothing in these Business Rules shall be construed as requiring POMSoX to pay any monies or do any thing other than as required by the Securities Act 1997.
47. References to barristers and solicitors admitted to practice in Australia shall be read as references to lawyers admitted to practice in Papua New Guinea.
48. Where the Rules provide that the Exchange may prescribe or publish a matter or thing, unless and until POMSoX prescribes otherwise, matters and things which have been prescribed or published by ASX shall apply to POMSoX.
49. The ASX Guidance Notes as at October 1998, amended as provided for in the POMSoX Business Rules, shall be read with and form part of the POMSoX Business Rules to the same extent as the ASX Guidance Notes are read with and form part of the ASX Business Rules.
50. There shall be no Appeal Tribunal and any reference to an appeal to the Appeal Tribunal, other than an appeal from the National Adjudicatory Tribunal, shall be read as a reference to POMSoX's National Adjudicatory Tribunal. Without limiting any entitlement to apply for judicial review, any entitlement to appeal from a decision of the National Adjudicatory Tribunal to the Appeal Tribunal, and provisions solely related to such appeals, are omitted. All references to the Appeal Tribunal, and provisions solely related to it, are omitted.
51. References to Life Insurance Companies registered under the Life Insurance Act, and all provisions solely related to such companies, are omitted.
52. Typographical errors in the ASX Business Rules are amended and amendments to particular rules not already provided for are made as follows:
 - (a) 5.8(4) - "uncompleted" should be "unexecuted".
 - (b) 5.8(6) - in line one "to" should be omitted.

- (c) 13.5.1(3)(e) - after "prevent" add " or engagement in Prohibited Conduct "
 - (d) 13.5.1(6) - after "Rules" add "or engagement in Prohibited Conduct".
 - (e) 13.5.1(6) - "Rule 13.5(1) to (5)" should be "13.5.1(1) to (5)".
 - (f) 13.7 - The references to the "Secretary" shall be read as a reference to the person appointed as such by the National Adjudicatory Tribunal.
 - (g) 13.11(2) - Delete "A decision...be final" and insert "A decision of the Exchange in respect of a dispute shall, for the purposes of the Rules, be final".
 - (h) 14.2.1(1)(b) - Omit and insert "The Chairman of the National Adjudicatory Tribunal shall be a lawyer and each member of the National Adjudicatory Tribunal shall hold relevant experience in stockbroking, corporate law or company administration".
 - (i) 14.2.1(1)(c) - Omit and insert "The National Adjudicatory Tribunal shall for the purpose of a hearing comprise not less than one person and no more than three persons and unless the Chairman of the National Adjudicatory Tribunal otherwise determines in any particular case shall comprise a lawyer
 - (j) 14.2.2 - Omit.
 - (k) 14.4 - Delete "10" and insert "3".
53. "No liability company" has the meaning in the Australian Corporations Law or any other equivalent company under any other equivalent law.
54. Any reference to a rule which has been omitted is itself omitted and provisions solely related to an omitted rule are omitted.

These Business Rules are intended to operate on an interim basis until the adoption of long form business rules. POMS0X intends to complete installation of all its systems and adopt long form business rules compatible with those systems as soon as is practicable from the commencement of trading. Accordingly these Business Rules shall lapse on the adoption of long form business rules pursuant to section 21 of the Securities Act or upon the expiration of one year from the date POMS0X is approved as a stock exchange pursuant to section 20 of the Securities Act, whichever occurs first.

PART B

DEFINITIONS - (See Rules Above)

SECTION 1 - ACCOUNTS, AUDIT, CAPITAL REQUIREMENTS AND SURVEILLANCE

2. DEALING

2.1 DEFINITIONS

In Section 2 of the Rules, unless the context otherwise requires:

“Adjust Phase” means a period of time prescribed by the Exchange during which:

- (a) an existing Bid or Offer may be cancelled, or may be adjusted so as to either decrease the price of the Bid or increase the price of the Offer, or to decrease the quantity of Securities the subject of the Bid or Offer;
- (b) no new Bids or Offers may be made,
- (c) no transactions apart from Special Crossings may be effected.

“After Hours Adjust Phase” means a period of time prescribed by the Exchange during which a Bid or Offer may be cancelled or amended where no improvement in priority or increase in quantity results from such an amendment.

“Bid” means a price and quantity of Securities to be purchased.

“Block Special Crossing” means a special crossing made in accordance with Rule 2.8.3.

“Collateral Securities” means Securities the subject of Official Quotation and accepted by a Participating Organisation as whole or part of the deposit or margins of cover prescribed by Rule 2.13.

“Commission” means the Securities Commission of Papua New Guinea.

“Condition” means a condition specified by an Issuer or a vendor pursuant to Rule 2.12.2 the satisfaction of which neither the buyer nor the seller of Securities the subject of sale is in a position to influence, being a condition which is prerequisite to the allotment by an Issuer or the transfer by a vendor pursuant to a prospectus offering, to the seller from whom title is reliant, of the Securities the subject of that sale.

“Conditional Market” means a market declared by the Exchange to be a conditional market pursuant to Rule 2.12.2.

“Conditional Sale” means a sale which is conditional on fulfilment of a Condition and made on a Conditional Market.

“Cross” or **“Crossing”** means, in relation to a transaction in Securities, the circumstance where a Participating Organisation acts:

- (a) on behalf of both buying and selling clients to that transaction; or

- (b) on behalf of a buying or selling client on one side of that transaction and as Principal on the other side.

“Dealing Rules” means the Business Rules governing the processes of dealing in and of reporting dealings in Securities and includes Rules 2.4 to 2.18.

“Designated Trading Representative” means a person registered by the Exchange pursuant to Rule 2.2.9.

“Dividend” includes distributions in specie and liquidation distributions.

“Equity Securities” has the meaning provided for in the Securities Act 1997.

“Exchange” means Port Moresby Stock Exchange Limited.

“Family Company” means a company:

- (a) controlled by the person or the Immediate Family of the person; or
- (b) in respect of which the person is beneficially entitled to more than 50% of the issued capital.

“Family Trust” means a trust in which:

- (a) the person or the Immediate Family of the person is the sole or majority beneficiary; or
- (b) the person has the ability to remove the trustee of the trust and replace that trustee with his or her own nominee.

“Forward Delivery Transaction” means a time contract which provides for delivery of Securities in whole or in part other than in accordance with Rule 4.33(1).

“Forward Price” means the price of Securities as fixed by a Forward Delivery Transaction.

“Forward Securities” means the Securities the subject of a Forward Delivery Transaction.

“Funds Manager” means an entity whose primary business is to invest moneys and manage assets and other investments allocated to it by clients for that purpose.

“Gateway” means a hardware and software component approved by POMSoX which provides the communications interface between PETS and the Participating Organisation’s network.

“Immediate Family” in relation to a person means that person’s spouse and any non-adult children.

“Loan Securities” has the same meaning as Debt Securities in the Securities Act 1997

“Normal Trading” means the hours of trading prescribed by the Exchange in accordance with Rule 2.6.4(1).

“Notify” means giving written notice of the relevant matters or the transmission of an electronic message containing those matters.

“Offer” means a price and quantity of Securities to be sold.

“Offeror” means:

- (a) in relation to a Takeover Offer (other than a Scheme), an offeror within the meaning of the Takeovers Code and, in respect of an Issuer incorporated or established outside Papua New Guinea, the equivalent entity; and
- (b) in relation to a Scheme, the entity or entities, which in the opinion of the Exchange, is in a similar position to an offeror.

“Offer Period” means:

- (a) in relation to a Takeover Offer (other than a Scheme), the period:
 - (i) from the time that an announcement of intention to make a proposed Takeover Offer (with or without terms) is first received by the Exchange from:
 - (A) an Offeror;
 - (B) an offeree; or
 - (C) any person authorised by the Offeror or the offeree or the Commission;
 - (ii) until the last day on which the Offer remains open for acceptance (including extensions of that period) or the day on which the amalgamation or reconstruction is effected;
- (b) in relation to a Scheme, the period from the date an announcement of intention to propose a Scheme is first received by the Exchange until the date on which the Scheme is effected.

“Official List” has the meaning given to that term in the Listing Rules of the Exchange.

“Official Quotation” means official quotation by the Exchange.

“Opening Phase” means a period of time prescribed by the Exchange immediately following the start of Normal Trading for that Trading Day when Bids and Offers are to be matched in accordance with the provisions of Rule 2.6.3.

“Operational Requirements” means the requirements specified in Rules 2.2.1(5) to 2.2.1(7).

“Order” means an instruction to purchase or sell Securities, or an instruction to amend or cancel a prior instruction to purchase or sell Securities.

“PETS” means the Port Moresby Electronic Trading System, a computer system and associated network operated by the Exchange in providing a market for the trading of Securities.

“PETS Reference Manual” means the document with that title published by POMSoX which contains operational and administrative procedures relating to PETS, as amended from time to time.

“PETS Trader Workstation Software” means the software product provided by POMSoX for use by Participating Organisations which provides a Trader Workstation with the functionality necessary for trading on PETS.

“Portfolio Special Crossing” means a Special Crossing effected pursuant to Rule 2.8.4.

“Pre-Opening Phase” means a period of time as prescribed by the Exchange when Bids or Offers can be entered, amended or cancelled but transactions cannot be effected on PETS.

“Principal” has the same meaning as it does in Rule 3.1(1)(c).

“Recognised Stock Exchange” means an exchange prescribed as such from time to time by the Exchange.

“Rules” means the Business Rules of the Exchange.

“Scheme” means a compromise or arrangement within the meaning of Part XVI of the Companies Act (and, in respect of an Issuer incorporated or established outside Papua New Guinea, any similar form of compromise or arrangement under the law of the jurisdiction of incorporation or establishment) which has, in the opinion of the Exchange, a similar result to a Takeover Offer.

“Securities” includes Equity Securities and Debt Securities.

“Short Sale” means a sale of a Security where at the time of sale the seller does not have a presently exercisable and unconditional right to vest the Security in the buyer other than by reason solely of the sale constituting a Conditional Sale and cognate expressions have a corresponding meaning provided that a sale shall not be regarded as a short sale by reason that one or more of the following conditions needs to be satisfied to enable the sale to be completed, namely:

- (a) transfer of the Security the subject of the sale from a register outside Papua New Guinea to a register in Papua New Guinea;

- (b) foreign exchange approval for the sale; and
- (c) tax clearance for the sale.

“Special Crossing” means a special crossing made in accordance with Rule 2.8.

“Takeover Offer” means:

- (a) an offer within the meaning of the Takeovers Code and in respect of an Issuer incorporated or established outside Papua New Guinea, any similar form of offer; and
- (b) a Scheme.

“Target Company” means:

- (a) in relation to a Takeover Offer, a target company as defined in the Takeovers Code and, in respect of an Issuer incorporated or established outside Papua New Guinea, the equivalent company; and
- (b) in relation to a Scheme, the entity or entities, which in the opinion of the Exchange, is in a similar position to a target company.

“Trader Workstation” means a personal computer with PETS Trader Workstation Software installed which is linked to PETS.

“Trading Day” means:

- (a) Monday to Friday inclusive except public holidays in Papua New Guinea any other day the Exchange declares is not a trading day;
- (b) notwithstanding (a), a day which for the purposes of settlement, the Exchange declares is a trading day notwithstanding there is no Official Meeting on that day or that dealings between Participating Organisations are suspended on that day.

“Trading Fees” means fees for trading activity on PETS, determined from time to time by the Exchange in accordance with the Rules.

“Trading Messages” means those messages submitted into PETS by means of a Gateway of a Participating Organisation or through a Trader Workstation relating to trading functions, such as Bids or Offers, amendment or cancellation of prior Bids or Offers and the reporting or cancellation of trades on PETS.

2.2 TRADING OBLIGATIONS OF PARTICIPATING ORGANISATIONS

2.2.1 RESPONSIBILITY OF PARTICIPATING ORGANISATIONS

- (1) A Participating Organisation is responsible for the accuracy of details, the integrity, and bona fides of, all Trading Messages submitted into PETS whether by means of a Gateway of the Participating Organisation

or otherwise, regardless of whether a Designated Trading Representative of the Participating Organisation was involved in their submission.

- (2) For the avoidance of doubt, if a Trading Message is submitted into PETS by means of a Gateway of the Participating Organisation or otherwise, the Trading Message is taken for all purposes under these Rules to have been submitted into PETS by and with the knowledge of the Participating Organisation.
- (3) A Participating Organisation must at all times comply with the Operational Requirements which are specified in Rules 2.2.1(5) to 2.2.1(7).
- (4) For the avoidance of doubt:
 - (a) the general requirement of Rule 2.2.1(5) (organisational and technical resources) applies in addition to the specific requirements of Rules 2.2.1(6) (trading management arrangements) and 2.2.1(7) (security arrangements);
 - (b) the Operational Requirements apply to all Orders.
- (5) A Participating Organisation must have and maintain the necessary organisational and technical resources to ensure that:
 - (a) Trading Messages submitted into PETS by the Participating Organisation do not interfere with:
 - (i) the efficiency and integrity of the markets provided by the Exchange; or
 - (ii) the proper functioning of PETS;
 - (b) the Participating Organisation at all times complies with the Rules.
- (6) A Participating Organisation must have arrangements in place so that the Participating Organisation can at all times determine the origin of all Orders and Trading Messages, including:
 - (a) the different stages of processing each Order (regardless of whether a Trading Message is generated) and the time at which each stage occurred;
 - (b) the Order that corresponds to a Trading Message;
 - (c) the identity and capacity of the person placing the Order that corresponds to the Trading Message;
 - (d) not used;

- (e) the Trader Workplace through which the Trading Message was submitted into PETS;
 - (f) the Designated Trading Representative with responsibility for that Trader Workplace; and
 - (g) whether the Trading Message was submitted as Principal or for a client.
- (7) A Participating Organisation must maintain and enforce at all times appropriate security procedures which are designed to prevent unauthorised persons from having access to a Gateway or a Trader Workplace of the Participating Organisation.
- (8) A Participating Organisation must answer any request by the Exchange for information regarding compliance by the Participating Organisation with the Operational Requirements. If requested by the Exchange, a Participating Organisation must provide certification in the form prescribed by the Exchange from an appropriately qualified independent person as to compliance by the Participating Organisation with the Operational Requirements.
- (9) The Exchange or its agent may conduct an audit of compliance by the Participating Organisation with the Operational Requirements, and the Participating Organisation must assist any representative of the Exchange appointed to conduct that audit.

2.2.2 NOT USED

2.2.3 ORDERLY MARKET

- (1) A Participating Organisation must ensure the conduct of an orderly market. For the purpose of discharging this obligation, a Participating Organisation must:
- (a) comply with instructions and directions issued by POMSoX;
 - (b) comply with the provisions of the PETS Reference Manual;
 - (c) ensure that a Designated Trading Representative of the Participating Organisation is available to receive communications from other Participating Organisations or the Exchange during Normal Trading, and the After Hours Adjust Phase; and
 - (d) not intentionally take advantage of a situation arising as a result of:
 - (i) a breakdown or malfunction in the Exchange's procedures or systems;
 - (ii) an error in entries made by the Exchange within PETS.

2.2.4 PREVENTION OF MANIPULATIVE TRADING

- (1) A Participating Organisation must not make a Bid or Offer for, or deal in, Securities:
- (a) as Principal:
 - (i) with the intention; or
 - (ii) if that Bid, Offer or dealing has the effect, or is likely to have the effect,

of creating a false or misleading appearance of active trading in any Securities or with respect to the market for, or the price of, any Securities; or
 - (b) on account of any other person where:
 - (i) the Participating Organisation intends to create;
 - (ii) the Participating Organisation is aware that the person intends to create; or
 - (iii) taking into account the circumstances of the Order, a Participating Organisation ought reasonably suspect that the person has placed the Order with the intention of creating,

a false or misleading appearance of active trading in any Securities or with respect to the market for, or the price of, any Securities.
- (2) In considering the circumstances of the Order, the Participating Organisation must have regard to the following matters:
- (a) whether the Order or execution of the Order would be inconsistent with the history of or recent trading in that Security;
 - (b) whether the Order or execution of the Order would materially alter the market for, or the price of, the Securities;
 - (c) the time the Order is entered or any instructions concerning the time of entry of the Order;
 - (d) whether the person on whose behalf the Order is placed, or another person who the Participating Organisation knows to be a Related Party of that person, may have an interest in creating a false or misleading appearance of active trading in any Securities or with respect to the market for, or the price of, any Securities;
 - (e) whether the Order is accompanied by settlement, delivery or security arrangements which are unusual;

- (f) where the Order appears to be part of a series of Orders, whether when put together with the other Orders which appear to make up the series, the Order or the series is unusual having regard to the matters referred to in this Rule 2.2.4(2); and
 - (g) whether there appears to be a legitimate commercial reason for that person placing the Order, unrelated to an intention to create a false or misleading appearance of active trading in or with respect to the market for, or price of, any Securities.
- (3) A Participating Organisation must not:
- (a) enter into a transaction on behalf of a client or as Principal which; or
 - (b) make a Bid or Offer for Securities the execution of which, would involve no change of beneficial ownership, unless the Participating Organisation can show that:
 - (c) the Participating Organisation had no reason to suspect that the transaction would involve no change in the beneficial ownership of the Securities; or
 - (d) the purpose or purposes for which the transaction, or Bid or Offer was made was not, or did not include, creating a false or misleading appearance of active trading in any Securities or with respect to the market for, or the price of, any Securities.

2.2.5 OBSERVANCE OF THE DEALING RULES

- (1) A Participating Organisation must ensure that all trading on PETS by the Participating Organisation is conducted:
 - (a) in accordance with the Dealing Rules; and
 - (b) by Designated Trading Representatives.

2.2.6 NOT USED

2.2.7 RECORDS AND IDENTIFICATION OF ORDER SOURCE

In addition to the requirements of Rule 1.2.1, a Participating Organisation must maintain for a period of seven years, records of:

- (a) the matters referred to in Rule 2.2.1(6); and
- (b) the name and contact details of persons in relation to whom unique identifiers are allocated under Rule 2.3.4(2)(b).

A Participating Organisation must provide those records to the Exchange immediately upon request.

2.2.8 MINIMUM BIDS

(1) Bids and Offers may only be entered on PETS in multiples of the minimum bids set out below:

(a) Equity Securities and redeemable preference shares which are Loan Securities:

<u>Market Price</u>	<u>Minimum Bid</u>
Up to 10 toea	0.1 toea
Over 10 toea up to 50 toea	0.5 toea
Over 50 toea up to K50.00	1 toea
Over K50.00	K1.00

(b) Loan Securities excluding redeemable preference shares which are Loan Securities:

<u>Market Price</u>	<u>Minimum Bid</u>
Any market price	0.1toea

(2) The Exchange may in its discretion, vary the size of the minimum bid referred to in Rules 2.2.8(1)(a) and (b) above.

2.2.9 DESIGNATED TRADING REPRESENTATIVES

(1) The function of a Designated Trading Representative is to submit Trading Messages into PETS Trader Workstation.

(2) Subject to this Rule 2.2.9, the Exchange may, upon receipt of an application in writing from a Participating Organisation in the form prescribed by the Exchange, register a person nominated by the Participating Organisation as a Designated Trading Representative of that Participating Organisation.

(3) To be eligible for registration as a Designated Trading Representative, a person must:

(a) hold or a proper authority issued by the Participating Organisation which allows the person to deal in Securities; and

(b) have demonstrated knowledge of the Dealing Rules and relevant practices and procedures of the Exchange.

(4) The Exchange may require the Participating Organisation to provide further information the Exchange considers necessary to establish whether registration should be granted under Rule 2.2.9(2).

- (5) The Exchange may register a person as a Designated Trading Representative subject to any conditions it considers appropriate in the interests of maintaining a fair and orderly market.
- (6) Upon registration under Rule 2.2.9(2), a Designated Trading Representative must continue to meet the requirements of Rule 2.2.9(3) at all times.
- (7) The Exchange may refuse to register a person as a Designated Trading Representative if the Exchange considers that person will not be capable of effectively discharging the functions of a Designated Trading Representative, or it is desirable to do so in order to protect the interests of the Exchange, the markets conducted by the Exchange or the proper functioning of PETS.
- (8) The Exchange may suspend or withdraw a registration previously given to a person as a Designated Trading Representative if the Exchange considers:
 - (a) the person has caused the Participating Organisation to fail to comply with the Rules;
 - (b) the person is not effectively discharging the functions of a Designated Trading Representative;
 - (c) the person has failed to comply with any conditions imposed under Rule 2.2.9(5); or
 - (d) it is desirable to do so in order to protect the interests of the Exchange, the markets conducted by the Exchange or the proper functioning of PETS.
- (9) The Exchange must notify the relevant Designated Trading Representative's Participating Organisation and the Designated Trading Representative in writing of a refusal, suspension or withdrawal of registration under Rule 2.2.9(7) or (8) and the reasons for such refusal, suspension or withdrawal.
- (10) If the Exchange suspends or withdraws the registration of a person as a Designated Trading Representative under Rule 2.2.9(8), it may direct the Participating Organisation to remove, at a time specified by the Exchange, that Designated Trading Representative's access to any Trader Workstation. The direction may require the Participating Organisation to effect immediate removal of such access.
- (11) Without abrogating the right of the Exchange under Rules 2.2.9(7), (8) and (10), a Participating Organisation may make submissions to the Exchange in relation to a decision by the Exchange to refuse to register or to withdraw the registration of a Designated Trading Representative of the Participating Organisation. For the avoidance of doubt, the Exchange may suspend the registration of a person as a Designated

Trading Representative under Rule 2.2.9(8) prior to the making of any submissions to the Exchange under this Rule 2.2.9(11) provided that the initial period of suspension will not exceed one month, but the Exchange may extend the suspension for additional periods of up to one month at a time if the Exchange considers such action necessary or desirable.

(12) Not used.

(13) If:

- (a) a Designated Trading Representative ceases to hold a proper authority which allows that person to deal in Securities for a Participating Organisation; or
- (b) a Participating Organisation wishes the registration of a Designated Trading Representative to be withdrawn,

the Participating Organisation must Notify the Exchange in writing of:

- (c) the name of the relevant Designated Trading Representative; and
- (d) the Trading Day upon which the withdrawal of the registration is to take effect.

The registration of the Designated Trading Representative will be taken to be withdrawn automatically at the end of After Hours Adjust Phase on the Trading Day specified in that notice, or, if the Exchange so determines, at such earlier time as the Exchange shall Notify the Participating Organisation.

(14) A Designated Trading Representative is not permitted to execute any Order on PETS for or on account of:

- (a) the Designated Trading Representative; or
- (b) the Immediate Family, Family Company or Family Trust of the Designated Trading Representative,

without the prior written approval of the Participating Organisation.

2.3 FUNCTIONS, POWERS AND LIABILITY OF THE EXCHANGE

2.3.1 EXCHANGE FUNCTIONS

(1) The functions of the Exchange include the following:

- (a) to provide facilities for fair, efficient and informed trading of Securities, and any other investment products traded under the Rules, including the provision of:

- (i) facilities for the recording and registration of dealings in Securities and any other investment products traded under the Rules;
- (ii) information in relation to those dealings,

in accordance with the Securities Act, the Rules and the terms of contractual agreements entered into with Participating Organisations and others;

- (b) to encourage compliance by Participating Organisations and other persons with, and where necessary, to take disciplinary action for contravention of the Rules;
 - (c) to co-operate so far as reasonably possible with the Commission in carrying out the functions set out in paragraphs (a) and (b) and to provide such assistance as is reasonably required by the Commission in carrying out its functions.
- (2) Official Meetings will be held on Trading Days prescribed by the Exchange. This Rule is subject to Rule 2.3.2. For the avoidance of doubt, Official Meetings of the Exchange shall commence at the beginning of the Pre-Opening Phase and conclude at the end of the After Hours Adjust Phase

2.3.2 EXCHANGE POWERS

- (1) If the Exchange reasonably considers that it is necessary for:
- (a) the efficiency and integrity of the markets provided by the Exchange; or
 - (b) the proper functioning of PETS,
- the Exchange may:
- (c) suspend the Trading Permission of a Participating Organisation whose actions have, in the opinion of the Exchange, adversely impacted on that efficiency or integrity or the proper functioning; or
 - (d) generally suspend access to PETS,
- until a satisfactory resolution, in the opinion of the Exchange, of the act, omission or circumstance which gave rise to the suspension has been implemented.
- (2) If the Exchange takes action under Rule 2.3.2(1) in relation to:
- (a) a Participating Organisation referred to in Rule 2.3.2(1)(c); or
 - (b) Participating Organisations generally,

the Exchange will immediately Notify the Participating Organisation concerned or Participating Organisations generally, as the case may require.

- (3) If requested by a Participating Organisation referred to in Rule 2.3.2(1)(c), the Exchange will give the Participating Organisation an opportunity to either, at the option of the Participating Organisation:
 - (a) appear in person or be represented before the Exchange; or
 - (b) lodge a written submission for consideration by the Exchange as to why the Participating Organisation's actions do not or will no longer adversely impact on the efficiency and integrity of the markets conducted by the Exchange or the proper functioning of PETS.

The Exchange will determine the matter without bias and give the Participating Organisation a fair hearing and otherwise observe the rules of natural justice.

Note: For the avoidance of doubt, a Participating Organisation dissatisfied with a decision of the Exchange may appeal to the National Adjudicatory Tribunal.

- (4) In the event that access to PETS should be generally restricted for whatever reason, the Exchange may suspend trading on PETS and place the system in the Adjust Phase. When the Exchange forms the opinion that PETS can re-commence, the Exchange will Notify Participating Organisations of the time at which a new Pre-Opening Phase will commence.
- (5) If in the opinion of the Exchange it is appropriate for the maintenance of an orderly, fair and informed market that the market, or any particular Security, be placed in Pre-Opening Phase, the Exchange may declare that the market, or any particular Security, is in Pre-Opening Phase for a specified period not exceeding 30 minutes.
- (6) A Participating Organisation must Notify the Exchange as soon as practicable if it is unable to submit Trading Messages into PETS in circumstances where access to PETS has not been suspended under Rule 2.3.2. Upon a Participating Organisation Notifying the Exchange of its inability to submit Trading Messages into PETS, the procedures set out in the PETS Reference Manual will apply.

2.3.3 LIABILITY OF THE EXCHANGE

- (1) Nothing in this Rule 2.3.3 excludes, restricts or modifies any condition or warranty implied in the contract constituted by these Rules by any applicable statute where to do so would render any part of the Rules void.

- (2) Subject to Rules 2.3.3(1) and (4) the Exchange and its subsidiaries, and their respective employees and agents, will have no obligation or liability of any kind to a Participating Organisation, or to any of its clients in respect to any loss or damage (including consequential loss or damage) which may be suffered or incurred or which may arise directly or indirectly in respect of the supply of goods or services, a Participating Organisation's use of or inability to use PETS, or in respect of a failure, error or omission on the part of the Exchange or any of its subsidiaries, including any loss or damage in respect of:
- (a) the results of trading on markets provided by the Exchange, or the suspension, interruption, cancellation or closure of trading on those markets;
 - (b) any inoperability or malfunction of equipment, software or any other product supplied to a Participating Organisation, or in respect of its installation, maintenance or removal;
 - (c) the exercise by the Exchange of a decision making power under the Rules;

whether such loss or damage is caused wholly or partially by negligence on the part of the Exchange, its subsidiaries or any of their respective employees or agents.

- (3) The Exchange and its subsidiaries exclude all conditions and warranties implied by statute, general law or custom except any implied condition or warranty the exclusion of which would contravene any statute or cause any part of this Rule 2.3.3 to be void ("**statutory conditions**").
- (4) To the maximum extent permitted by law, the liability of either or both the Exchange and its subsidiaries for breach of any statutory condition or directly or indirectly arising out of the performance of the contract constituted by these Rules is limited to either of the following at the discretion of the Exchange:
- (a) in the case of goods:
 - (i) the replacement of the goods; or
 - (ii) the repair of the goods;
 - (b) in the case of services:
 - (i) the supply of the services again; or
 - (ii) the payment of the cost of having the services supplied again.
- (5) Each Participating Organisation indemnifies and agrees to keep indemnified the Exchange, its subsidiaries and their respective

employees, contractors and agents (“**those indemnified**”) from and against any loss (including its legal costs and expenses on a solicitor/client basis) or liability reasonably incurred or suffered by those indemnified arising from any proceedings against those indemnified where such loss or liability arose out of:

- (a) any breach by the Participating Organisation of its obligations under the Rules; or
- (b) any wilful, unlawful or negligent act or omission by a Participating Organisation.

2.3.4 ALLOCATION OF UNIQUE IDENTIFIERS

- (1) The Exchange will allocate a unique identifier to each:
 - (a) Participating Organisation; and
 - (b) Designated Trading Representative; and
 - (c) Trader Workstation.
- (2) A Participating Organisation must allocate a unique identifier to each Designated Trading Representative of that Participating Organisation.

2.3.5 ACTION THE EXCHANGE WILL TAKE IN RESPECT OF TAKEOVER OFFERS

- (1) When the Exchange receives information in relation to a:
 - (a) Takeover Offer (other than a Scheme); or
 - (b) Scheme,

the Exchange will take the action set out in Appendix 2.1

2.4 DEALING IN SECURITIES NOT YET GRANTED OFFICIAL QUOTATION

2.4.1 DEALINGS IN SECURITIES OF LISTED ENTITIES FOR WHICH OFFICIAL QUOTATION SOUGHT

- (1) Except as permitted in this Rule, a Participating Organisation is prohibited, either in its own office or elsewhere, from making quotations or dealing in a new issue or placement of Securities (except Loan Securities):
 - (a) made for the purpose of qualifying a company for admission to the Official List of the Exchange; or
 - (b) for which Official Quotation will be sought,

until such Securities have been granted Official Quotation.

- (2) The exceptions to this Rule are:
- (a) a Participating Organisation may underwrite or sub-underwrite a new issue or placement of Securities;
 - (b) a Participating Organisation may dispose of Securities if those Securities comprise an underwriting or sub-underwriting shortfall;
 - (c) where the Securities have been issued on a pro rata basis to security holders;
 - (d) where a listed company acquires assets and as part or full consideration, issues new Securities (except Loan Securities) to the vendor and the Participating Organisation has made a prior firm arrangement with the vendor to place these Securities as soon as they are issued. The Participating Organisation must then ensure that the details of the issue to the vendor are advised to the Exchange by the listed company immediately the Securities are issued;
 - (e) where a Participating Organisation:
 - (i) makes a placement of new Securities (except Loan Securities) for which Official Quotation will be sought, and the Participating Organisation ensures that all investors accepting the Securities are informed in writing that Participating Organisations cannot deal in the Securities either as Principal or agent until Official Quotation is granted in respect of those Securities; or
 - (ii) accepts selling orders in Securities (except Loan Securities) for which Official Quotation will be sought, and the Participating Organisation takes all reasonable steps to ensure that the Securities are not sold before the Securities have been granted Official Quotation.

2.4.2 DEALINGS IN SECURITIES FOR WHICH OFFICIAL QUOTATION IS NOT SOUGHT

- (1) A Participating Organisation may deal in new Securities for which Official Quotation will not be sought 24 hours after the entity has advised the Exchange of the details of the issue.

2.4.3 DEALINGS IN SECURITIES SUSPENDED FROM OFFICIAL QUOTATION

- (1) A Participating Organisation must not deal in Securities which have been suspended from Official Quotation unless prior approval has been given by the Exchange.

2.5 DEALINGS IN SECURITIES GRANTED OFFICIAL QUOTATION

2.5.1 DEALINGS ON PETS

- (1) Transactions in Securities granted Official Quotation must be made on PETS in accordance with Rule 2.6.
- (2) Brokers must pay such Trading Fees as are prescribed from time to time by POMSoX.

2.5.2 AUSTRALIAN STOCK EXCHANGE EXEMPTION

- (1) Rule 2.5.1 does not apply to dealings in Securities in accordance with this Rule 2.5.2.
- (2) Unless POMSoX otherwise determines a Participating Organisation may buy or sell (but may not Cross) Securities through members of the Australian Stock Exchange Limited if the sale or purchase:
 - (a) is made in Securities which are quoted on both the Exchange and the Australian Stock Exchange; and
 - (b) is made on the Australian Stock Exchange during its trading hours.

2.6 DEALING ON PETS

2.6.1 TRADING PRIORITY ON PETS

- (1) Each Bid or Offer price for Securities entered into PETS is placed in priority according to the highest priced Bid and the lowest priced Offer. An earlier entered Bid price has priority over a Bid at the same price entered at a later time. An earlier entered Offer price has priority over an Offer at the same price entered at a later time.

2.6.2 PRE-OPENING PHASE

- (1) During the Pre-Opening Phase, Bids and Offers may be entered, amended or cancelled in PETS (Bids and/or Offers remaining in PETS from a previous Trading Day may be amended or cancelled).
- (2) Unless a Bid or Offer is amended or cancelled, the Bids and Offers which were in PETS at the close of Normal Trading on the previous Trading Day, retain the priority determined in accordance with the trading priority procedures of Rule 2.6.1.
- (3) During the Pre-Opening Phase no Bids or Offers will be matched.

2.6.3 OPENING PHASE

- (1) During the Opening Phase, Bids or Offers must not be entered, amended or cancelled in PETS.

- (2) During the Opening Phase all Bids and Offers will, subject to Rule 2.6.3(3), be matched automatically by PETS in accordance with paragraph 9, Data Configuration of the PETS Reference Manual.
- (3) Not used.
- (4) Any Bids or Offers which have not been matched at the completion of the procedures described in Rule 2.6.3(2) will be carried through to Normal Trading.

2.6.4 NORMAL TRADING

- (1) Subject to these Rules, during Normal Trading, Bids and Offers may be entered, amended or cancelled in PETS and matched in accordance with Rule 2.6.1.
- (2) A Participating Organisation may withdraw Bids or Offers after the close of Normal Trading and re-enter the Bids or Offers so withdrawn on the following Trading Day. However, the Bids and Offers withdrawn will lose, at the time of that withdrawal, the priority then held for the purposes of Rule 2.6.1.

2.6.5 PROHIBITIONS IN PERIOD PRIOR TO COMMENCEMENT OF NORMAL TRADING

- (1) A Participating Organisation dealing as Principal must not Bid or Offer Securities to any client resident in Papua New Guinea prior to the commencement of Normal Trading on any Trading Day. This prohibition does not apply to Special Crossings.
- (2) A Participating Organisation acting on behalf of a member of a Recognised Overseas Stock Exchange must not Bid for or Offer Securities to any client resident in Papua New Guinea prior to commencement of Normal Trading on any Trading Day. This prohibition does not apply to Bids or Offers entered during or existing from the previous Trading Day.
- (3) A Participating Organisation acting on behalf of an overseas resident client must not Bid firm or Offer firm Securities to any client resident in Papua New Guinea prior to the commencement of Normal Trading on any Trading Day.

2.6.5A NOT USED

2.6.6 NOT USED

2.6.7 AFTER HOURS ADJUST PHASE

- (1) For a period of half an hour immediately after the Normal Phase or such other period as is prescribed by the Exchange, PETS will be placed in the After Hours Adjust Phase.

- (2) Where a Participating Organisation receives an Order to buy or to sell Securities after the close of Normal Trading and the Participating Organisation desires to deal with another Participating Organisation during the After Hours Adjust Phase:
- (a) that Participating Organisation must:
 - (i) Bid the Securities to priority sellers as shown on PETS in order of priority from the lowest Offer price up to and including the price at which the Participating Organisation desires to deal; or
 - (ii) Offer the Securities to priority buyers, as shown on PETS in order of priority from the highest Bid price down to and including the price at which the Participating Organisation desires to deal; and
 - (iii) Bid or Offer the Securities to priority buyers or priority sellers by telephone;
 - (b) if any of the priority buyers or priority sellers desire to deal at the Participating Organisation's price the Participating Organisation:
 - (i) must deal only with the priority buyers or priority sellers in accordance with the order of priority described in Rule 2.6.1(1); and
 - (ii) must only effect a transaction with another Participating Organisation after the priority buyers or priority sellers have been fully satisfied up to the quantity of Securities which have been entered on PETS;
 - (c) a Participating Organisation which deals in accordance with this Rule 2.6.7 must trade the quantity of Securities Bid or Offered at the Bid or Offer price if the Participating Organisation entered a Bid or Offer on PETS for those Securities during the Normal Phase;
 - (d) a Participating Organisation must take immediate action to manually amend or remove any Bid or Offer which is partly or fully satisfied during the After Hours Adjust Phase;
 - (e) a Participating Organisation which makes a transaction in accordance with this Rule 2.6.7 must report the transaction in accordance with Rule 2.15.1.

2.6.8 TRADING AT OTHER TIMES

- (1) Not used.

- (2) Where a Participating Organisation receives an Order to buy or to sell Securities outside the Opening Phase, Normal Phase and After Hours Adjust Phase and that Participating Organisation desires to effect a transaction with another Participating Organisation, the transaction may be effected at a price which is mutually acceptable.
- (3) A Participating Organisation which makes a transaction in accordance with this Rule 2.6.8 must report the transaction in accordance with Rule 2.15.8(3).

2.7 CROSSINGS

2.7.1 CROSSINGS PERMITTED DURING NORMAL TRADING

- (1) Crossings during Normal Trading must be effected in accordance with this Rule 2.7.1.
- (2) The Participating Organisation must enter either a Bid or an Offer at the price at which the Participating Organisation wishes to Cross.
- (3) Where a Bid is entered, the Bid shall be matched with Offers in order of priority from the lowest Offer price, up to but not including Offers at the price at which the Participating Organisation desires to Cross.
- (4) Where an Offer is entered, the Offer shall be matched with Bids in order of priority from the highest Bid price down to but not including Bids at the price at which the Participating Organisation desires to Cross.
- (5) Any quantity of Securities which remains available after the procedure required by Rules 2.7.1 (3) and (4) have been followed, may then be Crossed.
- (6) A Crossing must only be effected in accordance with this Rule:
 - (a) where the highest Bid price and lowest Offer price are not more than one minimum Bid apart; and
 - (b) upon complying with any other requirement of POMSoX.

2.7.2 NOT USED

2.7.3 CROSSINGS DURING THE AFTER HOURS ADJUST PHASE

- (1) Where a Participating Organisation receives an Order to buy or an Order to sell Securities after the close of Normal Trading and the Participating Organisation desires to Cross the Order with an opposite Order to sell or buy the Securities during the After Hours Adjust Phase the Participating Organisation must effect that Crossing in accordance with this Rule 2.7.3.
- (2) The Participating Organisation must:

- (a) Bid the Securities to priority sellers as shown on PETS in order of priority from the lowest Offer price up to but not including the price at which the Participating Organisation desires to Cross; or
 - (b) Offer the Securities to priority buyers as shown on PETS in order of priority from the highest Bid price down to but not including the price at which the Participating Organisation desires to Cross; and
 - (c) Bid or Offer the Securities to priority buyers or priority sellers by telephone.
- (3) Should any of the priority buyers or priority sellers desire to deal at the Participating Organisation's price, the Participating Organisation:
- (a) must deal only with priority buyers or priority sellers in accordance with the order of priority set out in Rule 2.6.1(1); and
 - (b) must only effect a Crossing or effect a transaction with any other Participating Organisation after the priority buyers or priority sellers have been fully satisfied up to the quantity of Securities which have been entered on PETS.
- (4) Where a Participating Organisation is unable to contact the priority sellers or priority buyers by telephone, the Participating Organisation must not effect a Crossing.
- (5) Not used.
- (6) A Participating Organisation which makes a Crossing in accordance with this Rule must report the Crossing in accordance with Rule 2.15.4(1).

2.7.4 CROSSINGS AT OTHER TIMES

- (1) Where a Participating Organisation receives an Order to buy or to sell Securities outside the Opening Phase, Normal Phase and After Hours Adjust Phase, the price at which a Crossing may be made shall be:
- (a) the price negotiated on account of the clients; or
 - (b) when the Participating Organisation sells or buys the Securities as Principal, the price agreed between the client and the Participating Organisation.
- (2) A Participating Organisation which makes a Crossing in accordance with this Rule 2.7.4 must report the Crossing in accordance with Rule 2.15.8(1).

2.7.4A NOT USED

2.7.5 NOT USED

2.8 SPECIAL CROSSINGS

2.8.1 SPECIAL CROSSINGS PERMITTED

- (1) A Special Crossing may only be effected in accordance with this Rule 2.8 and subject to Rule 2.8.8.
- (2) A Special Crossing must be reported in accordance with Rule 2.15.

2.8.2 LOAN SECURITIES

- (1) A Special Crossing in Loan Securities may be effected by a Participating Organisation when the consideration for the transaction is not less than k1,000,000 or such other amount greater than k1,000,000 as is prescribed by the Exchange.

2.8.3 BLOCK SPECIAL CROSSINGS

- (1) A Block Special Crossing in Equity Securities may be effected by a Participating Organisation if:
 - (a) the consideration for the transaction is not less than \$1,000,000 or such other amount, greater than \$1,000,000, as is prescribed by the Exchange;
 - (b) the Equity Securities to be bought or sold are:
 - (i) of a single Issuer; and
 - (ii) of the same class and paid up value; or
 - (iii) are of different classes which differ only in relation to the amount of dividend payable;
 - (c) either the Equity Securities are:
 - (i) bought by the Participating Organisation as Principal, or as agent on behalf of one or more clients of the Participating Organisation or in both capacities; and
 - (ii) sold by the Participating Organisation as a Principal or as agent on behalf of one client of the Participating Organisation. That client may be a Funds Manager acting on behalf of more than one client account;or the Equity Securities are:
 - (iii) sold by the Participating Organisation as Principal, or as agent on behalf of one or more clients of the Participating Organisation or in both capacities; and
 - (iv) bought by the Participating Organisation as Principal or as agent on behalf of one client of the Participating

Organisation. That client may be a Funds Manager acting on behalf of more than one client account.

- (iv) bought by the Participating Organisation as Principal or as agent on behalf of one client of the Participating Organisation. That client may be a Funds Manager acting on behalf of more than one client account.

2.8.4 PORTFOLIO SPECIAL CROSSINGS

- (1) A Portfolio Special Crossing may be effected by a Participating Organisation if:
 - (a) the portfolio comprises a number of purchases and/or sales of different Equity Securities pursuant to a single agreement for an agreed price;
 - (b) the Participating Organisation:
 - (i) acts as agent for both the buyer and seller of the portfolio; or
 - (ii) as Principal buys from or sells to the client, the portfolio;
 - (c) there are at least 10 purchases and/or sales of different Equity Securities which have a consideration of not less than K200,000 each, or such other amount greater than K200,000 as is prescribed by the Exchange, although additional purchases and/or sales of less than K200,000 (or the amount otherwise prescribed by the Exchange) may be included;
 - (d) the total consideration for all purchases and/or sales making up the portfolio is not less than K5,000,000, or such other amount greater than K5,000,000 as is prescribed by the Exchange.

2.8.4A NOT USED

2.8.5 UNDERWRITING DISPOSALS

- (1) Special Crossings may be effected where the transaction involves the initial disposal by the Participating Organisation of the underwriter's or sub-underwriter's commitment.

2.8.6 EXCHANGE APPROVAL

- (1) A Special Crossing of Equity Securities may be effected by a Participating Organisation with the prior approval of the Exchange where:
 - (a) the sale is for the purpose of enabling an Issuer to maintain or obtain a spread of holders in accordance with Listing Rule 12.4; or

- (b) the sale results from an approach to holders of Equity Securities of an Issuer pursuant to Rule 3.2.

2.8.7 COMPLETION OF ORDER

- (1) A Special Crossing of Securities may be effected by a Participating Organisation when the Securities constituting the sale comprise less than a Marketable Parcel and the sale is made for the purpose and will have the effect of:
 - (a) completing a client's order in accordance with the terms of that order; or
 - (b) reselling the Securities pursuant to Rule 3.6.2A.

2.8.8 SPECIAL CROSSINGS PROHIBITED

- (1) A Special Crossing of any Equity Securities of an Issuer, which is a company under the Companies Act, must not be effected during an Offer Period for any Equity Securities of the Issuer.

2.9 DEALING ON A DIFFERENT BASIS OF QUOTATION

2.9.1 GENERAL RULE

- (1) A Participating Organisation must, unless Rule 2.9.2 applies, deal on PETS in a quoted Security on the basis it is quoted.

2.9.2 EXCEPTIONS

- (1) A Participating Organisation may deal on PETS in a quoted Security on a basis different to the existing quotation if a market for such dealing is established in accordance with the following procedures:
 - (a) the Participating Organisation must advise POMS_oX of the proposal to deal on a different basis of quotation and POMS_oX may then cause an announcement to be made on the different basis of quotation;
 - (b) dealing on the different basis of quotation will not commence until the expiry of a period of Pre-Opening of at least 15 minutes after the announcement referred to in paragraph (a) has been made. However Participating Organisations may change Bid and Offer prices during that period of Pre-Opening;
 - (c) trading on the different basis of quotation will only be permitted on the Trading Day on which the different basis of quotation was announced in accordance with paragraph (a).
- (2) A Participating Organisation may effect a Special Crossing in Securities in accordance with Rule 2.8 on a basis different to the existing basis of

quotation provided the Participating Organisation reports that different basis of quotation through PETS.

2.10 NON-DISCLOSURE OF QUANTITY OF SECURITIES BID OR OFFERED

2.10.1 GENERAL RULE

- (1) A Participating Organisation must, unless Rule 2.10.1(2) applies, when entering a Bid or Offer into PETS, specify both the price and quantity of the Securities the subject of that Bid or Offer.
- (2) A Participating Organisation may elect not to disclose the quantity of the Securities the subject of a Bid or Offer entered by the Participating Organisation into PETS when the value of the Securities the subject of that Bid or Offer exceeds the amount prescribed by the Exchange. The amount prescribed by the Exchange for this purpose will not be less than K100,000.

2.11 SHORT SELLING

2.11.1 SHORT SELLING

A Broker must not effect or purport to effect a Short Sale.

2.12 CONDITIONAL TRADING

2.12.1 CONDITIONAL SALE

- (1) Notwithstanding any provision of these Rules to the contrary, a Conditional Sale will be cancelled in accordance with this Rule 2.12 if the Condition is not fulfilled.

2.12.2 WHEN THE EXCHANGE MAY DECLARE A CONDITIONAL MARKET

- (1) The Exchange may declare a market to be a Conditional Market if:
 - (a) an Issuer or vendor has:
 - (i) requested the Exchange in writing to provide a Conditional Market;
 - (ii) specified the Conditions and the date by which each Condition is required to be satisfied; and
 - (iii) undertaken to notify the Exchange immediately of the fulfilment or non-fulfilment of each Condition;
 - (b) the prospectus offering to which the request for a Conditional Market relates:
 - (i) has a total value of not less than the value prescribed by the Exchange from time to time and not objected to by the Commission; or

- (ii) anticipates pre-allotment or pre-transfer trading on an overseas market; and
 - (iii) sets out the responsibility of and procedures for an applicant for Securities pursuant to that prospectus offering to verify his holding and describes the basis of pre-allotment or pre-transfer trading in a manner which clearly describes the underlying contingent nature of the issue of Securities until allotment or transfer occurs;
 - (c) the Issuer or vendor agrees with the Exchange to observe a Dispatch Date stipulated by the Exchange and being a date not more than 5 Business Days after the date of satisfaction of the Conditions;
 - (d) an announcement of the basis of quotation as being conditional has been made on PETS; and
 - (e) the Issuer or vendor provides a market announcement of the Conditions for the Conditional Market and any other information required by Listing Rule 3.1 for release to the market.
- (2) The Exchange will make any declaration pursuant to Rule 2.12.2 in writing.

2.12.3 CONDITIONAL MARKET OPERATION

- (1) A Conditional Market will only be permitted to operate:
- (a) if prior to the commencement of the Conditional Market:
 - (i) the issue or sale price of the Securities the subject of the prospectus offering has been determined; and
 - (ii) the Issuer or vendor has made arrangements satisfactory to the Exchange to enable applicants for Securities the subject of the prospectus offering to determine their entitlements; and
 - (b) for such period of time as is agreed by the Exchange.
- (2) Trading of Securities on a Conditional Market will be on a deferred settlement basis.

2.12.4 FULFILMENT OR NON-FULFILMENT OF CONDITION

- (1) If no notification is given to the Exchange of the fulfilment or non-fulfilment of a Condition on the date by which that Condition was required to be satisfied the Condition will be deemed not to have been fulfilled.

- (2) If this Rule 2.12.4(1) does not apply, the Exchange and parties to a Conditional Sale are entitled to rely on advice given to the Exchange pursuant to Rule 2.12.2(1)(a)(iii) as to the fulfilment or non-fulfilment (as the case may be) of the Conditions as conclusive evidence of that circumstance.
- (3) Immediately on receipt of advice by the Exchange of fulfilment of all Conditions specified pursuant to Rule 2.12.2(1)(a)(ii), all sales that were conditional become unconditional. The Exchange will announce that Conditional Sales pursuant to Rule 2.12 have become unconditional. Subject to Rule 2.12.4(4) the Settlement Day of all such contracts shall be the date determined and announced by the Exchange. The Settlement Day will usually be the sixth Business Day after the Dispatch Date stipulated by the Exchange pursuant to Rule 2.12.2(1)(c).
- (4) Notwithstanding any provision of these Rules to the contrary, parties to a Conditional Sale may:
 - (a) agree to a particular settlement date which is a date other than the Settlement Day so determined and announced by the Exchange; or
 - (b) effect delivery obligations other than on that Settlement Day, provided that the particular settlement date or the date of effecting delivery obligations is not prior to the date of the announcement by the Exchange pursuant to Rule 2.12.4(3) that Conditional Sales have become unconditional.

2.12.5 WHEN CANCELLATION IS EFFECTIVE

- (1) Cancellation of a Conditional Sale (and the corresponding conditional purchase) for non-fulfilment of a Condition is effective:
 - (a) if notice of non-fulfilment was given to the Exchange, upon receipt of that notice; or
 - (b) if no notice of fulfilment or non-fulfilment was received by the Exchange, on the Trading Day immediately following the date on which the Condition was required to be satisfied,

without any liability whatsoever other than for the return of any money paid, or Securities or documents delivered, in connection with settlement of the Conditional Sale (and corresponding conditional purchase). The effect of such cancellation is to avoid the contract for the sale and purchase of Securities.

2.13 FORWARD DELIVERY

2.13.1 REQUIREMENTS FOR BENEFICIAL OWNERSHIP AND LEGAL TITLE

- (1) A Participating Organisation shall not sell or offer to sell to any person, Securities on a forward delivery basis if those Securities are not beneficially owned by:
 - (a) the Participating Organisation; or
 - (b) the selling client being a party to the contract.
- (2) Before a Participating Organisation makes a Forward Delivery Transaction on behalf of a selling client, it must:
 - (a) secure from the client the Forward Securities; or
 - (b) satisfy itself that the client:
 - (i) is the registered holder;
 - (ii) has the legal right to become the registered holder; or
 - (iii) has the irrevocable right to call for delivery to the buying client,

of the Forward Securities, and is legally entitled or authorised to sell or dispose of the Forward Securities.

2.13.2 DEPOSIT REQUIREMENTS

- (1) Before a Participating Organisation makes a Forward Delivery Transaction on behalf of a buying client, it must secure from the client:
 - (a) an initial deposit of not less than 25% of the Forward Price; and
 - (b) where the Forward Price exceeds the market value of the Forward Securities at the time of the transaction - a margin equal to the difference between the Forward Price and the market value of the Forward Securities.
- (2) For the purposes of Rules 2.13.2 (1), (3) and (4) the aggregate amount held as margin and deposit shall not exceed the Forward Price.
- (3) Where the market price of the Forward Securities changes by at least 10% of the Forward Price the Participating Organisation acting for the buying client must, as applicable:
 - (a) immediately call on its client to provide; or
 - (b) repay to the client upon request by the client,

the amount necessary to maintain a margin equal to the difference between the Forward Price and the market value of the Forward Securities.

- (4) Where the market value of any Collateral Securities changes by at least 10% of the Forward Price the Participating Organisation acting for the buying client who lodged such Collateral Securities must, as applicable:
- (a) immediately call on its client to provide; or
 - (b) repay to the client upon request by the client,
- the amount necessary to maintain the percentage of the Forward Price originally secured by the Collateral Securities.

2.13.3 REMEDY IN EVENT OF DEFAULT BY CLIENT

- (1) If the buying client who has been called on to provide a margin fails to comply within one Trading Day from the date of request the Participating Organisation concerned may as against and at the risk of its client proceed to sell out such of the Forward Securities as are necessary to provide for due completion of the Forward Delivery Transaction in question.
- (2) A Participating Organisation who takes action in accordance with Rule 2.13.3(1) must immediately Notify the relevant circumstances to the Exchange.

2.13.4 DIVIDENDS

- (1) Dividends payable between the date of sale and maturity of a Forward Delivery Transaction shall accrue to the buyer.
- (2) Dividends must be accounted for at the time of settlement of the Forward Delivery Transaction in question.

2.13.5 REPORTING

- (1) A Forward Delivery Transaction must be reported in accordance with Rule 2.15.11.

2.14 NOT USED

2.14A NOT USED

2.15 REPORTING

2.15.1 APPLICATION OF RULE

All trades not made through PETS are to be reported at the time of trade or as soon after as access to PETS by way of the Trader Workstation will allow.

2.16 SUSPENSIONS AND TRADING HALTS

2.16.1 SUSPENSIONS

- (1) Securities which have been suspended from Official Quotation can only be traded with the permission of the Exchange.
- (2) Bids and Offers in Securities the subject of the suspension will be placed in suspend.
- (3) At the termination of the period of suspension, trading in the Securities which are the subject of the suspension will proceed to Normal Trading after a period of Pre-Opening.

2.16.2 TRADING HALTS

- (1) A trading halt may be imposed by the Exchange if:
 - (a) the Exchange releases an announcement in relation to an Issuer which, in the opinion of the Exchange, is market sensitive; or
 - (b) an Issuer requests a trading halt and the Exchange agrees to impose a trading halt.
- (2) Securities subject to a trading halt will be placed into Pre-Opening Phase. However, if the trading halt is imposed after the end of Normal Phase, the Securities subject to a trading halt will be placed into Pre-Opening Phase the next Trading Day.
- (3) Securities subject to a trading halt must not be traded (including by way of Crossings and Special Crossings) during the period of the trading halt, regardless of whether the Securities have been placed into Pre-Opening Phase.
- (4) A trading halt will end at the earlier of:
 - (a) the time announced by the Exchange that the trading halt will end (and the Exchange will provide at least ten minutes notice before the end of the trading halt); or
 - (b) the commencement of Normal Trading on the second Trading Day after the day the trading halt is imposed.
- (5) When a trading halt ends, the Securities will be placed in the phase applying to the market as a whole unless the Exchange decides otherwise.

2.17 ERRORS AND CANCELLATIONS

2.17.1 CANCELLATION AFTER MATCHING ON PETS

- (1) A Participating Organisation must ensure that each of its Designated Trading Representatives:
 - (a) comply with the instructions and directions issued by POMSoX;
 - (b) comply with the PETS Reference Manual;

- (c) do not intentionally take advantage of a situation arising as a result of:
 - (i) a breakdown or malfunction in the Exchange's procedures or systems;
 - (ii) an error in entries made by the Exchange within PETS.
- (2) Where a Participating Organisation becomes aware of a transaction effected as a result of:
 - (a) any of the matters in Rule 2.17.1(1)(c); or
 - (b) an error in the entry of a Bid or Offer,
 the following provisions of this Rule 2.17.1 apply.
- (3) A Participating Organisation identifying such error must contact the Participating Organisation with whom the transaction was effected and request the agreement of that Participating Organisation to cancel the transaction.
- (4) If agreement is reached, both Participating Organisations must as soon as possible after reaching that agreement Notify the Exchange of:
 - (a) the error;
 - (b) agreement to cancel the transaction;
 - (c) full details to enable identification of the transaction to be cancelled.
- (5) On receiving notification from both Participating Organisations pursuant to Rule 2.17.1(4), the trade may be cancelled in accordance with the procedures set out in the PETS Reference Manual.
- (6) A Participating Organisation responsible for an error in the entry of a Bid or Offer which results in a transaction being effected in relation to that Bid or Offer, must, if requested by the other Participating Organisation or the Exchange, pay the costs involved in cancelling the transaction.

2.17.2 CANCELLATIONS PRIOR TO MATCHING ON PETS PERMITTED

- (1) A Participating Organisation may authorise a Designated Trading Representative to amend, cancel or withdraw any Bid or Offer prior to a transaction being effected on PETS.
- (2) Subject to Rule 2.12, a transaction matched on PETS cannot be cancelled except by mutual agreement between the Participating Organisations which are party to that transaction.

2.18 DISPUTE RESOLUTION

2.18.1 NOT USED

2.18.2 INVESTIGATIONS BY POMSOX

- (1) Any dispute arising in relation to any of the Dealing Rules must be promptly referred to POMSoX.
- (2) POMSoX or its delegate, will investigate the dispute and make a determination in respect of it. That determination shall, subject to Rule 2.18.3, be final and binding on the parties to the dispute.
- (3) Not used.
- (4) To fulfil its role pursuant to Rule 2.18.2(2), POMSoX or its delegate may enquire into all facts, matters and circumstances relevant to the dispute and for this purpose may take statements (orally or in writing) from persons and generally conduct their inquiries and proceedings for the resolution of the dispute as they think fit.
- (5) POMSoX or its delegate must use their best endeavours to reach a decision on any such dispute before 5.00 pm on the Trading Day on which the dispute occurs or if the day on which the dispute arose is not a Trading Day or the dispute occurs after 5.00 pm on a Trading Day, then before 5.00 pm on the following Trading Day.

2.18.3 APPEAL FROM A DETERMINATION OF POMSOX

- (1) A Participating Organisation aggrieved by a determination of POMSoX or its delegate may appeal to the National Adjudicatory Tribunal.
- (2) The National Adjudicatory Tribunal will conduct any such appeal in accordance with Rules 14.2.1 and 14.2.3.
- (3) The appeal will not be conducted as a rehearing but the National Adjudicatory Tribunal may review any findings reached in the determination of POMSoX or its delegate. The National Adjudicatory Tribunal may affirm, vary or set aside that determination.
- (4) The determination of the National Adjudicatory Tribunal will be final and binding on the Participating Organisations involved in the dispute.
- (5) The legal or other costs or expenses incurred by the National Adjudicatory Tribunal in conducting and hearing an appeal under this Rule must be borne by the Participating Organisations involved in the dispute, in such proportions as the National Adjudicatory Tribunal in its discretion determines.

2.19 CONTRACTS BETWEEN PARTICIPATING ORGANISATIONS

- (1) In contracts between Participating Organisations or between a Participating Organisation and a member of an overseas stock exchange the parties shall be deemed to be principals to each other.

When a Participating Organisation acts as agent for any principal, whether disclosed or not, the liability of such Participating Organisation shall be limited to delivery of valid documents of title and payment of the amount due on settlement in accordance with these Rules.

- (2) In the sale of Securities carrying any liability for calls, unless such Securities are transferred to a transferee within 42 days from the date of settlement, the seller shall be entitled to demand the name of the buyer.

2.20 TAKEOVER OFFERS

For the purposes of this Rule 2.20 “**offeror**” has the meaning given to that term in the Takeovers Code.

2.20.1 NOT USED

2.20.2 NOT USED

2.20.3 ACQUISITION OF SHARES

- (1) When a Participating Organisation is acting on behalf of an offeror and the offeror has served on the Target Company a takeover notice or takeover offer, subject to the Takeover Code. The Participating Organisation shall not on behalf of the offeror offer to buy or buy shares of that class in the Target Company during the takeover period at a price per share which is different from the amount of any consideration which is payable under the offers or proposed offers until an announcement of the varied price has been made by the Exchange to the stock market during an Official Meeting of the Exchange. For the purposes of this Rule an announcement of a varied price will not be communicated to the stock market until written communication of the varied price is given to the Exchange.

APPENDIX 2.1 - TAKEOVER OFFER

INFORMATION RECEIVED	ACTION THE EXCHANGE WILL TAKE	
	TARGET COMPANY	OFFEROR
<ul style="list-style-type: none"> Announcement of: intention to make a Takeover Offer, or if no announcement of an intention to make a Takeover Offer has been made, announcement of a Takeover Offer itself intention to propose a Scheme 	Securities will be placed in suspend Phase for a minimum period of 1 hour.	Securities will be placed in suspend for 10 minutes if the announcement is received during Normal Trading.
<p>Announcement of variation of consideration under:</p> <ul style="list-style-type: none"> Takeover Offer Scheme 	Securities will be placed in suspend for a minimum period of 1 hour.	Securities will be placed in suspend for 10 minutes if the announcement is received during Normal Trading.
<p>Announcement by Offeror in relation to the offer including the following:</p> <ul style="list-style-type: none"> that Takeover Offer is unconditional that minimum acceptance condition under Takeover Offer has been met or varied that offer period under Takeover Offer has been extended any other variation of Takeover Offer (except a variation of consideration) 	Securities placed in suspend for 10 minutes if the announcement is received during Normal Trading.	A message will be placed on Trader Workstation screens.
<p>Announcement by Target Company in relation to the offer including the following:</p> <p>Target Company Statement in respect of a Takeover Offer</p> <p>any similar information in respect of an Issuer incorporated outside Papua New Guinea.</p>	Securities placed in suspend for 10 minutes if the announcement is received during Normal Trading.	A message will be placed on Trader Workstation screens.
Announcement of any variation of proposed terms of a Scheme which, in the opinion of POMS0X, is material.	Securities placed in suspend for 10 minutes if the announcement is received during Normal Trading	A message will be placed on Trader Workstation screens.

INFORMATION RECEIVED	ACTION THE EXCHANGE WILL TAKE	
	TARGET COMPANY	OFFEROR
Receipt of: <ul style="list-style-type: none"> • previously announced Takeover Notice, Offer or Target Company in respect of Takeover Offer • any similar information in respect of an Issuer incorporated or established outside Papua New Guinea 	A message will be placed on Trader Workstation screens	A message will be placed on Trader Workstation screens

SECTION 3 - CLIENT RELATIONS

4. DELIVERY AND SETTLEMENT

4.1 INTERPRETATION

For the purposes of Section 4 of these Rules:

“buying Broker” means the Broker which is entitled to delivery of Securities and is obliged to pay for those Securities whether that entitlement and obligation arise out of the purchase of the Securities or in some other way;

“Despatch Date” means the date by which an Issuer is required to have despatched certificates (or in the case of Rights, entitlement and acceptance forms in relation to those rights) or to have entered Securities (including Rights) into Security holder's uncertificated holdings in accordance with the Listing Rules or otherwise as determined by the Exchange and notified from time to time.

“Entrepot Account” means an uncertificated Security holding account maintained by a Broker in a company's share register for the sole purpose of facilitating settlement of Securities transactions.

“Mark” in respect of a transfer of Securities means the certification of transfers by a Marking Body or the Issuer of the Securities as to the number of Securities represented by each transfer.

“Marking Body” means:

- (a) the Exchange;
- (b) a Broker;
- (c) an organisation which enters into a written agreement with the Exchange confirming it will comply with the appropriate Business Rules relating to the Marking of transfers.

“proper SCH Transfer” has the meaning prescribed in the SCH Business Rules

“Record Date” means the date determined by an Issuer as the date by which Transfers must be received for the purpose of identifying the persons entitled to the benefit of a Corporate Action as defined in the SCH Business Rules.

“selling Broker” means the Broker which is obliged to deliver Securities and is entitled to receive payment for those Securities whether that obligation and entitlement arise by virtue of a sale of the Securities or in some other way.

“SRN” means Securityholder Reference Number as defined in the SCH Business Rules.

4.1A EXCHANGE'S LIABILITY FOR SERVICES PROVIDED UNDER THIS SECTION

The Exchange is not liable to Brokers or their clients for any direct or indirect loss, damage or expense (including legal costs) arising in any way, whether by negligent conduct or omission of the Exchange, its employees or independent contractors and whether by any systems malfunction, systems failure, error in programming or error in input data in relation to any computer used in connection with the supply of such services, or otherwise, out of the supply of services by the Exchange under Section 4 of the Business Rules.

4.1B NOT USED

4.1C NOT USED

4.1D DELIVERY AND SETTLEMENT THROUGH CHESSE

If the Securities the subject of a transaction are on the CHESSE Subregister and the selling Broker and the buying Broker agree:

- (i) transfer and delivery may be made by way of a proper SCH Transfer through SCH;
- (ii) the selling Broker and the buying Broker must comply with the SCH Business Rules and must procure that the participants in CHESSE through whom they have the transfer processed comply with the SCH Business Rules; and
- (iii) except for rules 4.1, 4.1A,, 4.21(1), 4.21(2), 4.22(1), 4.23(1), 4.24(1), 4.33 and 4.51 nothing in this section 4 shall apply to that transaction.

4.1E DELIVERY OF SECURITIES

A Broker shall deliver Securities by delivering all valid documents necessary to settle a transaction in accordance with these Rules.

4.2 BROKERS' STAMPS

(1) SELLING BROKER'S STAMP

"Transfer of Securities" Definition

- (i) For the purpose of this Rule 4.2(1) "Transfer of Securities" means a Security Transfer, a Security Renunciation and Transfer, a Broker's Transfer, a Broker's Renunciation and Transfer, or any other form of transfer which may from time to time be prescribed by the Exchange.

Certification Stamp

- (ii) A selling Broker shall immediately prior to delivery of a Transfer of Securities to the buying Broker place its certification stamp in the space provided in part 1 of the Transfer of Securities.

Part 2 Cancellation

- (iii) Where part 2 of a Transfer of Securities is to be cancelled for the purpose of marking transfers of smaller denominations against it the selling Broker shall ensure its certification stamp is placed in part 1 of the Transfer of Securities prior to affixing the cancellation stamp in part 2 thereof.

Correction Guarantee

- (iv) (a) Subject to Rule 4.2(1)(iv)(b), all corrections, alterations and additions to part 1 of a Transfer of Securities shall, prior to delivery to the buying Broker, be guaranteed by the selling Broker affixing its "Correction Guaranteed" stamp adjacent to the correction, alteration or addition;
- (b) Any Broker may affix its "Correction Guaranteed" stamp adjacent to an alteration to the paid up value within the security description as shown on the Transfer of Securities where the alteration to the paid up value is made necessary by the payment of a call.

(2) BUYING BROKER'S CERTIFICATION STAMP

- (i) The buying Broker shall place its certification stamp in the space provided in Part 2 of the Security Transfer Renunciation or Brokers Transfer or Renunciation or Split Transfer or Renunciation immediately prior to the lodgement with the company for registration.
- (ii) All corrections, alterations and additions made to a Security or Brokers Transfer or Renunciation in regard to Part 2 thereof shall, prior to lodgement with the company for registration, be guaranteed by the buying Broker affixing its "Correction Guaranteed" stamp adjacent to the correction or alteration.
- (iii) Where a Settlement Agent affixes its "Correction Guaranteed" stamp on behalf of a Broker in accordance with this Rule, that Broker guarantees any corrections, alterations or additions to the Security Transfer.

(3) **CERTIFICATION STAMPS**

- (i) The Broker's certification stamp shall include:
 - (a) the name – Port Moresby Stock Exchange Limited;
 - (b) the Broker's name and code number, if any;
 - (c) the Broker's facsimile signature.
- (ii) The Broker's "Correction Guaranteed" stamp shall consist of the words "Correction Guaranteed" and the Broker's code number and facsimile signature.
- (iii) The Settlement Agent's certification stamp shall include:
 - (a) the name – Port Moresby Stock Exchange Limited;
 - (b) the Settlement's Agent's name and code number, if any;
 - (c) the Settlement Agent's facsimile signature;
 - (d) a statement that it is executed as agent and the Broker's identity is available on written request.
- (iv) The Settlement Agent's "Correction Guaranteed" stamp shall consist of the words "Correction Guaranteed" and the Settlement Agent's code number, if any, and facsimile signature.

(4) **NOT USED**

(5) **"BROKER" DEFINITION**

A reference in Rule 4.2(1)(ii), 4.2(2)(i) or 4.2(2)(ii) to a buying or selling Broker's certification stamp or "Correction Guaranteed" stamp includes a certification stamp or "Correction Guaranteed" Stamp of a Settlement Agent acting on behalf of a Broker.

4.3 NOT USED

4.3A BROKERS TO KEEP SETTLEMENT OFFICES OPEN ON BUSINESS DAYS

Brokers shall keep open an office for the receipt, delivery and settlement of transactions in every branch which normally receives deliveries and settlements, on every Business Day.

4.4 BUYING-IN

(1) PENALTY

Where Securities remain undelivered for a period of time after the date on which the sale of those Securities was recorded on PETS, which period of time shall be prescribed by the Exchange, the Exchange may impose a monetary penalty on the selling Broker of an amount prescribed by the Exchange for each week that the Securities, the subject of the sale, remain undelivered after the expiry of the prescribed period. The Exchange may request a selling Broker to provide it with written reasons for the selling Broker's inability to deliver Securities the subject of a sale.

Note: See also Rule 4.33(7).

(2) BUYING IN

In addition to the procedures outlined in Rule 4.4(1), the Exchange may determine that buying in shall be effected in respect of undelivered Securities pursuant to sales and/or accruing Securities which are outstanding in excess of such period as prescribed by the Exchange. Where the Exchange determines that buying in shall be effected, the buying in shall be conducted in accordance with the procedures prescribed by the Exchange from time to time and each Broker must comply with those procedures and directions given by POMSoX in the application of those procedures. Without limiting the foregoing and any right of recovery which the selling Broker may have against the selling Broker's client, the selling Broker shall pay to the Exchange all costs and expenses of, or concerning the buying in and shall pay such fees as are determined by POMSoX from time to time.

(3) AUTOMATIC BUYING IN

Brokers shall comply with the automatic buying-in procedures prescribed by the Exchange on and from the date those procedures are prescribed to take effect.

4.5 CALLS - CONTRIBUTING SHARES

PAYMENT AFTER DATE OF SALE - LIMITED LIABILITY

- (1) (a) In contracts for the sale and purchase of Securities (other than shares in No Liability companies) any call becoming due between date of sale and date of settlement shall be paid by the buyer to the seller at the time of settlement.
- (b) In contracts for the sale and purchase of Securities (other than shares in No Liability companies) any call becoming due after the date of settlement shall be the responsibility of the buyer and any call

becoming due between date of settlement and date of registration shall be paid by the buying Broker to the company and the buying Broker may thereafter recover the amount of the call so paid from the buyer.

PAYMENT AFTER DATE OF SALE - NO LIABILITY

- (2) Except as provided for in Rule 4.5(5), in contracts for the sale and purchase of shares in No Liability companies any call becoming due between the date of sale and date of settlement shall not be paid by the selling Broker to the company unless the buying Broker places the selling Broker in funds not less than five Business Days prior to the advertised date of forfeiture sale or postponed date of forfeiture sale for the appropriate amount of the call payable.
- (3) Brokers may delivery contributing shares without call paid either prior to or subsequent to the date of forfeiture sale if the buying Broker has not already placed the selling Broker in funds in terms of Rule 4.5(2).
- (4) If delivery of contributing shares has not been effected prior to the actual date of the forfeiture sale, the selling Broker may request settlement of the contract consideration without delivery of the contributing shares, on any Business Day subsequent to the forfeiture sale. Any proceeds due from such forfeiture sale shall be paid by the selling Broker to the buying Broker at the time of settlement, or when the proceeds are available.
- (5) In forward delivery transactions for the sale and purchase of shares in No Liability companies any call becoming due between the date of sale and the date of settlement both days inclusive, shall only be paid by the selling Broker to the company on the prior written instruction of the buying Broker and shall be paid by the buying Broker to the selling Broker at the time of issuing the instruction. The buying Broker shall ensure the instruction and payment is received by the selling Broker no later than the fifth Business Day prior to and inclusive of the date of the forfeiture sale.
- (6) Where an option has been granted to purchase any Securities and such option has been exercised, any call that may become due between the date of granting of such option and the exercise thereof shall be paid by the buyer to the seller at the time of settlement.

GENERAL

- (7) A call shall be considered due upon the day on which it is made payable.
- (8) (i) In the case of a Limited Liability company delivery of Securities will not be valid unless the payment of all calls made thereon has been certified by the company or unless the company has previously advised the Exchange that all calls have been paid.

- (ii) In the case of a No Liability company delivery of Securities will not be valid delivery unless the payment of all calls made thereon (other than the current call) has been certified by the company.

4.6 CLAIMS AND TRANSFER REPLACEMENT - FEES

Unless otherwise determined by the Exchange:

- (1) (i) A Broker shall not accept a claim in terms of these Rules for Dividend, Interest, Capital Return, Rights, Bonus Issues and New Issue Securities unless the claimant attaches a cheque for a fee, made payable to the Broker.
- (ii) The fee, where applicable, payable by a claiming Broker shall be determined according to the claim fee schedule on the basis that a single claim fee applies to claims relating to the one transferor and the one original security, PROVIDED THAT such claims are received by the Broker to whom the claim is addressed at the same time with the fee.
- (iii) A collection fee shall be retained by the original selling Broker irrespective of whether or not the claim is in order and met by the transferor.

(iv) CLAIM FEE SCHEDULE

Claim in respect of a benefit up to 6 months old	:	K50
Claim in respect of a benefit aged over 6 months and up to 12 months	:	K100
Claim in respect of a benefit aged over 12 months	:	K200

- (2) (i) A Broker shall not accept a request for replacement of a transfer unless the requestor attaches a transfer replacement fee determined according to the transfer replacement fee schedule made payable to the Broker.
- (ii) **TRANSFER REPLACEMENT FEE SCHEDULE**

Fee per transfer replaced	:	K50
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- (3) A Broker shall not accept a request for provision of a certificate, issued by a company in respect of a stale marking, unless the requestor attaches a fee of K50 for each certificate to be provided.

4.7 NOT USED**4.8 NOT USED****4.8A ACCEPTANCE OF SECURITIES AS DELIVERED - SPECIAL MARKETS**

Notwithstanding anything to the contrary in any other Rule in Section 4, when in a market established in accordance with Rule 2.9, a transaction in a Security is executed on a 'cum' benefit basis during a period when normal trading in the Security is on the basis of 'ex' the benefit then, on demand by the seller delivery of Securities shall be made on the basis of 'cum' the benefit on any Business Day following the date of the transaction up to but not including the date of closing of transfer books to determine security holders entitled to participate in the benefit. The buying Broker shall not refuse delivery and:

- (a) shall ensure that the settlement documents are lodged with the Issuer for registration prior to the date of closing of the transfer books; or
- (b) If the Securities are not registered prior to the date of closing of the transfer books, or, the Record Date, as the case requires, any subsequent claim by the buyer for the benefit may be satisfied by provision of the benefit actually distributed to the transferor.

4.9 DIFFERENT REGISTERS

Documents in respect of sales of Securities of an Issuer having two or more registers shall relate to Securities on the Papua New Guinea register unless the selling Broker and the buying Broker have agreed that the transfer and delivery are to be made through the CHESSE subregister.

4.10 DIVIDEND, INTEREST, CAPITAL RETURNS

- (1) Unless otherwise determined by the Exchange, transactions in Securities will be officially quoted by the Exchange on PETS as "ex dividend", "ex interest" or "ex capital return" as the case may be, on the seventh Business Day prior to and inclusive of the date of closing of transfer books to determine shareholders entitled to participate in the distribution, or in the case of CHESSE Approved Securities, the Record Date.
- (2) (i) When a transfer of Securities sold "cum dividend", "cum interest", or "cum capital return" is delivered during the two Business Days prior to and inclusive of the date of closing of the transfer books, or on any day thereafter, the selling Broker (unless otherwise arranged with the buying Broker) shall allow the amount of the dividend, interest or capital return at the time of settlement.
- (3) (a) (i) When a transfer of Securities sold "ex dividend", "ex interest" or "ex capital return" is delivered either on the Business Day prior to, or on the date of closing of transfer books:

- (a) the selling Broker shall clearly endorse the Security description on the transfer "ex dividend", "ex interest" or "ex capital return", as applicable; and
 - (b) the buying Broker shall not lodge the transfer with the Issuer for registration on or prior to the date of closing of the transfer books.
- (ii) If a buying Broker lodges a transfer of Securities in breach of Rule 4.10(3)(a)(i)(b) causing loss to the seller notwithstanding any breach by the selling Broker of Rule 4.10(3)(a)(i)(a):
- (a) the buying Broker shall be responsible to the selling Broker for that loss;
 - (b) the selling Broker shall give written notice to the buying Broker on or prior to either the Business Day on which the list of allotments to the security holder's uncertificated account are received or the Business Day following the distribution date, of the particulars of that loss; and
 - (c) the buying Broker shall provide to the selling Broker:
 - (A) where the loss was cash, that amount of money on the Business Day following receipt of the notice referred to in Rule 4.10(3)(a)(ii)(b); and
 - (B) where the loss was Securities, the equivalent Securities within five Business Days of receipt of share certificates or list of allotments to the security holder's uncertificated account.
- (iii) When a transfer of Securities sold "cum dividend", "cum interest" or "cum capital return" is delivered either on the Business Day prior to, or on the date of closing of transfer books, and the buying Broker has agreed to receive the benefit in cash, and settlement is adjusted by the amount of the dividend, interest, or capital return involved:
- (a) the selling Broker shall clearly endorse the Security description on the transfer "ex dividend", "ex interest" or "ex capital return", as applicable; and
 - (b) the buying Broker shall not lodge the transfer with the Issuer for registration until after the date of closing of the transfer books.

- (iv) If a buying Broker lodges a transfer of Securities in breach of Rule 4.10(3)(a)(iii)(b), notwithstanding any breach by the selling Broker of Rule 4.10(3)(a)(iii)(a), the buying Broker on the Business Day following the payable date for the distribution shall refund to the selling Broker the cash adjustment previously deducted.
- (4) When a transfer of Securities is delivered on or before the third Business Day prior to and inclusive of the date of closing of transfer books of the Issuer, the selling Broker shall not be responsible for the dividend interest or capital return in the event of the non-registration of the transfer on a "cum dividend", "cum interest" or "cum capital return" basis and the buying Broker's claim shall only be against the registered holder of the Securities at the Date of closing of transfer books by lodgement of a claim with the original selling Broker.
- (5) Except by arrangement with the original selling Broker, a buying Broker shall not refrain from effecting the transfer of Securities with the intention of claiming on the original seller for the dividend, interest or capital return.
- (6) Not used.
- (7) A claim for the dividend, interest or capital return shall be prepared by the claiming Broker in triplicate on an approved form which shall be serially numbered. A separate claim shall be issued in respect of each original seller, and the following information shall be included in each form:
 - (i) Details of the Security in respect of which the claim is made;
 - (ii) Amount of the claim;
 - (iii) Date of purchase by the claiming Broker;
 - (iv) The name in which the Securities were delivered;
 - (v) The date the transfer books closed to determine shareholders entitled to receive the dividend, interest or capital return;
 - (vi) The date the Securities were received by the claiming Broker;
 - (vii) The original selling Broker's code number and transfer identification number;
 - (viii) The payable date of the dividend, interest or capital return;
 - (ix) The date the Securities were lodged with the company for registration when the Securities were received by the claiming Broker more than two months prior to the date of the claim.

- (8) (i) The claiming Broker shall forward the original and duplicate of the claim to the office of the original selling Broker. The triplicate copy shall be retained by the claiming Broker as a permanent record of the claim. The original selling Broker shall acknowledge and return the duplicate of the claim to the office of the claiming Broker not later than the Business Day following receipt of the claim.
- (ii) When a claim is received by the original selling Broker it shall, provided the claim does not relate to Securities delivered by it more than two months prior to the receipt of the claim, immediately claim on its principal in writing, stating that the claim is made under the Rules of the Exchange.
- (iii) If the claiming Broker does not receive a satisfactory reply within one month of the payment of the dividend, interest or capital return, or one month after the acceptance of the claim by the original selling Broker, whichever is the later, it may demand and the selling Broker shall thereupon supply to it the name and address of its principal and the date of the transaction with its principal.
- (9) When the Securities from which the claim has arisen were delivered by the original selling Broker more than two months prior to the date of receipt of the claim, the Broker acting for the seller may either immediately:
- (i) claim on its principal in writing; or
- (ii) supply the claiming Broker with the name and address of its principal, and the date of the transaction. An original selling Broker may refuse to supply the name and address of its principal or pay the dividend, interest or capital return until notified by the claiming Broker of the date of lodgement of the Securities at the company's office.
- (10) The payment of a claim for the dividend, interest or capital return shall be made by a separate cheque. The original copy of the claim shall be attached to the cheque.
- (11) Subject to the provisions of Rule 4.10(9), all moneys received for claims shall be paid to the claiming Broker immediately.
- (12) (i) Subject to Rule 4.10(12)(ii), when in the opinion of a buying Broker a transfer of Securities sold "cum dividend" "cum interest" or "cum capital return" may remain undelivered on the third Business Day prior to and inclusive of the books closing date and:
- (a) the buyer wishes to make an election or nomination in respect of the payment of dividend, interest, or capital return on such Securities; and

- (b) the closing date for the receipt of election or nomination notices by the Issuer is on or after books closing date,

then:

- (c) the buying Broker shall, on or before the fifth Business Day prior to and inclusive of the books closing date, advise the selling Broker in writing of the election or nomination to be made and the number of Securities subject to that election or nomination; and
- (d) the selling Broker shall:
 - (i) acknowledge receipt in writing of the election or nomination request;
 - (ii) arrange the election or nomination with the Issuer or selling client as the case requires; and
 - (iii) deliver the Securities which are the result of the election or nomination within five Business Days of the date of despatch of certificates or list of allotments to the security holder's uncertificated account.
- (ii) Rule 4.10(12)(i) does not apply if the selling Broker delivers the Securities sold "cum dividend" "cum interest" or "cum capital return" before or on the third Business Day prior to and inclusive of the books closing date;
- (iii) When an unregistrable transfer of Securities sold "cum dividend" "cum interest" or "cum capital return" is returned to the selling Broker on or after the third Business Day prior to and inclusive of books closing date and:
 - (a) the buyer wishes to make an election or nomination in respect of the payment of dividend, interest or capital return on such Securities; and
 - (b) the closing date for receipt of election or nomination notices by the Issuer is, or was on, or after books closing date,

then:

- (c) the buying Broker shall on the Business Day upon which the unregistrable transfer of Securities is returned to the selling Broker, advise the selling Broker in writing of the election or nomination, and the number of Securities subject to that election or nomination; and

- (d) the selling Broker shall:
- (i) acknowledge receipt in writing of the election or nomination request and either arrange the election or nomination, with the Issuer or selling Client as the case requires, or provide protection for the Buyer by purchasing sufficient securities to satisfy the election or nomination request; and
 - (ii) deliver the Securities which are either the subject of the election/nomination or the result of the protection within five Business Days of the date of despatch of certificates or list of allotments to the security holder's uncertificated account, or receipt of Securities as the case requires.

4.10A NOT USED

4.11 DIVIDEND WITHHOLDING TAX

WITHHOLDING TAX PAPUA NEW GUINEA

- (1) When Securities owned by a non-resident are sold "cum dividend" or "cum interest" and delivered with an adjustment for dividend or interest the selling Broker shall be responsible to the buying Broker for the full amount of the dividend or interest. It shall be the selling Broker's responsibility to lodge an application for the refund of withholding tax with the Commissioner General of Internal Revenue.
- (2) When Securities sold cum dividend are delivered by the selling Broker in the name of a non-resident, on or before the third Business Day prior to and inclusive of the date of closing of the transfer books, and a claim for dividend is received, the non-resident seller shall be responsible for the amount of the dividend less withholding tax. The selling Broker shall supply the name and address of the seller to the claiming Broker who shall be responsible for the lodgement of an application for the refund of withholding tax with the Commissioner General of Internal Revenue.

WITHHOLDING TAX OVERSEAS

- (3) When a transfer of Securities of an Issuer subject to other than Papua New Guinea income tax or Papua New Guinea withholding tax is sold "cum dividend" and is delivered during the last two Business Days prior to and inclusive of the date of closing of the transfer books, or on any date thereafter, the selling Broker shall allow the Papua New Guinea currency equivalent of the dividend less the minimum overseas tax payable by a Papua New Guinea resident.

- (4) Not used

CLAIMS

- (5) When Securities are purchased "cum dividend" and delivered by the seller before the last two Business Days prior to and inclusive of the date of closing of the transfer books, but are not transferred to the buyer's name on a "cum" basis, the original seller is only responsible to the buyer for the tax paid amount received by him from the Issuer.

4.12 DOCUMENT VALIDITY - SELLING BROKER

The selling Broker shall be responsible for the validity of all documents of title delivered PROVIDED THAT the non-payment by the seller in accordance with instructions from the buyer of any call upon shares in a No Liability company becoming due between the date of sale and the date of settlement shall not be deemed to invalidate the documents of title to such shares for the purposes of this Rule.

4.13 DOCUMENTS - FORM OF TRANSFER

CLAIMS

- (1) Unless otherwise determined by the Exchange a buying Broker may refuse to accept from a selling Broker forms of Transfer or Renunciation unless they conform with the layout in Appendix 4.1.

WARRANTY AND INDEMNITY

- (2) In addition to any obligations which the selling Broker may have at law in relation to the Securities the subject of a transaction, and as a separate contractual obligation for the benefit of the Exchange, each Broker dealing in those Securities, each buyer/transferee of those Securities and each Issuer of those Securities, by stamping and certification in the form prescribed in Appendix 4.1, the selling Broker warrants that the transferor named in the form:
- (i) is or is entitled to be the registered owner of the specified Securities; and
 - (ii) is entitled or authorised to sell the specified Securities, and indemnifies:
 - (iii) the Issuer of those Securities;
 - (iv) the buyer/transferee; and
 - (v) the buyer's/transferee's Broker,

against any loss or damage resulting from any breach of that warranty.

4.14 DOCUMENTS - MARKED TRANSFERS

- (1) A transfer of Securities for which Official Quotation has been granted is valid delivery without the relevant certificate (if any) attached PROVIDED THAT such transfer has been Marked by the Issuer or a Marking Body.
- (2) Not used.
- (3) Not used.
- (4) Not used.
- (5) A marked transfer shall not be good delivery during the last five Business Days currency of the marking. The currency of a marked transfer shall not be extended. Any extension of a marking shall invalidate the transfer for delivery purposes.

4.14A NOT USED

4.15 DOCUMENTS - REGISTRATION

4.15.1 (1) For the purposes of this Rule:

“transfers” or “renunciations” shall include “split transfers” and “split renunciations”.

- (2) (i) The buying Broker shall forward Security or Brokers Transfers to the Issuer for registration within five Business Days of receipt of documents from the selling Broker, PROVIDED THAT when the books of an Issuer close for any purpose all transfers in its possession must be lodged with the Issuer before the registers close, unless the transfers are in respect of a transaction settled on an "ex entitlement" basis.
- (ii) When the buying Broker is not able to complete the transfers with the buyer's full name and address pursuant to Rule 4.15.1(2)(i), it shall nominee the Securities.
- (iii) The buying Broker, shall obtain the buyer's details from its principal to enable it to comply with Rule 4.15.1(2)(i) and shall not forward transfers or renunciations to any person who is not an Affiliate or Participating Organisation unless authorised to do so by the Exchange and subject to the conditions laid down by the Exchange.

4.15.2 ADVICE OF LODGEMENT - ISSUER

Unless the Exchange determines otherwise, all transfers and renunciations forwarded to Issuers for registration shall be accompanied by an Advice of Lodgement for Registration. The Advice shall be dated and include:

- (i) number of units;
- (ii) the names of the Transferor;
- (iii) the names of the Transferee;
- (iv) the register in which the Securities are to be registered; and
- (v) the certificate or reference number relative to each transfer.

4.15.3 ADVICE OF LODGEMENT - CLIENT

The buying Broker may on the day transfers or renunciations are forwarded to the Issuer, advise its clients that Securities have been forwarded to the Issuer for registration. The advice shall be in writing and be dated and shall include:

- (i) the name of the Issuer;
- (ii) the number and class of Security;
- (iii) the full name and address of the transferee.

A client shall be advised if Securities are not forwarded to the Issuer for registration within six weeks of the date of purchase.

4.16 DOCUMENTS - RENUNCIATIONS

- (a) A Security Renunciation and Transfer or a Broker's Renunciation and Transfer shall be good delivery if Marked by the Issuer or a Marking Body.
- (b) An unmarked Security Renunciation and Transfer for the exact number of Rights sold in a transaction, and to which is attached the relevant letter of entitlement duly cancelled by the selling Broker shall be good delivery.

4.17 TRANSFERS

4.17.1 INCOMPLETE

- (1) A buying Broker may refuse delivery of a transfer of Securities unless the following details are inserted by the selling Broker:
 - (i) the name of the Issuer;
 - (ii) the register on which the Securities are held;
 - (iii) the full names of the seller (or transferor);

- (iv) the quantity, class and denomination of the Securities;
 - (v) the seller's SRN;
 - (vi) (a) the code number and Transfer Identification Number of the original selling Broker; or
 - (b) the transferor's certifying Broker's code number and Transfer Identification Number.
 - (vii) not used.
 - (viii) a certification of all corrections, alterations and additions in the manner prescribed by the Rules provided that no alteration shall increase the quantity of Securities originally stated in the transfer;
 - (ix) certification of transfers as prescribed in the Rules.
- (2) The provisions of this Rule shall apply to renunciation forms and provisional allotment letters when applicable.

4.17.2 DELIVERY

- (1) Deliveries of Securities (which may constitute one or more documents) shall represent the exact quantity sold in each case.
- (2) Unless the buying Broker otherwise agrees, delivery shall be made at the buying Broker's office in Port Moresby.

4.17.3 DENOMINATIONS

A buying Broker shall not have the right to specify transfer denominations for a transaction entered into with a selling Broker.

4.17.4 REJECTED TRANSFERS

If a buying Broker wishes to reject back to a selling Broker a transfer of Securities which has been completed with transferee detail or validated in Part 2, or both, then prior to return of the transfer the transferee detail and validation section of Part 2 of the transfer shall be cancelled by the affixing of a cancellation stamp through Part 2 of the transfer.

4.18 NOT USED

4.19 HANDLING FEES

Where a handling fee is payable on shareholders' applications and/or renunciations in connection with a new issue of Securities, the selling Broker shall pay at time of settlement to the buying Broker in respect of transactions outstanding when applications close the amount of fee that the buying Broker

would have been entitled to receive if delivery had been made to enable it to lodge the application or renunciation as the case may be.

4.20 NOT USED

4.21 NEW ISSUES - CUM BONUS

- (1) Bonus issues not subject to ratification by a meeting of holders of Equity Securities shall be governed by the following:
 - (i) Unless otherwise determined by the Exchange, transactions in Securities will be officially quoted by the Exchange on PETS, as "ex bonus" on the seventh Business Day prior to and inclusive of, either the date of closing of the transfer books to determine security holders entitled to participate in the benefit, or in the case of CHESSE Approved Securities, the Record Date.
 - (ii) A selling Broker may during the two Business Days prior to and inclusive of the date of closing of the transfer books to determine holders of Equity Securities entitled to participate in the issue or on any day thereafter effect delivery of the old Securities by a deduction from the settlement of a cash adjustment at a value determined by the Exchange in accordance with Rule 4.37 in lieu of the accruing bonus Securities.
 - (iii) The cash adjustment shall be paid by the buying Broker upon delivery of the accruing bonus Securities by the selling Broker.
 - (iv) Any transfer of Securities delivered by the selling Broker on any of the two Business Days prior to and inclusive of the date of closing of the transfer books to determine holders of Equity Securities entitled to participate in the issue shall be endorsed "ex bonus" as an adjunct to the security description and the buying Broker shall not lodge the transfer with the Issuer for registration purposes until after the date of closing of the transfer books. When such transfer is registered by the Issuer contrary to this Rule, the buying Broker shall immediately refund the cash adjustment deducted by the selling Broker on delivery of the original Securities.
- (2) Bonus issues subject to ratification by a meeting of holders of Equity Securities shall be governed by the following:
 - (i) Unless otherwise determined by the Exchange, transactions in Securities will be officially quoted by the Exchange on PETS, as "ex bonus" on whichever is the later of the Business Day following the meeting of holders of Equity Securities which ratifies the issue, or on the seventh Business Day prior to and inclusive of, either the date of closing of the transfer books, to determine security holders entitled

to participate in the benefit, or, in the case of CHES Approved Securities, the Record Date.

- (ii) Unless otherwise arranged with the buying Broker, the selling Broker shall not deliver Securities during the period from the second Business Day prior to the date of closing of the transfer books to the day on which the issue is ratified by a meeting of holders of Equity Securities, both days inclusive.
- (iii) (a) When Securities are delivered in settlement of a "cum bonus" transaction on either of the two Business Days prior to and inclusive of the date of closing of transfer books, the settlement will be adjusted at a value determined by the Exchange in accordance with Rule 4.37, and the transfer will be registered "ex" the benefit.
- (b) Any transfer of Securities making up the delivery shall be clearly endorsed "ex bonus" as an adjunct to the security description and the buying Broker shall not lodge the transfer with the Issuer for registration purposes until after the date of closing of the transfer books. When such a transfer is registered by the Issuer contrary to this Rule, the buying Broker shall immediately refund the cash adjustment deducted by the selling Broker on delivery of the old securities.
- (iv) The cash adjustment shall be paid by the buying Broker upon delivery of the accruing bonus Securities by the selling Broker.
- (3) Claims for bonus Securities accruing to Securities shall be governed by the following:
 - (i) When a transfer of Securities sold "cum bonus" is delivered on or before the third Business Day prior to and inclusive of the date of closing of transfer books to determine holders of Equity Securities entitled to participate in the issue and is not registered in the buyer's name prior to the books' closing date, the selling Broker shall not be responsible for the accruing bonus Securities. It shall be the responsibility of the buying Broker to claim upon the original selling Broker.
 - (ii) A Claim for bonus Securities shall be prepared by the claiming Broker in triplicate on an approved form which shall be serially numbered. A separate claim form shall be issued in respect of each transferor and shall be forwarded direct to the original selling Broker. The following information shall be included in each claim:
 - (a) details of the Security in respect of which the claim is made;

- (b) details of the accruing Securities;
 - (c) date of purchase by the claiming Broker;
 - (d) the name in which the Securities were delivered;
 - (e) the date of the closing of transfer books to determine holders of Equity Securities entitled to participate in the issue;
 - (f) the date the Securities were received by the claiming Broker;
 - (g) the original selling Broker's code number and Transfer Identification Number;
 - (h) the date the original Securities were lodged with the Issuer for registration when such securities were received by the claiming Broker more than two months prior to the date of the claim.
- (iii) The claiming Broker shall forward the original and duplicate of the claim, together with Security transfer forms in the required denominations, to the original selling Broker. The triplicate copy shall be retained by the claiming Broker as a permanent record of the claim. The original selling Broker shall acknowledge and return the duplicate of the claim to the office of the claiming Broker not later than the Business Day following receipt of the claim.
- (iv) When a claim is received by an original selling Broker it shall provided the claim does not relate to Securities delivered by it more than two months prior to the date of receipt of the claim, immediately claim on its principal in writing, stating that the claim is made under the Business Rules of the Exchange.
- (v) When the Securities from which a claim has arisen were delivered by the original selling Broker more than two months prior to the date of receipt of the claim, it shall immediately:
- (a) claim on its principal in writing; or
 - (b) supply the claiming Broker with the name and address of its principal, and the date of the transaction.

An original selling Broker may refuse to supply the name and address of its principal or deliver the accrued Securities until notified by the claiming Broker of the date of lodgement of the original Securities at the Issuer's office.

- (vi) When an original selling Broker who has accepted a claim fails to deliver the accrued Securities within one month of :

- (a) the issue of the scrip certificate where a claim is made prior to the issue of the certificate; or
- (b) the date of receipt of the original claim when the certificate was issued prior to that date,

the claiming Broker may demand and the selling Broker shall thereupon supply to it the name and address of its principal and the date of the transaction with its principal.

- (vii) When a seller has disposed of accrued Securities which are the subject of a claim, he shall be liable to supply the buyer with equivalent Securities.
- (viii) The original copy of a claim for the accrued Securities shall be attached to the Securities delivered in satisfaction of the claim.

4.22 NEW ISSUES - CUM ENTITLEMENT

- (1) Unless otherwise determined by the Exchange, transactions in Securities carrying a specific entitlement of non-renounceable rights, will be officially quoted by the Exchange on PETS, as "ex entitlement" on the seventh Business Day prior to and inclusive of, either the date of closing of the transfer books to determine securities holders entitled to participate in the benefit, or, in the case of CHES Approved Securities, the Record Date.
- (2)
 - (a) (i) When a transfer of Securities sold "ex entitlement" is delivered either on the Business Day prior to or on the date of closing of the transfer books to determine holders of Equity Securities entitled to participate in the issue:
 - (a) the selling Broker shall clearly endorse the Security description on the transfer "ex entitlement"; and
 - (b) the buying Broker shall not lodge the transfer with the Issuer for registration on or prior to the date of closing of the transfer books.
 - (ii) If a buying Broker lodges a transfer of Securities in breach of Rule 4.22(2)(a)(i)(b) causing loss to the seller, notwithstanding any breach by the selling Broker of Rule 4.22(2)(a)(i)(a):
 - (a) the buying Broker shall be responsible to the selling Broker for that loss;
 - (b) the selling Broker shall give written notice to the buying Broker, on or prior to the Business Day on which entitlement and acceptance forms are received, of the particulars of that loss; and

- (c) the buying Broker shall provide to the selling Broker:
 - (A) where the loss was cash, that amount of money on the Business Day following receipt of the notice; and
 - (B) where the loss was Securities, an equivalent number of equivalent Securities within five Business Days of receipt of share certificates or list of allotments to the security holder's uncertificated account.
 - (iii) When a transfer of Securities sold "cum entitlement", is delivered either on the Business Day prior to or on the date of closing of transfer books, and settlement is adjusted by a value determined by the Exchange in accordance with Rule 4.37;
 - (a) the selling Broker shall clearly endorse the Security description on the transfer "ex entitlement"; and
 - (b) the buying Broker shall not lodge the transfer with the Issuer for registration until after the date of closing of the transfer books.
 - (iv) If a buying Broker lodges a transfer of Securities in breach of Rule 4.22(2)(a)(iii)(b), notwithstanding any breach by the selling Broker of Rule 4.22(2)(a)(iii)(a), the buying Broker shall by the Business Day following request by the selling Broker refund to the selling Broker the cash adjustment previously deducted.
- (3) (i) A selling Broker may during the two Business Days prior to and inclusive of the date of closing of the transfer books to determine holders of Equity Securities entitled to participate in the issue, effect delivery of the old issue Securities by a deduction from the settlement of a cash adjustment (refer Rule 4.37) in lieu of the accruing Securities.
 - (ii) Unless advised by the buying Broker on or before the fifth Business Day prior to and inclusive of the final date of closing of acceptances of the offer that the buyer does not wish to participate in the issue, the cash adjustment shall be paid by the buying Broker upon delivery by the selling Broker of the accruing new issue Securities.
 - (iii) Where the buying Broker advises that the buyer does not wish to participate in the issue, the cash adjustment shall be refunded to the selling Broker.

- (3A) Notwithstanding any Rule to the contrary in Section 4, when in a market established in accordance with Rule 2.9, a transaction is executed on a "cum entitlement" basis during a period when normal trading for the Security the subject of the transaction is "ex entitlement" and the buying Broker requires protection in respect of the entitlement:
- (i) Where the transaction is effected before the seventh Business Day prior to but not inclusive of the final date for lodgement of acceptances of the offer, the buying Broker shall, on or before the seventh Business Day prior to and inclusive of the final date for lodgement of acceptances of the offer, advise the selling Broker in writing of the number of Securities for which protection is required and attach to the advice sufficient application money for that number of Securities;
 - (ii) Where the transaction is effected on the seventh Business Day or any subsequent Business Day prior to but not inclusive of the final date for lodgement of acceptances of the offer the buying Broker shall, no later than the close of business on the Business Day following the date of the transaction, advise the selling Broker in writing of the number of Securities for which protection is required and attach to the advice sufficient application money for that number of Securities;
 - (iii) The selling Broker shall acknowledge in writing receipt of the notice referred to in Rule 4.22 (3A)(i) or (ii) and protect the buying Broker by lodgement with the Issuer of the relevant entitlement form and application money prior to or on the final date for lodgement of acceptances of the offer;
 - (iv) Where the transaction is effected on the day designated as the final date for lodgement of acceptances of the offer, the selling Broker shall in respect of all of the entitlements attaching to the Securities, protect the buying Broker by immediate lodgement with the Issuer of the relevant entitlement form and sufficient application money and the buying Broker shall on the following Business Day, provide to the selling Broker the applicable application money; and
 - (v) The selling Broker shall deliver to the buying Broker the Securities the result of the protection within seven Business Days of the date of despatch of certificates or list of allotments to the security holder's uncertificated account.
- (4) The buyer shall have the right to request the seller to pay to the Issuer where appropriate application money in excess of the minimum; such excess amount shall be provided by the buyer on or before the fifth Business Day prior to and inclusive of the final date for the lodgement of holders of Equity Securities' applications. The buyer may require acknowledgment from the seller of the receipt of such excess amount.

- (5) Not used.
- (6) When Securities which have been bought "cum entitlement" are delivered by the selling Broker on or before the third Business Day prior to and inclusive of the date of closing of the transfer books, but not transferred to the buyer's name "cum entitlement" the selling Broker shall not be responsible for supplying the new issue Securities and it shall be the responsibility of the buying Broker to claim against the registered holder at the date of closing of the transfer books by lodgement of a claim upon the original selling Broker if the buyer decides to participate in the issue.
- (7) A claim in respect of Securities for the benefit of an entitlement or new issue Securities shall be prepared by the claiming Broker in triplicate on an approved form which shall be serially numbered. A separate claim form shall be issued in respect of each transferor, and the following information shall be included in each form:
 - (i) details of the Security in respect of which the claim is made;
 - (ii) number of entitlement or new issue Securities claimed;
 - (iii) date of purchase by the claiming Broker;
 - (iv) the name in which the Securities were delivered;
 - (v) the date of the closing of the transfer books to determine holders of Equity Securities entitled to participate in the new issue;
 - (vi) the date the Securities were received by the claiming Broker;
 - (vii) the original selling Broker's code number and Transfer Identification Number;
 - (viii) the date the Securities were lodged with the Issuer for registration when the Securities were received by the claiming Broker more than two months prior to the date of the claim.
- (8) The claiming Broker shall forward the original and duplicate of the claim, together with Security Transfer forms and a cheque in payment of application money and call money if applicable, to the office of the original selling Broker. The original selling Broker shall acknowledge and return the duplicate of the claim to the office of the claiming Broker not later than the Business Day following receipt of the claim.
- (9) It shall in all cases be the obligation of the buying Broker to claim upon the original selling Broker for the benefit of an entitlement or new issue Securities on or before the fifth Business Day prior to and inclusive of the final date for lodging of holders of Equity Securities' applications. The original selling Broker shall have no responsibility in respect of claims for

entitlements received on any day after such fifth Business Day and the original selling Broker may allow the unclaimed entitlement to lapse. The fact that the original selling Broker may have no responsibility in the circumstances referred to in this clause shall not relieve the buying Broker of any of its obligations to its client nor shall the liability of the seller to account to the buying Broker or its client for new Securities issued to the seller be thereby affected.

- (10) When the claim is received by an original selling Broker on or before the fifth Business Day prior to and inclusive of the final date for the lodgement of applications, it shall, provided the claim does not relate to Securities delivered by it more than two months prior to the date of receipt of the claim, immediately claim on its principal in writing, stating that the claim is made under the Business Rules of the Exchange.
- (11) When a claim for the benefit of an entitlement or new issue Securities relates to Securities delivered by the original selling Broker more than two months prior to the date of receipt of the claim it shall immediately claim upon its principal in writing or supply the claiming Broker with the name and address of its principal and the date of the transaction.
- (12) When an original selling Broker which has accepted a claim fails to finalise the claim within one month of the issue of the scrip or the date of receipt of the original claim, whichever is the later, the claiming Broker may demand and the original selling Broker shall thereupon supply to it the name and address of its principal, and the date of the transaction with its principal.
- (13) A claim accepted by the original selling Broker shall be finalised by:
 - (i) the delivery of new issue Securities; or
 - (ii) the payment of net proceeds, if the Securities have been sold by the original seller and the sale was the subject of a Stock Exchange transaction; or
 - (iii) the payment of an amount equal to the net proceeds of a sale based on the last official market on the Exchange on or before the day of disposal, if the new issue Securities have been disposed of other than through a Stock Exchange transaction.
- (14) When the entitlements to a new issue have lapsed, a claim shall be invalid. The original copy of the claim, endorsed accordingly, shall be returned to the claiming Broker.
- (15) The original copy of a claim shall be attached to the Securities or a cheque delivered in satisfaction of a claim for new issue Securities.

4.23 NEW ISSUES - CUM PRIORITY

- (1) Unless otherwise determined by the Exchange transactions in Securities carrying a general priority, without a specific entitlement to participate in a new issue for which there are no renounceable rights, will be officially quoted by the Exchange on PETS, as "ex priority" on the seventh Business Day prior to and inclusive of , either the date of closing of transfer books to determine security holders entitled to participate in the benefit, or, in the case of CHES Approved Securities, the Record Date.
- (2)
 - (a)
 - (i) When a transfer of Securities sold "ex Priority" is delivered on the Business Day prior to or on the date of closing of transfer books to determine holders of Equity Securities entitled to participate in the issue:
 - (a) the selling Broker shall clearly endorse the Security Description on the transfer "ex Priority"; and
 - (b) the buying Broker shall not lodge the transfer with the Issuer for registration on or prior to the date of closing of the transfer books.
 - (ii) If a buying Broker lodges a transfer of a Securities in breach of Rule 4.23(2)(a)(i)(b) causing loss to the seller, notwithstanding any breach by the selling Broker of Rule 4.23(2)(a)(i)(a):
 - (a) the buying Broker is responsible to the selling Broker for that loss;
 - (b) the selling Broker shall give written notice to the buying Broker on or prior to the Business Day on which entitlement and acceptance forms are received of the particulars of that loss; and
 - (c) the buying Broker shall provide to the selling Broker:
 - (A) where the loss was cash, that amount of money on the Business Day following receipt of the notice; and
 - (B) where the loss was Securities, the equivalent number of equivalent Securities within five Business Days of receipt of share certificates or list of allotments to the security holder's uncertificated account.
- (3) Securities sold "cum priority" may be delivered by a selling Broker on a continuing basis but when not delivered by the third last Business Day prior to and inclusive of the date of closing of the transfer books to determine holders of Equity Securities entitled to participate, the buying

Broker on or before the fifth Business Day prior to and inclusive of the date on which the priority entitlement will lapse, shall advise the selling Broker in writing of the amount of the new issue Securities for which application is desired and shall place the seller in funds to the extent of the required application money. The buying Broker may require acknowledgment from the selling Broker for such payment. Where the priority is to a fixed entitlement not being a pro rata entitlement then the provisions of Listing Rule 7.12 shall apply.

- (4) When Securities are sold "cum priority" and are delivered by the selling Broker on or before the third Business Day prior to and inclusive of the date of closing of the transfer books to determine holders of Equity Securities entitled to participate in the issue but are not transferred to the buyer's name on a "cum priority" basis and the buyer decides to participate in the issue, the buying Broker on or before the fifth Business Day prior to and inclusive of the date on which the priority will lapse, shall claim on the original selling Broker in writing for the number of new issue Securities for which application is desired, and shall place the seller in funds to the extent of the required application money. The buying Broker may require acknowledgment from the original selling Broker for such payment. The request for protection must also include details of:
- (i) the original selling Broker's code and Transfer Identification Number;
 - (ii) the name of the transferor;
 - (iii) the actual date of purchase by the claimant.

4.24 NEW ISSUES - CUM RIGHTS

- (1) Rights issues not subject to ratification by meeting of holders of Equity Securities shall be governed by the following:
- (i) Unless otherwise determined by the Exchange, transactions in Securities will be officially quoted by the Exchange on PETS, as "ex rights" on the seventh Business Day prior to and inclusive of, either the date of closing of the transfer books to determine security holders entitled to participate in the benefit, or, in the case of CHESSE Approved Securities, the Record Date.
 - (ii) (a) When a transfer of Securities sold "ex rights", or "cum rights" in respect of which settlement is adjusted pursuant to sub-clause (iii), is delivered on any of the two Business Days prior to and inclusive of the date of closing of the transfer books to determine holders of Equity Securities entitled to participate in the issue, it must be clearly endorsed by the selling Broker "ex rights" as an adjunct to the security description and the

buying Broker must not lodge it with the Issuer for registration purposes until after the date of closing of the transfer books. When a transfer is lodged with the Issuer contrary to this Rule, the buying Broker is responsible to the selling Broker for any loss which may be suffered by the seller.

- (iii) When Securities sold "cum rights" are delivered during the last two Business Days prior to and inclusive of the date of closing of transfer books to determine holders of Equity Securities entitled to participate in the issue on any day thereafter the selling Broker shall allow a deduction from the settlement of a cash adjustment at a value determined by the Exchange in accordance with Rule 4.37 in lieu of the accruing rights.
 - (iv) The cash adjustment shall be paid by the buying Broker:
 - (a) Upon delivery of either a renunciation form for the accruing rights or the accruing Securities by the selling Broker.
- (2) Rights issues subject to ratification by a meeting of holders of Equity Securities shall be governed by the following:
- (i) Unless otherwise determined by the Exchange transactions in Securities will be officially quoted by the Exchange on PETS, as "ex rights" on whichever is the later of, the first Business Day following the meeting of holders of Equity Securities which ratifies the issue, or the seventh Business Day prior to and inclusive of, either the date of closing of the transfer books to determine security holders entitled to participate in the benefit.
 - (ii) Unless otherwise arranged with the buying Broker the selling Broker shall not deliver Securities during the period from the second Business Day prior to the date of closing of the transfer books to the day on which the issue is ratified by a meeting of holders of Equity Securities both days inclusive.
 - (iii)
 - (a) When Securities are delivered in settlement of a "cum rights" transaction on either of the two Business Days prior to and inclusive of the date of closing of transfer books, settlement will be adjusted by the cash adjustment at a value determined by the Exchange in accordance with Rule 4.37, and the transfer will be registered "ex rights".
 - (b) Any transfer of Securities comprising the delivery must be clearly endorsed "ex rights" as an adjunct to the security description, and the buying Broker must not lodge the transfer(s) with the Issuer for registration purposes until after the date of closing of the transfer books.

- (iv) The cash adjustment shall be paid by the buying Broker:
 - (a) Upon delivery of either a renunciation form for the accruing rights or the accruing Securities by the selling Broker.
- (3) Claims for accruing rights Securities shall be governed by the following:
 - (i) When a transfer of Securities sold "cum rights" is delivered by the selling Broker on or before the third Business Day prior to and inclusive of the date of closing of the transfer books of the Issuer for rights entitlement purposes, the selling Broker shall not be responsible for supplying the rights or new issue Securities in the event of the non-registration of the transfer on a "cum rights" basis, and the buyer's claim shall only be against the registered holder at the date of closing of the transfer books. It shall be the responsibility of the buying Broker to claim upon the original selling Broker.
 - (ii) A claim for rights or new issue Securities shall be prepared by the claiming Broker in triplicate on an approved form which shall be serially numbered. A separate claim form shall be issued in respect of each transferor and the following information shall be included in each form:
 - (a) Details of the Security in respect of which the claim is made;
 - (b) Number of rights or new issue Securities claimed;
 - (c) Date of purchase by the claiming Broker;
 - (d) The name in which the Securities were delivered;
 - (e) The date of closing of the transfer books to determine holders of Equity Securities entitled to participate in the new issue;
 - (f) The date the Securities were received by the claiming Broker;
 - (g) The original selling Broker's code number and Transfer Identification number;
 - (h) The date the Securities were lodged with the Issuer for registration when the Securities were received by the claiming Broker more than two months prior to the date of the claim.
 - (iii) The claiming Broker shall forward the original and duplicate of the claim, together with the Renunciations or Security Transfer forms to the office of the original selling Broker. The triplicate copy shall be retained by the claiming Broker as a permanent record of the claim. The original selling Broker shall acknowledge and return the

duplicate of the claim to the office of the claiming Broker not later than the Business Day following receipt of the claim.

- (iv) It shall in all cases be the obligation of the buying Broker to claim upon the original selling Broker for rights entitlements on or before the fifth Business Day prior to and inclusive of the final date for lodging of holders of Equity Securities' applications. The original selling Broker shall have no responsibility in respect of claim for rights entitlements received on any day after such fifth Business Day and the original selling Broker may allow the unclaimed rights to lapse but the buying Broker may claim any amount received by the original selling Broker as a result of the sale of unclaimed rights by the Issuer concerned. The fact that the original selling Broker may have no responsibility in the circumstances referred to in this clause shall not relieve the buying Broker of any of its obligations to its client nor shall the liability of the seller to account to the buying Broker or its client for new Securities issued to the seller be thereby affected.
- (v) When a claim is received by an original selling Broker on or before the fifth Business Day prior to and inclusive of the final date for lodgement of applications, it shall, provided the claim does not relate to Securities delivered by it more than two months prior to the date of receipt of the claim, immediately claim on its principal in writing stating that the claim is made under the Business Rules of the Exchange.
- (vi) When a claim for Rights or new issue Securities relates to Securities delivered by the original selling Broker more than two months prior to the date of receipt of the claim it shall immediately claim upon its principal in writing or supply the claiming Broker with the name and address of its principal and the date of the transaction.
- (vii) When an original selling Broker who has accepted a claim fails to finalise the claim within one month of the issue of the scrip or the date of receipt of the original claim, whichever is the later, the claiming Broker may demand and the original selling Broker shall thereupon supply to it the name and address of its principal and the date of the transaction with its principal.
- (viii) A claim accepted by an original selling Broker shall be finalised by:
 - (a) The delivery of a renunciation form completed by the renouncer, not later than the fourth Business Day prior to and inclusive of the final date upon which renunciation forms must be lodged with the Issuer; or

- (b) The delivery of new issue Securities on payment of application and call moneys where applicable; or
 - (c) The payment of the net proceeds less application and call moneys, where applicable, if the Rights or new issue Securities have been sold by the original seller and the sale was the subject of a Stock Exchange transaction; or
 - (d) The payment of an amount equal to the net proceeds of a sale based on the last official market on the Exchange, on or before the day of disposal, less application and call moneys disposed of other than through a Stock Exchange transaction.
- (ix) When the Rights to a new issue have lapsed, a claim shall be invalid. The original copy of the claim, endorsed accordingly, shall be returned to the claiming Broker.
 - (x) A claiming Broker shall reimburse the original selling Broker for any stamp duty expenses incurred in protecting a claim for Rights or new issue Securities.
 - (xi) The original copy of a claim shall be attached to the Securities or a cheque delivered in satisfaction of a claim for Rights or new issue Securities.

4.25 RIGHTS - SALE AND ACCRUAL OF

- (1) Except by arrangement with the buying Broker, or unless otherwise determined by the Exchange, renounceable rights shall not be delivered on any of the last two Business Days prior to and inclusive of the date announced by the Issuer as being the final date for the receipt of renunciation forms.
- (2) When rights have not been delivered, in the terms of Rule 4.25(1), the seller, unless otherwise instructed in writing by the buyer, as provided in Rule 4.25(3), shall protect the buyer by applying to the Issuer for the Securities in respect of such right and the amount of application money payable by the seller shall not exceed the minimum required by the Issuer.
- (3) An instruction issued by the buyer in the terms of Rule 4.25(2) shall be delivered to the seller by the buyer not later than 3.00 p.m. on the last day for delivery of rights.

The instruction shall state that either:

- (i) protection is not required; or

- (ii) protection is required and payment of application money in excess of the minimum is to be made in which case such excess shall be provided by the buyer at that time.

4.26 OPTION SECURITIES - SALE OF

When Option Securities are undelivered on the third Business Day prior to and inclusive of the date on which Brokers must lodge transfers and related documents for exercise, the buying Broker shall on or before the second Business Day prior to and inclusive of that last day for lodgement date, advise the selling Broker in writing of the number of options to be exercised and shall place the selling Broker in funds to the extent required and the selling Broker shall be bound to exercise the options. The selling Broker shall if requested by the buying Broker supply to the buying Broker evidence of the options having been exercised.

4.26A CONVERTIBLE SECURITIES - SALE OF

Where:

- (1) the Settlement Day for a transaction in convertible Securities is on or before the third Business Day prior to and inclusive of the last Business Day designated on each occasion by the Issuer for holders to convert their Securities;
- (2) the selling Broker has not made valid delivery by the Settlement Day; and
- (3) the buyer of such Securities wishes to convert any of the Securities;

then:

- (4) the buying Broker shall on or before the second Business Day prior to and inclusive of the last Business Day designated for conversion, advise the selling Broker in writing of the number of convertible securities to be converted; and
- (5) The selling Broker shall:
 - (a) take immediate action to effect the conversion;
 - (b) send to the buying Broker a written notice acknowledging receipt of the notice referred to in Rule 4.26A(4); and
 - (c) effect delivery of the converted securities within five Business Days of receipt of share certificates or allotment listings.

4.27 NOT USED

4.28 QUOTED SECURITIES - VALID

In the case of an Issuer admitted to the official list only such Securities as have been granted official quotation by the Exchange shall constitute valid delivery.

4.29 RECEIPTS FOR DELIVERIES

Upon delivery of Securities direct to a buying Broker's office a selling Broker shall be entitled to receive an acknowledgment from the Broker bearing the initials of the receiving clerk and the Broker's stamp.

4.30 SECURITIES SUBJECT OF A TAKEOVER

Securities subject of a takeover offer, shall from the first Business Day following the day upon which the offer is despatched, be quoted on each of the following bases:

- (i) Normal Delivery - which will not be distinctly denoted and whereby the seller has not accepted the offer and the buyer is entitled to delivery of Securities purchased; and
- (ii) Offer Accepted - which will be distinctly denoted as Offer Accepted - delivery of Securities received from the offeror company OR should the "takeover offer" lapse, settlement will be by delivery of Securities of the company originally traded.

4.31 SETTLEMENT OF SECURITIES TRANSACTIONS THE SUBJECT OF TAKEOVER OFFERS

Where Rule 21 of the Takeovers Code applies to Securities which were the subject of transactions through PETS and the dominant owner has complied with Rule 21(4)(c), the selling Broker shall claim from the target company the consideration tendered by the dominant owner for the subject Securities and deliver that consideration to the buying Broker, in lieu of delivering the Securities, within 14 calendar days of the date on which the dominant owner complied with Rule 21(4)(c). For the purposes of this Rule, the consideration shall be cash, or cash and Securities, or Securities, but in any event shall be equivalent to, and in the form of the consideration provided by the dominant owner which was paid, allotted or transferred to the target company in accordance with Rule 21(4)(c) of the Takeovers Code.

4.32 SETTLEMENTS - FRACTIONS OF ONE TOEA

Where the net purchase money for any transactions includes a fraction of one toea, such fraction shall not be payable by the buying Broker.

4.33 SETTLEMENT OF TRANSACTIONS

- (1) Except in the case of sales of Securities:
 - (a) not used

- (b) for Forward Delivery Transactions as defined in Rule 2.13; or
- (c) when by mutual consent the parties agree to a particular settlement date no more than 30 days after the date of the transaction; or
- (d) classified by the Exchange as deferred delivery; or
- (e) not used
- (f) classified by the Exchange as deferred settlement,

settlement of sales shall be on the third Business Day after the date of the transaction as recorded on PETS or otherwise and shall be effected by payment in Kina by EFT or bank cheque unless the selling Broker otherwise agrees to accept the buying Broker's cheque.

(1A) Settlement of a Sale shall be effected:

- (a) by the selling Broker delivering to the buying Broker a transfer in the form prescribed in Appendix 4.1 which is:
 - (i) not incomplete as provided for in rule 4.17.1;
 - (ii) registrable; and
 - (iii) executed by the selling Broker, and

where the Securities are certificated, certificates for those Securities; and

- (b) by the buying Broker tendering to the selling Broker by EFT or bank cheque (unless the selling Broker otherwise agrees to accept the buying Broker's cheque) payment in full for the Securities calculated at the price recorded on PETS for that transaction.

(2) The Settlement Day of sale of Securities referred to in Rule 4.33(1)(d), when:

- (a) the classification has been removed; and
- (b) the parties have not agreed to a particular settlement date,

shall be the third Business Day after the day on which the classification was removed.

(2A) Subject to Rule 2.12.4(3) and 2.12.4(4), the Settlement Day of a sale of Securities referred to in Rule 4.33(1)(f) shall be the fourth Business Day after the Despatch Date for those Securities.

(2B) If the Exchange publishes a Despatch Date that has been varied a Broker may vary the date by which settlement with a client is required

notwithstanding previous notification to the client of a date for settlement in accordance with 3.8(2)(a).

- (3) (a) Excluding sales of Securities referred to in Rule 4.33(1)(a) to (d), a selling Broker shall not, unless by agreement with the buying Broker, take any action which may result in the buying Broker paying for Securities prior to the Settlement Day in respect of those Securities.
- (b) A delivery in settlement of a sale of Securities identified by Rule 4.33(1)(d) may be made on or after the third Business Day subsequent to the date of the transaction as recorded on PETS or otherwise.
- (4) If a delivery is made in contravention of Rule 4.33(3) causing a buying Broker to make a payment prior to the Settlement Day, then on demand by the buying Broker the selling Broker shall reimburse the buying Broker an amount equal to the amount so paid. Where notification by the buying Broker is prior to the normal close of trading for banks at the location of the selling Broker, payment shall be on the same day and if unpaid an interest charge may be raised by the buyer against the unpaid amount based on the rate notified by the Exchange from time to time.

(5) **FAILURE TO DELIVER SECURITIES**

If a buying Broker does not receive Securities by the end of the Settlement Day then there will be a failure of delivery. The failed delivery shall incur an immediate and continuing fee on such terms and conditions as determined by the Exchange from time to time, until such time as an effective delivery is made. The failed delivery may also be subject to the provisions of Rule 4.4.

(6) **RETURNED DELIVERIES**

When delivery of Securities is not valid and transfer documents in respect of the Securities are returned by a buying Broker, then the transaction is immediately classified as a failed delivery for the purpose of Rule 4.33(5).

(7) **NOTIFICATION OF FAILED SETTLEMENT**

If settlement of a sale is not effected on the Settlement Day prescribed by these rules, the selling Broker and the buying Broker must each inform POMSx on the next business day of the circumstances including any failure by either Broker to comply with any provision of these rules.

(8) **APPROVAL OF VARIED TERMS**

If:

- (a) the selling Broker and the buying Broker, in accordance with their respective instructions, agree that the settlement of a transaction is to be effected otherwise than in accordance with the transaction terms notified to POMS0X at the time of the transaction;
- (b) POMS0X is satisfied that the market will not be adversely affected if settlement is effected on those terms; and
- (c) POMS0X in its absolute discretion approves,

the buying Broker and the selling Broker may effect settlement of the transaction in accordance with the approved amended terms.

4.34 TRANSFER IDENTIFICATION NUMBERS

- (1) The selling Broker shall stamp every transfer and renunciation with its code number and Transfer Identification Number in the space provided for the Transfer Identification Number, unless the original selling Broker's code number and Transfer Identification Number is already endorsed on the form. Each transfer shall bear a separate and distinct Transfer Identification Number.
- (2) Alphabetical letters for primary and secondary numbers shall not be used in the Transfer Identification Number.

4.35 ENTREPOT ACCOUNT

- (1) With the approval of the Exchange and subject to such conditions as the Exchange determines, a Broker may establish an Entrepot Account with an Issuer.
- (2) If directed to do so, a Broker shall cease to operate an Entrepot Account and transfer the Securities in that account to those of its clients who are entitled to those Securities.
- (3) A Broker shall notify the Exchange of the name of its Entrepot Account and the relevant SRN.
- (4) The Exchange may conduct without notice, an audit of an Entrepot Account of any Broker for the purpose of ensuring compliance with this rule.
- (5) An Issuer may request in writing that the Exchange conduct an audit if the Issuer has reason to believe that more than two percent (2%) of the total number of a particular class of that Issuer's Securities are held in the Entrepot Account of a Broker.
- (6) The results of the audit shall be reported to the Issuer in so far as they are relevant to the request made by the Issuer pursuant to Rule 4.35(5) above.

- (7) Where a Broker receives instructions from a client in respect of any Securities to sell the Securities and those instructions have not been cancelled, the Broker may transfer the whole or any part of the Securities which are the subject of the instructions into the Broker's Entrepot Account. The Broker shall for the purposes of settlement transfer the Securities from the Entrepot Account to the buying Broker or to such other person as is entitled to them.
- (8) Where a Broker has executed instructions from a client to buy Securities and the client has not paid the purchase price of those Securities at the time of delivery to the Broker, the Broker may transfer the Securities into its Entrepot Account. The Broker shall transfer the securities or equivalent Securities from the Entrepot Account to the client or in accordance with the client's instructions, or to such other person as is entitled to the Securities, within two Business Days of the date of receipt of payment.

4.36 NOT USED

4.37 CASH ADJUSTMENTS

- (1) A cash adjustment, for the purpose of Rules 4.21, 4.22 and 4.24, is a value determined by the Exchange when a selling Broker has not delivered Securities sold "cum Bonus", "cum Entitlement" or "cum Rights" by the third Business Day prior to and inclusive of the date of closing of transfer books to determine shareholders to participate in an issue of Securities.
- (2) The cash adjustment shall represent an amount in lieu of the accruing Securities.
- (3) Cash adjustments (including application money) will be made for all accruing Securities notwithstanding that some or all of the accruing Securities may be issued for no cash consideration.

4.37A CHARGES FOR EXCHANGE SERVICES

Charges payable by Brokers in relation to services provided by the Exchange under Section 4 shall be determined by the Exchange from time to time.

4.37B NOT USED

4.37C ACCOUNTING, STATISTICAL AND OTHER SERVICES

- (1) The Exchange may make available, at its option, such accounting, statistical and other services as the Exchange may from time to time determine.
- (2) Such services may be provided on such terms and conditions as the Exchange from time to time approves.

- (3) Subject to the provision of the Rules of the Exchange and such statutory requirements as may be imposed upon it, the Exchange may not permit access to any accounts or records held by it (including Brokers' accounting records) without the express permission in writing of the Broker concerned.

4.38 NOT USED

4.39 NOT USED

4.40 NOT USED

4.41 NOT USED

4.42 NOT USED

4.43 NOT USED

4.44 CONTINUED ABILITY TO MARK

- (1) Marking Bodies shall at all times perform Markings in an efficient and accurate manner.
- (2) Where the Exchange has reason to believe that a Marking Body is not performing Markings in an efficient or accurate manner, the Exchange may at its discretion, advise Brokers that, as from a date specified in the advice and until further notice to the contrary, transfers Marked by the Marking Body shall not be valid delivery in terms of Rule 4.14(1).

4.45 TRANSFER MARKING

(1) FORM OF TRANSFER ADVICE

- (a) Markings shall be effected by completing a Transfer Advice Form in the form, or to the effect of the form, set out in Appendix 4.2, and by certifying the relevant form(s) of transfer.
- (b) The Transfer Advice Form shall, upon completion, bear :
- (i) a reference number including an identifier in the form prescribed by the Exchange; and
- (ii) a stamp identifying the Marking Body.

(2) TRANSFER MARKING

Except where the Exchange has determined otherwise a Marking Body may Mark a Security Transfer and a Security Renunciation and Transfer in respect of all Securities for which Official Quotation has been granted.

(3) TRANSFER SPLITTING

- (a) Only Brokers may Mark a Split Transfer or a Renunciation and Split Transfer.
- (b) Brokers shall affix, or impress, a cancellation stamp in part 2 of a Security Transfer accompanied by a certificate, a Security Renunciation and Transfer accompanied by a Letter of Entitlement, a Marked transfer or a Marked renunciation for the purpose of Marking Split Transfers or Renunciation and Split Transfers (as the case may be) of smaller denominations against it.

4.46 TRANSFER NOTING

A Security Transfer or a Security Renunciation and Transfer executed under Grant of Probate or Letters of Administration is valid delivery when relevant documents of Probate have been sighted by the Issuer and a "Probate Exhibited" stamp has been applied to the transfer by the Issuer or a Marking Body. If the "Probate Exhibited" stamp is applied by a Marking Body, the stamp shall contain the name of the Marking Body.

4.47 LODGEMENT PERFORMANCE

- (1) When the Marking Body has Marked a transfer of Securities it shall:
 - (a) immediately upon completion, despatch the Transfer Advice Form and supporting documentation (if any) to the Issuer's registry;
 - (b) accept responsibility for the replacement of documents lost or destroyed in transit between the office of the Marking Body and the Issuer's registry.

4.48 REPLACEMENT PROCEDURE

- (1) Where the Marking Body is required to make application to an Issuer for the replacement of lost or destroyed documents the application shall be in the form of a Statutory Declaration which shall include a clause indemnifying:
 - (i) the registry and directors thereof; and/or
 - (ii) the Issuer and any directors thereof,

against any costs, losses or damages for which they may become liable by reason of the issue of replacement documents.
- (2) where an application has been made in accordance with Rule 4.48(1) the Marking Body shall comply with requirements, established by the Issuer, which will enable such documents to be replaced without delay.

4.49 REJECTION REGISTER

Where the Issuer rejects a Transfer Advice Form, the Marking Body shall:

- (1) make an entry in the register of Marking rejections which shall include:
 - (i) date of receipt;
 - (ii) name of Issuer;
 - (iii) marking reference number;
 - (iv) cause of rejection;
 - (v) action taken to correct the cause of rejection; and
 - (vi) relodgement date or notation and date of cancellation;
- (2) immediately take action to rectify the error; and
- (3) promptly relodge the documents with the Issuer.

4.50 NOT USED

4.51 SETTLEMENT AGENTS

- (1) A Broker may upon giving prior written notice to the Exchange appoint a Settlement Agent.

OBLIGATIONS OF A BROKER IN RELATION TO A SETTLEMENT AGENT

- (2) A Broker shall ensure that a Settlement Agent appointed by the Broker:
 - (a) complies with the Business Rules and all applicable laws, in so far as they relate to the settlement of Securities transactions on behalf of the Broker, and without limiting the generality of the foregoing facilitates investigations and disciplinary proceedings conducted by the Exchange pursuant to the Rules;
 - (b) keeps an office open during the ordinary office hours on every Business Day for the receipt, delivery and settlement of Securities transactions, on behalf of the Broker;
 - (c) has adequate custody arrangements for its Settlement Agent's certification stamp;
 - (d)
 - (i) on an annual basis, takes out and maintains in full force and effect professional indemnity and such other insurance policies which provide to the Settlement Agent cover against liability for negligence, errors, omissions, misstatements,

statutory warranties and indemnities, infidelity of staff and loss or deprivation of Securities or loss or destruction of documents of title; and

- (ii) has taken out and maintains insurance in accordance with paragraph (i) of a kind and amount which the Broker determines to be adequate having regard to the nature and extent of the business carried on by the Settlement Agent and the responsibilities and risks assumed or which may be assumed by the Settlement Agent in connection with that business;
- (e) co-operates in the external audit of the Broker required by the Business Rules and any applicable laws;
- (f) arranges for an audit of the operations of the Settlement Agent to be carried out once every financial year. The audit will review compliance by the Settlement Agent with the Business Rules and any other procedures prescribed from time to time by the Exchange;
- (g) within five Business Days after completion of the audit, arranges for a copy of the auditor's report to be provided to the auditor of the Broker;
- (h) if the Broker authorises the Settlement Agent to deposit monies into and withdraw monies from a trust account maintained by the Broker, ensures that all monies received by the Settlement Agent on account of the Broker and any client of the Broker are paid into the Broker's trust account in accordance with the Business Rules;
- (i) keeps detailed records of all banking transactions carried out by the Settlement Agent in relation to the Broker's trust account and accounts to the Broker on a daily basis for all such banking transactions;
- (j) not used;
- (k) observes the following obligations in respect of settlement of Securities transactions carried out by the Settlement Agent on behalf of that Broker:
 - (i) to transfer Securities from that Broker's clearing account only if the subledger records for that Broker record sufficient Securities to cover that transfer;
 - (ii) to keep detailed records for each client of the Broker and the Broker, with respect to the clearing account;

- (iii) to reconcile the clearing account.
- (2A) Unless the contrary intention appears, where a Broker appoints a Settlement Agent in accordance with these Rules:
- (a) the Settlement Agent may exercise a right or perform an obligation on behalf of that Broker; and
 - (b) reference to a Broker shall include a reference to its Settlement Agent.

LIABILITY OF BROKER FOR ACTS AND OMISSIONS OF A SETTLEMENT AGENT

- (3) If a Settlement Agent does any act or refrains from doing an act which if done or not done (as the case may be) by a Broker would constitute a breach of the Business Rules or any applicable law, such act or omission shall be deemed for the purposes of these Rules to be the act or omission of the Broker which appointed the Settlement Agent to perform or exercise on behalf of that Broker the obligations or rights of the Broker from which such breach arises.

OBLIGATIONS OF BROKERS WHO APPOINT A SETTLEMENT AGENT

- (4) A Broker shall give at least 5 Business Days notice to the Exchange prior to commencing or ceasing to use the Settlement Agent's certification stamp and "Correction Guaranteed" stamp.
- (5) A Broker shall immediately Notify the Exchange of the termination of the appointment of a Settlement Agent.
- (6) The obligations of a Broker which are imposed upon Brokers by the Business Rules, or any applicable law shall not be qualified or removed by the Broker using the services offered by a Settlement Agent.
- (7) A Broker shall at all times ensure that all documents created by a Settlement Agent in performing the obligations or exercising the rights of the Broker in connection with settlement of Securities transactions are and shall remain the property of the Broker over which the Settlement Agent shall not be able to assert or impose a lien.

**APPENDIX 4.1 - FORMS OF TRANSFER OF MARKETABLE SECURITIES AND
MARKETABLE RIGHTS**

FORM 1			
SECURITY TRANSFER FORM		MARKING STAMP	
PART 1			
Full name of company:			
Description of securities	Class:	If not fully paid, paid to:	Register:
Quantity:	[Words]		[Figures]
Transfer identification number:			
Full name(s) of transferor(s):			
Transferor's SRN:			
<p>The transferor(s) hereby transfer(s) the above securities to the transferee(s) named in Part 2 hereof or to the several transferees named in Part 2 of the Broker's Transfer Form(s), Split Transfer Form(s) or Consolidated Transfer Form(s) relating to the above securities.</p> <p>This transfer is executed on the transferor's behalf by the transferor's broker, who certifies as to the validity of the documents. [Transferor's broker's stamp]</p> <p>Affixed at on (place and date of affixing stamp)</p>			
PART 2			
Full name(s) and address(es) of transferee(s):		Transferee's broker hereby certifies that the securities set out in Part 1 above, having been purchased in the ordinary course of business, are to be registered in the name(s) of the transferee(s) named in this Part; and hereby requests that such entries be made in the register as are necessary to give effect to this transfer.	
Transferee's SRN (if any):		[Transferee's broker's stamp] Date of affixing stamp:	
PART 3			
Transferee's broker hereby certifies that the securities set out in Part 1 above, having been purchased in the ordinary course of business, are to be registered in the name(s) of the transferee(s) named in the Consolidated Transfer Form relating to the securities and hereby requests that such entries be made in the register as are necessary to give effect to this transfer.			
[Transferee's broker's stamp]			
Date of affixing stamp:			

FORM 2			
BROKER'S TRANSFER FORM		MARKING STAMP	
PART 1			
Full name of company:			
Description of securities	Class:	If not fully paid, paid to:	Register:
Quantity:	[Words]		[Figures]
Transfer identification number:			
Full name(s) of transferor(s):			
Transferor's SRN:			
Transferor's broker hereby certifies that the Security Transfer Form relating to the securities set out above has been or will be lodged at the company's office:			
[Transferor's broker's stamp]			
Affixed at			
on			
(place and date of affixing stamp)			
PART 2			
Full name(s) and address(es) of transferee(s):		Transferee's broker hereby certifies that the securities set out in Part 1 above, having been purchased in the ordinary course of business, are to be registered in the name(s) of the transferee(s) named in this Part; and hereby requests that such entries be made in the register as are necessary to give effect to this transfer.	
Transferee's SRN (if any):		[Transferee's broker's stamp]	
		Date of affixing stamp:	
PART 3			
Transferee's broker hereby certifies that the securities set out in Part 1 above, having been purchased in the ordinary course of business, are to be registered in the name(s) of the transferee(s) named in the Consolidated Transfer Form relating to the securities and hereby requests that such entries be made in the register as are necessary to give effect to this transfer.			
[Transferee's broker's stamp]			
Date of affixing stamp:			

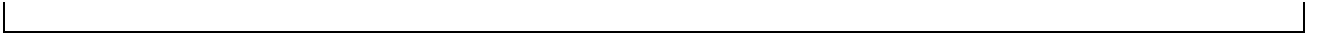
FORM 3			
SPLIT TRANSFER FORM		MARKING STAMP	
PART 1			
Full name of company:			
Description of securities	Class:	If not fully paid, paid to:	Register:
Quantity:	[Words]		[Figures]
Transfer identification number:			
Full name(s) of transferor(s):			
<p>Transferor's broker hereby certifies that the Security Transfer Form or the Broker's Transfer Form relating to the securities set out above has been or will be lodged at the company's office:</p> <p>[Transferor's broker's stamp]</p> <p>Affixed at</p> <p>on</p> <p>(place and date of affixing stamp)</p>			
PART 2			
Full name(s) and address(es) of transferee(s):		<p>Transferee's broker hereby certifies that the securities set out in Part 1 above, having been purchased in the ordinary course of business, are to be registered in the name(s) of the transferee(s) named in this Part; and hereby requests that such entries be made in the register as are necessary to give effect to this transfer.</p> <p>[Transferee's broker's stamp]</p>	
Transferee's SRN (if any):		Date of affixing stamp:	
PART 3			
<p>Transferee's broker hereby certifies that the securities set out in Part 1 above, having been purchased in the ordinary course of business, are to be registered in the name(s) of the transferee(s) named in the Consolidated Transfer Form relating to the securities and hereby requests that such entries be made in the register as are necessary to give effect to this transfer.</p> <p>[Transferee's broker's stamp]</p> <p>Date of affixing stamp:</p>			

FORM 4			
CONSOLIDATED TRANSFER FORM		MARKING STAMP	
PART 1			
Full name of company:			
Description of securities	Class:	If not fully paid, paid to:	
Quantity:	[Words]		[Figures]
Transfer identification number:			
Transfer Consolidation Number(s)			
PART 2			
Full name(s) and address(es) of transferee(s):		<p>Transferee's broker hereby certifies that the securities set out in Part 1 of the Form(s) whose Transfer Consolidation Number(s) is (or are) set out in Part 1 above, having been purchased in the ordinary course of business, are to be registered in the name(s) of the transferee(s) named in this Part; and hereby requests that such entries be made in the register as are necessary to give effect to this transfer(s).</p> <p>[Transferee's broker's stamp]</p>	
Transferee's SRN (if any):		Date of affixing stamp:	

FORM 5	
SECURITY RENUNCIATION AND TRANSFER FORM	MARKING STAMP
PART 1	
Full name of company:	
Description of rights	Register:
Quantity: [Words]	[Figures]
Transfer identification number:	
Full name(s) of transferor(s):	
<p>The transferor(s) hereby renounce(s) and transfer(s) the above rights in favour of the transferee(s) named in Part 2 hereof or to the several transferees named in Part 2 of the Broker's Renunciation and Transfer Form(s), Renunciation and Split Transfer Form(s) or Renunciation and Consolidated Transfer Form(s) relating to the above rights.</p> <p>This transfer and renunciation is executed on the transferor's behalf by the transferor's broker, who certifies as to the validity of the documents.</p> <p>[Transferor's broker's stamp]</p> <p>Affixed at</p> <p>on</p> <p>(place and date of affixing stamp)</p>	
PART 2	
Full name(s) and address(es) of transferee(s):	<p>Transferee's broker hereby certifies that the securities set out in Part 1 above, having been purchased in the ordinary course of business, the marketable securities to which the rights relate are to be allotted to the transferee(s) named in this Part and hereby requests that the marketable securities be allotted by the company to the transferee(s) and such entries be made in the register as are necessary to give effect to this renunciation and transfer.</p> <p>[Transferee's broker's stamp]</p> <p>Date of affixing stamp:</p>
Transferee's SRN (if any):	
PART 3	
<p>Transferee's broker hereby certifies that, the rights set out in Part 1 above having been purchased in the ordinary course of business, the marketable securities to which the rights relate are to be allotted to the transferee(s) named in the Renunciation and Consolidated Transfer Form relating to the rights; and hereby requests that the marketable securities be allotted by the company to the transferee(s) and such entries be made in the register as are necessary to give effect to this renunciation and transfer.</p> <p>[Transferee's broker's stamp]</p> <p>Date of affixing stamp:</p>	

FORM 6	
BROKER'S RENUNCIATION AND TRANSFER FORM	MARKING STAMP
PART 1	
Full name of company:	
Description of rights	Register:
Quantity: [Words]	[Figures]
Transfer identification number:	
Full name(s) of transferor(s):	
<p>The transferor(s) hereby certifies that the Security Renunciation and Transfer Form relating to the rights set out above has been or will be lodged at the company's office.</p> <p>[Transferor's broker's stamp]</p> <p>Affixed at</p> <p>on</p> <p>(place and date of affixing stamp)</p>	
PART 2	
Full name(s) and address(es) of transferee(s):	<p>Transferee's broker hereby certifies that, the rights set out in Part 1 above having been purchased in the ordinary course of business, the marketable securities to which the rights relate are to be allotted to the transferee(s) named in the this Part and hereby requests that the marketable securities be allotted by the company to the transferee(s) and such entries be made in the register as are necessary to give effect to this renunciation and transfer.</p> <p>[Transferee's broker's stamp]</p> <p>Date of affixing stamp:</p>
Transferee's SRN (if any):	
PART 3	
<p>Transferee's broker hereby certifies that, the rights set out in Part 1 above having been purchased in the ordinary course of business, the marketable securities to which the rights relate are to be allotted to the transferee(s) named in the Renunciation and Consolidated Transfer Form relating to the rights; and hereby requests that the marketable securities be allotted by the company to the transferee(s) and such entries be made in the register as are necessary to give effect to this renunciation and transfer.</p> <p>[Transferee's broker's stamp]</p> <p>Date of affixing stamp:</p>	

FORM 7	
RENUNCIATION AND SPLIT TRANSFER FORM	MARKING STAMP
PART 1	
Full name of company:	
Description of rights	Register:
Quantity: [Words]	[Figures]
Transfer identification number:	
Full name(s) of transferor(s):	
Transferor's SRN:	
<p>The transferor(s) hereby certifies that the Security Renunciation and Transfer or the Broker's Renunciation and Transfer relating to the rights set out above has been or will be lodged at the company's office.</p> <p>[Transferor's broker's stamp]</p> <p>Affixed at</p> <p>on</p> <p>(place and date of affixing stamp)</p>	
PART 2	
Full name(s) and address(es) of transferee(s): Transferor's SRN: Transferee's SRN (if any):	Transferee's broker hereby certifies that, the rights set out in Part 1 above having been purchased in the ordinary course of business, the marketable securities to which the rights relate are to be allotted to the transferee(s) named in this Part; and hereby requests that the marketable securities be allotted by the company to the transferee(s) and such entries be made in the register as are necessary to give effect to this renunciation and transfer. <p>[Transferee's broker's stamp]</p> Date of affixing stamp:
PART 3	
Transferee's broker hereby certifies that, the rights set out in Part 1 above having been purchased in the ordinary course of business, the marketable securities to which the rights relate are to be allotted to the transferee(s) named in the Renunciation and Consolidated Transfer Form relating to the rights and hereby requests that the marketable securities be allotted by the company to the transferee(s) and such entries be made in the register as are necessary to give effect to this renunciation and transfer.	
[Transferee's broker's stamp]	
Date of affixing stamp:	



FORM 8	
RENUNCIATION AND CONSOLIDATED TRANSFER FORM	MARKING STAMP
PART 1	
Full name of company:	
Description of rights	
Quantity:	[Words] [Figures]
Transfer identification number:	
Transfer Consolidation Number(s)	
PART 2	
Full name(s) and address(es) of transferee(s):	<p>Transferee's broker hereby certifies that, the rights set out in Part 1 of the Form(s) whose Transfer Consolidation Number(s) is (or are) set out in Part 1 above having been purchased in the ordinary course of business, the marketable securities to which the rights relate are to be allotted to the transferee(s) named in this Part; and hereby requests that the marketable securities be allotted by the company to the transferee(s) and such entries be made in the register as are necessary to give effect to the renunciation(s) and transfer(s).</p> <p style="text-align: center;">[Transferee's broker's stamp]</p>
Transferee's SRN (if any):	Date of affixing stamp:

APPENDIX 4.2 - TRANSFER ADVICE

APPENDIX 4.2 (Rule 4.45)

NAME & ADDRESS OF MARKING BODY

TRANSFER ADVICE

MARKING
SPLITTING

1	NAME OF COMPANY	2	REGISTER
3	DESCRIPTION OF SECURITY	CLASS	IF NOT FULLY PAID, paid to
4	PREVIOUS MARKING FORM NUMBER	DATE	NOTING NUMBER (If Any)
5	NAME OF SELLER		
	REFERENCE NUMBER		
	DATE - MARKED/SPLIT		

SCRIP DETAILS

6	CERTIFICATE OR SRN DETAILS		T.I.N.	SCRIP BAL. HELD <input type="checkbox"/>	or CERTIFICATE DETAILS <input type="checkbox"/>
	CERTIFICATE OR SRN NO.S	NO. OF UNITS	(only for Split Transfers)	CERTIFICATE OR SRN NO.S	NO. OF UNITS
				TOTAL UNITS	

INPUT TRANSFERS TO BE MARKED / SPLIT

7	TFR NO.	NO. OF UNITS TO BE MARKED	NO. OF UNITS TO BE SPLIT	SCRIP ALLOCATION DETAILS			FOR COMPANY USE
	1						
	2						
	3						
	4						
	5						
	6						
	7						
	TOTAL					TOTAL UNITS	
	SCRIP BALANCE	HOLD (See Note 1)		RE-ISSUE SELLER		RE-ISSUE BROKER	

SPLIT TRANSFERS

8	TFR NO.	NO. OF UNITS	SCRIP ALLOCATION DETAILS			FOR COMPANY USE
	1					
	2					
	3					
	4					
	5					
	6					
	7					
	8					
	9					
	10					
	TOTAL		TOTAL UNITS TRANSFERRED		Note 1 Hold for 1 month. The company may then issue a balance certificate to the Marking Body.	
	MARKING BODY STAMP				PLEASE NOTE THAT TRANSFERS HAVE BEEN MARKED BY MARKING BODY	
	SIGNATURE					

SECTION 5 - AFFILIATES AND PARTICIPATING ORGANISATIONS

6 AFFILIATES AND PARTICIPATING ORGANISATIONS

6.1 AFFILIATES

6.1.1 RECOGNITION

- (1) Subject to Rule 6.1.2 and to payment of the fee under 6.1.3, the Exchange shall recognise a natural person as an Affiliate provided the requirements specified in Rule 6.1.1(2) are satisfied and provided the applicant:
 - (a) has been engaged for an aggregate of not less than two years:
 - (i) in the business of a Participating Organisation;
 - (ii) by the Exchange or a related corporation of the Exchange; or
 - (iii) in the business of any person or entity which is considered by the Exchange to provide substantially equivalent experience to that derived from engagement under sub-paragraph (i) or (ii) above; and
 - (b)
 - (i) holds an accepted tertiary qualification in commerce, economics, law, accountancy, business administration, banking, secretarial practice or any other qualification considered by the Exchange to be substantially equivalent; and
 - (ii) has successfully completed such subjects or courses as are specified by the Exchange;
 - (c) is not an insolvent under any law;
 - (d) is satisfied that the applicant has the required financial resources to meet his or her obligations as an Affiliate; and
 - (e) applies to be recognised as an Affiliate in accordance with Rule 6.1.2.
- (2) The Exchange shall recognise a natural person as an Affiliate where the applicant meets the requirements specified in Rule 6.1.1 if the Exchange:
 - (a) has no reason to believe that the applicant is not of good fame and character and high business integrity;
 - (b) has no reason to believe that the applicant will not carry out his obligations as an Affiliate efficiently, honestly and fairly;
 - (c) is satisfied that the applicant intends to devote the substantial part of the working week to the business of a Participating Organisation.

- (3) The Exchange may in its discretion recognise a natural person as an Affiliate notwithstanding that the applicant does not satisfy each of the conditions set out in Rules 6.1.1 (1)(a) and (1)(b).
- (4) For the purposes of this Rule 6.1.1 but without limiting the discretion of the Exchange, a person will be deemed to be not of good fame and character if, at the time of application, he is prohibited under the Companies Act from being a director or promoter of, or being in any way concerned in or taking part in the management of, a company.
- (5) In considering whether or not an applicant is of good fame and character, but without limiting the discretion of the Exchange, the Exchange shall be entitled to take into account any conviction of the applicant for any offence (other than a traffic offence) and whether the applicant has been charged with such an offence at any time and whether the applicant has at any time been adversely mentioned in a report made by or at the request of any government or governmental authority or agency.

6.1.2 APPLICATION PROCEDURE

- (1) Each applicant for recognition as an Affiliate shall execute and deliver to the Exchange an application in the form determined from time to time by the Exchange.
- (2) An applicant for recognition as an Affiliate shall provide in writing in such form as the Exchange requests, such other information in addition to that contained in the application as the Exchange requires.

6.1.3 FEE

The fees for Affiliates shall be prescribed by the Exchange.

6.1.4 CERTIFICATE

A certificate of recognition as an Affiliate may be issued by the Exchange to any Affiliate. Such certificate shall remain the property of the Exchange and on demand in writing by the Exchange shall be returned to the Exchange. The Exchange may institute proceedings for the recovery of the certificate retained by any person not being an Affiliate of the Exchange.

6.1.5 REGISTRATION BY AFFILIATE OF ASSOCIATED PARTICIPATING ORGANISATIONS

An Affiliate shall register with the Exchange the name and address of the Participating Organisation with which he or she is associated. For this purpose an Affiliate is associated with a Participating Organisation if he or she is an officer, employee or securities representative of the Participating Organisation or in the opinion of the Exchange is otherwise associated with the Participating Organisation.

6.1.6 SURRENDER OF AFFILIATE STATUS

- (1) An Affiliate may surrender his or her recognition as an Affiliate by giving notice in writing to the Exchange. The surrender shall not take effect until it is accepted by the Exchange. The Exchange shall not unreasonably refuse to accept a surrender.
- (2) Subject to Rule 6.1.2(3), to the payment of the fee prescribed by Rule 6.1.3 and to the applicant meeting the requirements and conditions specified in Rule 6.1.1(2):
 - (a) the Exchange shall recognise a natural person as an Affiliate whose surrender of recognition as an Affiliate was accepted by the Exchange less than 12 months prior to the date that the applicant submitted an application to be recognised again as an Affiliate notwithstanding that the applicant does not satisfy the conditions set out in Rule 6.1.1(1)(b); and
 - (b) the Exchange may recognise a natural person as an Affiliate whose surrender of recognition as an Affiliate was accepted by the Exchange more than 12 months prior to the date that the applicant submitted an application to be recognised again as an Affiliate notwithstanding that the applicant does not satisfy the conditions set out in Rule 6.1.1(1)(b)(i) and (ii).

6.1.7 REGISTER

- (1) The Exchange shall maintain a register of Affiliates stating the following for each Affiliate:
 - (a) the name and home address of the Affiliate;
 - (b) the name of each Participating Organisation with which the Affiliate is associated within the meaning of Rule 6.1.5; and
 - (c) such other details prescribed by the Exchange.
- (2) Each Affiliate must provide such information in relation to the Affiliate requested by the Exchange in order to maintain the register of Affiliates.
- (3) Any Affiliate or representative of an Affiliate authorised in writing may examine the register of Affiliates during business hours.
- (4) The Exchange may publish details set out in the register as it thinks fit and an Affiliate or a Participating Organisation will have no claim against the Exchange in relation to such publication.

6.2 PARTICIPATING ORGANISATIONS

6.2.1 RECOGNITION

- (1) Subject to Rule 6.2.2 and to payment of the fee under Rule 6.2.3, the Exchange shall recognise a company or partnership as a Participating Organisation provided the requirements specified in Rule 6.2.1(2) or (3) are satisfied and provided:
 - (a)
 - (i) in the case of a company, not less than one director is an Affiliate
 - (iii) in the case of a partnership of companies, each of the companies fulfils the requirements of Rule 6.2.1(1)(b)(i);
 - (b) in the case of applicant corporations, the voting shares of the applicant carry one vote per share and otherwise confer identical voting rights on each shareholder according to his shareholding. The Exchange may in its discretion waive this requirement;
- (2) The Exchange shall recognise a company as a Participating Organisation where the applicant meets the requirements specified in Rule 6.2.1(1) if the Exchange:
 - (a) is satisfied that:
 - (i) each director of the applicant who is not recognised as an Affiliate;
 - (ii) each person who is or would be a substantial shareholder within the meaning of the Securities Act of the applicant or its holding company (if that Act applied to the applicant or its holding company); and
 - (iii) each person who is entitled to not less than 10% of the non-voting shares of the applicant or its holding company,

is of good fame and character and high business integrity and has undertaken to the Exchange and to the applicant to comply with and be bound by the Rules of the Exchange to the extent necessary in connection with the stockbroking business to be conducted as a Participating Organisation by the applicant;
 - (b) is satisfied that the applicant has the required financial resources to meet its obligations as a Participating Organisation;
 - (c) is satisfied that the applicant complies with the Rules relating to trading and dealing by Participating Organisations having such

association or connection with each other as may be specified in the Rules; and

- (d) is satisfied that the constitution of the applicant contains provisions which require continued compliance by the applicant with the requirements of these Rules, and contain provisions authorising the applicant, on its own initiative or at the request of the Exchange, to obtain from its members any information which could be obtained if Part VIII of the Securities Act, applied to the applicant.
- (5) A company which was a Shareholder of POMSoX of the time of these Rules coming into effect is deemed to be recognised as a Participating Organisation at that time.

6.2.2 APPLICATION PROCEDURE

- (1) Each applicant for recognition as a Participating Organisation shall execute and deliver to the Exchange an application in the form determined from time to time by the Exchange and if the applicant is a corporation, a copy of the constitution of the applicant.
- (2) An applicant for recognition as a Participating Organisation shall provide in writing in such form as the Exchange requests, such other information in addition to that contained in the application as the Exchange requires.

6.2.3 FEE

The fees for Participating Organisations shall be prescribed by the Exchange.

6.2.4 CERTIFICATE

A certificate of recognition as a Participating Organisation may be issued by the Exchange to any Participating Organisation. Such certificate shall remain the property of the Exchange and on demand in writing by the Exchange shall be returned to the Exchange. The Exchange may initiate proceedings for the recovery of the certificate retained by any person not being a Participating Organisation of the Exchange.

6.2.5 SURRENDER OF PARTICIPATING ORGANISATION STATUS

A Participating Organisation may surrender its recognition as a Participating Organisation by giving notice in writing to the Exchange. The surrender shall not take effect until it is accepted by the Exchange. The Exchange shall not unreasonably refuse to accept a surrender.

6.2.6 WAIVER OF REQUIREMENTS FOR PARTICIPATING ORGANISATIONS

If at any time after admission of a Participating Organisation, the Participating Organisation no longer complies with the requirements of Rule 6.2.1(1)(b)(i), the Exchange may, in its discretion grant a waiver of the requirements upon such conditions as it deems fit.

6.3 APPROVED REPRESENTATIVE

- (1) Application by a Participating Organisation for the registration of a natural person as an Approved Representative shall be made to the Exchange in the following form:

"We are desirous of having ... *(full name and current residential address)* registered as an Approved Representative subject in all respects to the Rules of the Exchange".

- (2) Applications shall be supported by:
- (i) three letters of reference from persons of repute (other than from any officer or employee of the engaging Participating Organisation) including where applicable a letter from the previous employer of the candidate; and
 - (ii) particulars of the business experience and educational qualifications of the candidate.
- (3) The Exchange shall enter the name and current residential address of a candidate and the name of the applicant Participating Organisation in a Register of Approved Representatives maintained by the Exchange, provided the candidate:
- (i) has been engaged by a Participating Organisation(s) for a period of not less than 12 months or if the candidate has been engaged by a Participating Organisation(s) for a period of less than 12 months and has previously been engaged by an entity or entities referred to in Rule 6.1.1(1)(a)(ii) and (iii), the candidate must complete at least 2 weeks engagement in the principal office of the Participating Organisation prior to the date of registration,
- and the Exchange:
- (ii) has been satisfied by examination set by the Exchange or otherwise as to the candidate's knowledge of the Companies Act, the Rules of the Exchange and the usages of the business of a stock and sharebroker; and
 - (iii) has no reason to believe that the candidate is not of good fame and character and high business integrity.

- (4) The Exchange may in its discretion register a person as an Approved Representative notwithstanding that the candidate does not satisfy one or more of the conditions set out in Rule 6.3(3)(i) to (iii) (inclusive).
- (5) A Participating Organisation shall notify the Exchange within two Business Days after an Approved Representative commences engagement with the Participating Organisation.
- (6) A Participating Organisation shall notify the Exchange of:
 - (i) any change of name or residential address; or
 - (ii) the date of termination and reasons for termination of engagement; or
 - (iii) the date of cancellation of a proper authority,
of an Approved Representative who immediately prior to the change, termination or cancellation held a proper authority from the Participating Organisation. Such notification shall be given to the Exchange within two Business Days after such change, termination or cancellation.
- (7) If in the opinion of the Exchange:
 - (i) an Approved Representative has caused a Participating Organisation to breach any of the Rules or Regulations of the Exchange; or
 - (ii) for the period of twelve months immediately prior to the opinion being formed an Approved Representative has not been engaged in the securities business; or
 - (iii) an Approved Representative no longer complies with the requirements for registration specified in Rule 6.3(3),
the Exchange may subject to Rule 6.4.2(1) cancel the registration of the Approved Representative.
- (8) The Exchange shall forthwith notify the Approved Representative of the cancellation of his/her registration as an Approved Representative and shall at the same time notify the Participating Organisation which employed the Approved Representative.
- (9) A Participating Organisation may make application to the Exchange for registration of a person as an Approved Representative notwithstanding that such person is under the supervision and direct control of an Affiliate in the principal place of business of that Participating Organisation.

6.4 PROCEDURAL RIGHTS

6.4.1 CONDUCT OF RECOGNITION HEARINGS

- (1) The Exchange shall not reject an application for recognition as an Affiliate or as a Participating Organisation unless it first affords the applicant the opportunity to appear at a hearing before the Exchange and make submissions to the Exchange in relation to the application for recognition as an Affiliate or as a Participating Organisation. If the applicant wishes the applicant may choose to make submissions to the Exchange without appearing at a hearing.
- (2) A hearing conducted for the purposes of Rule 6.4.1(1) shall be held in private, provided that the Exchange may consider submissions or information received from any person and may give directions as to the persons who may be present at the hearing. Subject to disclosure to such employees of the Exchange or a related company as the Exchange sees fit and disclosure for the purposes of any appeal and as otherwise provided in these Rules or by law, any evidence or material placed before the Exchange or considered by it shall be kept confidential by the Exchange and all participants in the hearing.
- (3) At a hearing conducted for the purposes of Rule 6.4.1 (1) an applicant and any other person authorised by the Exchange may appear in person and make submissions and is entitled to be represented by an employee of the person or any other person approved by the Exchange or by a lawyer.
- (4) A hearing conducted for the purposes of Rule 6.4.1(1) shall be conducted with as little formality and technicality and with as much expedition as a proper consideration of the matters before the Exchange permits. The Exchange may make a transcript of proceedings at a hearing.
- (5) The Exchange shall make its decision free of bias and shall give the applicant a fair hearing and shall in all other respects observe the rules of natural justice.
- (6) Where the Exchange rejects any application for recognition as an Affiliate or as a Participating Organisation it shall, within 30 days after the conclusion of the hearing, dispatch to the applicant at the address of the applicant stated on the application the reasons in writing for the rejection of the application.
- (7) The Exchange shall determine an application within 6 months of receipt of the application.
- (8) An applicant shall meet his own expenses and costs incurred in connection with the determination of his application.

6.4.2 APPEALS

- (1)
 - (a) A person whose application for recognition as an Affiliate has been rejected by the Exchange;
 - (b) a company whose application for recognition as a Participating Organisation has been rejected by the Exchange; or
 - (c) a Participating Organisation whose application for registration of a natural person as an Approved Representative has been rejected by the Exchange; or
 - (d) the natural person referred to in Rule 6.4.2(1)(c); or
 - (e) a natural person whose registration as an Approved Representative has been cancelled by the Exchange,

may appeal to the Appeal Tribunal.

- (2) Notice of appeal setting out the grounds of appeal must be lodged with the Secretary of the National Adjudicatory Tribunal within 30 days after the reasons in writing for:
 - (a) rejection of the application for recognition as an Affiliate; or
 - (b) rejection of the application for recognition as a Participating Organisation; or
 - (c) rejection of the application for registration as an Approved Representative; or
 - (d) cancellation of the registration as an Approved Representative,

by the Exchange are received by the person or Participating Organisation concerned.

6.4.3 STATUS OF DECISION OF NATIONAL ADJUDICATORY TRIBUNAL

The decision of the National Adjudicatory Tribunal shall be final and binding upon the parties.

6.5 MEMBER OF THE EXCHANGE

Affiliates and Participating Organisations are entitled to describe themselves as members of the Exchange.

6.6 FEES & OTHER CHARGES

6.6.1 Without limiting any other provision in these Rules concerning fees, the Exchange may charge:

- (a) Participating Organisations in connection with their continued recognition as Participating Organisations and their access to and use of markets and facilities and other services operated or provided by the Exchange;
- (b) Affiliates in connection with their continued recognition as Affiliates and use of facilities and other services operated or provided by the Exchange,

such fees, including late fees, as the Exchange prescribes.

6.6.2 Fees charged under Rule 6.7.1 must be paid to the Exchange by the times and in the manner prescribed by the Exchange.

6.6.3 Any fees charged under Rule 6.7.1, and any changes to those fees, will take effect at a time determined by the Exchange and notified to, as appropriate, Participating Organisations or Affiliates.

7. DEPOSITORY INTEREST In PETS

This Section 7 sets out the Rules governing PETS Depository Interests and modifies the operation of the Rules in a number of respects.

A PETS Depository Interest evidences the Holder's interest in the Foreign Security to which it relates which is registered in the name of the Depository Nominee as Agent for the Holder.

7.1 DEFINITIONS

In this section 7 of the Rules, unless the context otherwise requires:

Approved Security means a Security approved by the Exchange in accordance with this section 7.

Certificate means any document issued to a Holder of a Foreign Security as evidence of that Holder's title to that Foreign Security including, for example, a share certificate.

Commencement Date in relation to a class of a Foreign Issuer's Securities, means the date on which Foreign Securities in that class become Approved Securities.

Companies Act means the Papua New Guinea *Companies Act* 1997.

Corporate Action means action taken by a Foreign Issuer for the purpose of giving an entitlement in respect of Foreign Securities held by a Depository Nominee to Holders of PDIs.

Cum Entitlement Balance means, in respect of a Corporate Action, the number of Foreign Securities to be used by the Foreign Issuer to calculate the entitlement of a Holder of PDIs.

Depository Interest evidences the Holder's interest in, and entitlement to, a Foreign Security of a Foreign Issuer, registered in the name of the Depository Nominee as agent for the Holder.

Depository Nominee means the person appointed under these Rules whose function is to hold the Foreign Security as agent for the Holder of a Depository Interest.

Despatch Date means the date by which a Foreign Issuer is required to have despatched Certificates (or in the case of rights, entitlement and acceptance forms in relation to those rights) or to have entered Securities (including rights) into Holders' uncertificated Holdings in accordance with Listing Rules or otherwise as determined by the Exchange and notified from time to time.

Divestment means action taken by a Foreign Issuer to require or effect the disposal of Foreign Securities.

End of Day means on any Trading Day, 7:00pm Port Moresby time or such other time as the Exchange may from time to time determine.

Foreign Issuer means an issuer whose place of incorporation does not recognise CHES as a system that can transfer and register legal Title to Securities.

Foreign Security means a security issued or made available by a Foreign Issuer.

Holder means a person:

- (a) registered as the legal owner of Securities in a Holding; or
- (b) who is recorded as holding PDIs on the PDI Register.

Holding means:

- (a) a number of Securities of an issuer held by a Holder on the issuer's register; or
- (b) a number of PDIs held by a Holder on the PDI Register.

Issuer Sponsored Subregister means, for the purpose of this section 7, that part of a PDI Register that is administered by the issuer (and not the Exchange).

Listing Rules means the POMSoX Listing Rules.

PDI stands for PETS Depository Interest being a Holder's interest in, and entitlement to, the Security of a Foreign Issuer registered in the name of the Depository Nominee as Agent for the Holder.

PDI Register means a register of PDI Holdings maintained by a Foreign Issuer under the Rules, consisting of an Issuer Sponsored Subregister of Holders of PDIs and a PETS Subregister of Holders of CDIs.

PETS Subregister means that part of a Foreign Issuer's PDI Register, for a class of the Foreign Issuer's Approved Securities that is administered by the Exchange.

Record Date means 5:00pm on the date specified by an Foreign Issuer as the date by reference to which the Foreign Issuer will establish Cum Entitlement Balances for the purpose of identifying the persons entitled to the benefit of a Corporate Action.

Relevant Property has the meaning given in clause 7.7.5.

Securities Act means the Papua New Guinea *Securities Act 1997*.

Tax means any present or future tax, levy, impost, duty, charge, fee, deduction, or withholding of whatever nature, levied, collected, assessed or imposed by any government or semi-government authority and any amount imposed in respect of any of the above

Third Party Provider means a person that:

- (a) operates an interface with PETS;
 - (b) performs any obligations under these Rules; or
 - (c) uses facilities provided by the Exchange,
- on behalf of a Foreign Issuer or Depositary Nominee.

Title in relation to Securities, means:

- (a) legal title where the Securities can be owned at law, and
- (b) equitable or beneficial title where the Securities can be owned only in equity.

Transfer means a transfer of Securities.

Transmute means to cause an entitlement to Foreign Securities to be evidenced by PDIs, or Foreign Securities to be transferred to the Holder of PDIs under these Rules.

7.2 APPLICATION OF PDI RULES

7.2.1 EFFECT OF RULES 7.1 TO 7.13

Rules 7.1 to 7.13 only apply to, and have effect in relation to, PDIs issued in respect of a class of Foreign Securities.

The Rules, to the extent that they are not inconsistent with Rules 7.1 to 7.13, have full force and effect in relation to PDIs other than as specifically modified by the provisions of these Rules 7.1 to 7.13. Where the Rules are inconsistent with Rules 7.1 to 7.13, in relation to PDIs, Rules 7.1 to 7.13 will apply.

7.3. PREREQUISITES FOR SETTLEMENT OF INSTRUCTIONS IN FOREIGN SECURITIES

7.3.1. APPROVAL OF PERSON AS FOREIGN ISSUER

A person who has applied for:

- (a) a class of Foreign Securities; or
- (b) PDIs issued over a class of Foreign Securities,

to be quoted on the Exchange may apply to the Exchange to:

- (c) act as Foreign Issuer in relation to PDIs issued or to be issued in respect of those Foreign Securities; and
- (d) to have those PDIs approved.

7.3.2. APPOINTMENT OF DEPOSITARY NOMINEE AND ISSUE OF PDIS

If the Exchange determines to accept an application under Rule 7.3.1, the Foreign Issuer must:

- (a) appoint a Depositary Nominee for the purpose of complying with these Rules;
- (b) Notify the Exchange of the identity of the Depositary Nominee appointed by the Foreign Issuer;
- (c) deliver to the Exchange a deed poll executed by the Depositary Nominee which is substantially in the form contained in Appendix 7.1 or as otherwise approved by the Exchange in writing;
- (d) make arrangements satisfactory to the Exchange to enable the Foreign Issuer to comply with the requirements of Rules 7.5.3 and 7.6; and

- (e) make arrangements satisfactory to the Exchange to issue PDIs or make them available in respect of that class of Foreign Securities to each person who has:

an entitlement to those PDIs or Foreign Securities; and

where applicable, not elected to take a document of Title to those Foreign Securities.

7.3.3. VESTING ARRANGEMENTS FOR FOREIGN SECURITIES

If Rule 7.3.2 applies, the Foreign Issuer must, either not later than End of Day on the Despatch Date for the new Foreign Securities, or such other time as the Exchange requires:

- (a) cause any Foreign Securities:
 - (i) which the Holders thereof have requested be evidenced by PDIs; or

which the Foreign Issuer proposes to evidence by way of PDIs,

to be registered in the name of the Depositary Nominee nominated by the Foreign Issuer under Rule 7.3.2, in a manner recognised by Papua New Guinea law and all applicable foreign laws;

- (b) immediately Notify the Exchange that Title to the Foreign Securities has vested in the Depositary Nominee; and
- (c) record:
 - (i) the PDIs corresponding to the Foreign Securities on the PETS Subregister or the Issuer Sponsored Subregister, as the case requires; and

the information required to be recorded under these Rules in such manner as to identify each Holder of the PDIs, whether on the PETS Subregister or the Issuer Sponsored Subregister.

7.3.4. EFFECTIVE DATE OF APPROVAL – PDIS AS APPROVED SECURITIES

Where the Exchange determines to accept an application made under Rule 7.3.1, the Commencement Date for PDIs issued in respect of the class of Foreign Securities will be the date that the Exchange notifies the Foreign Issuer that those PDIs are Approved Securities, or such other date determined by the Exchange.

7.3.5. PDIS AS APPROVED SECURITIES – TRANSITIONAL PROVISION

From the date on which this Rule 7.3.5 comes into effect, all PDIs issued by a Foreign Issuer over a class of previously approved Foreign Securities will be taken to be Approved Securities.

7.4. TRANSMUTATION AND ALTERATIONS OF FOREIGN SECURITIES

7.4.1. TRANSMUTATION OF FOREIGN SECURITIES TO PDIS AT ELECTION OF HOLDER

If a Holder of Securities that forms part of a class of Foreign Securities in respect of which PDIs have been approved Notifies the Foreign Issuer, at any time after the date of quotation of the Foreign Securities, requesting that Title to a quantity of the Foreign Securities be evidenced by PDIs, the Foreign Issuer must, provided the Notification is accompanied by any corresponding documents of Title:

- (a) as soon as possible, cause the quantity of Foreign Securities specified in the Notice to be held by the Depository Nominee for those Foreign Securities as Agent for the Holder of the PDIs;
- (b) record:
 - (i) the PDIs corresponding to the Foreign Securities on the PDI Register; and

the information required to be recorded under these Rules in such manner as to identify each Holder of the PDIs, on the PDI Register; and

- (c) Notify the Holder that the Transmutation has been effected.

7.4.2. TRANSMUTATION OF FOREIGN SECURITIES TO PDIS FOR SETTLEMENT PURPOSES

Each Participating Organisation that is obliged to deliver a quantity of Foreign Securities to another Participating Organisation must, unless otherwise agreed with that Participating Organisation, do so by initiating a Trading Message to Transfer the corresponding quantity of PDIs in respect of those Foreign Securities.

A Participating Organisation must not deliver a paper-based transfer of Foreign Securities to another Participating Organisation unless otherwise agreed with that other Participating Organisation.

7.4.3. PARTICIPATING ORGANISATION MAY INITIATE A TRANSMUTATION ON BEHALF OF A PERSON

A Participating Organisation that is authorised by a person to do so, may Transmute Foreign Securities to PDIs or PDIs to Foreign Securities on behalf of the person in any circumstance where Transmutation by that person is permitted under these Rules.

7.5. CONSEQUENCES OF VESTING TITLE IN DEPOSITARY NOMINEE

7.5.1. Agent for Holders of PDIs

Where Foreign Securities are held by a Depositary Nominee under these Rules, they are held by the Depositary Nominee as Agent for the person identified in accordance with these Rules, as the Holder of the PDIs in respect of those Foreign Securities, who shall be entitled to all rights and benefits of ownership of the Foreign Securities, subject to the terms of these Rules and shall be responsible for all liabilities arising in respect of the ownership of those Foreign Securities, including the payment of any Tax in respect of any income arising on those Foreign Securities.

7.5.2. IDENTIFICATION OF PDI HOLDERS

For the purposes of Rule 7.5.1, a person is (subject to any subsequent disposition) entitled to all rights of ownership of the Foreign Securities deposited with a Depositary Nominee under these Rules if:

- (a) in accordance with Rule 7.3.3, the Foreign Issuer has recorded the person in the PDI Register as the holder of PDIs for those Foreign Securities; or
- (b) under Rule 7.4.1, the person is the former Holder of the Foreign Securities to which the PDIs relate, or that person's nominee.

7.5.3. IMMOBILISATION OF FOREIGN SECURITIES

A Depositary Nominee that holds Foreign Securities under these Rules must:

- (a) where a Certificate is issued as evidence of Title to those Securities, make arrangements satisfactory to the Exchange for any Certificate representing its holding of Foreign Securities to be held by the Foreign Issuer for safekeeping.
- (b) not dispose of any of those Foreign Securities unless authorised by these Rules; and

- (c) not create any interest (including a security interest) which is inconsistent with the Depository Nominee's role as Agent holding the Foreign Securities and the interests of the Holders of PDIs in respect of the Foreign Securities unless authorised by these Rules.

7.6. REGISTERS AND PROCESSING OF TRANSFERS AND TRANSMUTATIONS

7.6.1. ISSUER TO ESTABLISH AND MAINTAIN PDI REGISTER

If PDIs in respect of a class of Foreign Securities are approved, the Foreign Issuer must establish and maintain a PDI Register in Papua New Guinea that contains all of the information that would otherwise be required to be kept under the Securities Act as if the Foreign Issuer were an Papua New Guinean listed public company and the PDIs were shares of that company.

7.6.2. RECONCILIATION OF REGISTERS

The Foreign Issuer must ensure, at all times that:

- (a) the total number of PDIs on the PDI Register reconciles to the total number of Foreign Securities registered in the name of the Depository Nominee; and
- (b) where applicable, it has one or more Certificates registered in the name of the Depository Nominee in its possession which represent the same number of Foreign Securities as are registered in the name of the Depository Nominee.

7.6.3. RIGHT OF INSPECTION OF THE PDI REGISTER

If a PDI Register is required to be established and maintained by a Foreign Issuer under Rule 7.6.1, the Foreign Issuer must make that PDI Register available for inspection to the same extent and in the same manner as if that register were a register of Securities of a Papua New Guinean listed public company.

7.6.4. ISSUER SPONSORED SUBREGISTERS AND PETS SUBREGISTERS FOR PDIs

If PDIs in respect of a class of Foreign Securities are approved, the Foreign Issuer must establish and maintain:

- (a) an Issuer Sponsored Subregister; and
- (b) a PETS Subregister,

of PDIs in respect of the Foreign Securities as if the PDIs were Securities of a Papua New Guinean Issuer, issued wholly in uncertificated form.

7.6.5. AGENTS OF FOREIGN ISSUER

If a Foreign Issuer employs or retains a Third Party Provider to establish and maintain a PDI Register in respect of a class of its Foreign Securities, then for the purposes of these Rules, the Third Party Provider is taken to perform those services as the agent of the Foreign Issuer.

7.6.6. POWER OF ATTORNEY

The Depositary Nominee appoints the Foreign Issuer to be the Depositary Nominee's attorney and in the name of the Depositary Nominee (or in the name of the Foreign Issuer or its delegate) and on the Depositary Nominee's behalf:

- (a) to execute any transfer for the purposes of Rule 7.4; and
- (b) to do all things necessary or desirable to give full effect to the rights and obligations of the Depositary Nominee in Rules 7.1 to 7.13;

and the Depositary Nominee undertakes to ratify and confirm anything done under this power of attorney by the Foreign Issuer.

7.6.7. DELEGATION BY FOREIGN ISSUER UNDER POWER OF ATTORNEY

The Foreign Issuer may in writing:

- (a) delegate its powers to any person for any period;
- (b) at its discretion, revoke any such delegation; and
- (c) exercise or concur in exercising any power despite the Foreign Issuer or a delegate of the Foreign Issuer having a direct or personal interest in the mode or result of the exercise of that power.

7.6.8. INDEMNITY

If a Foreign Issuer or its Third Party Provider executes a transfer of Foreign Securities on behalf of a Depositary Nominee as transferor or transferee, other than a Transfer which is supported by a Trading Message initiated by a Participating Organisation under these Rules, the Foreign Issuer warrants to the Exchange that it indemnifies:

- (a) the Depositary Nominee;

- (b) the Exchange;
- (c) the transferor or the beneficial owner of the Foreign Securities, as the case requires; and
- (d) each Participating Organisation,

against all losses, damages, costs and expenses that they or any of them may suffer or incur as a result of the transfer not being authorised by the transferor or by the beneficial owner of the Foreign Securities.

7.6.9. THE EXCHANGE HOLDS BENEFIT OF WARRANTIES FOR DEPOSITARY NOMINEE

The Exchange holds the benefit of any warranties and indemnities given to it by the Foreign Issuer under Rules 7.1 to 7.13 in trust for the benefit of the Depositary Nominee.

7.6.10. FOREIGN ISSUER AND DEPOSITARY NOMINEE NOT TO INTERFERE IN TRANSFER AND TRANSMUTATION

Unless otherwise permitted under these Rules or the Listing Rules, a Foreign Issuer or a Depositary Nominee must not refuse or fail to register, or give effect to, or otherwise interfere with the processing and registration of a:

- (a) paper-based transfer of Foreign Securities;
- (b) Transfer of PDIs;
- (c) Transmutation of Foreign Securities to PDIs; or
- (d) Transmutation of PDIs to Foreign Securities.

7.6.11. NO NOTICE OF UNREGISTERED INTERESTS

For the purposes of all relevant Papua New Guinean and foreign laws, neither the Exchange nor any Depositary Nominee is affected by actual, implied or constructive notice of any interest in PDIs other than the Holdings on the PDI Register.

A Depositary Nominee may deal with the registered Holder of PDIs as if, for all purposes, the Holder of PDIs is the absolute beneficial owner of the Foreign Securities to which the PDIs relate, without any liability whatsoever to any other person who asserts an interest in the PDIs or in the Foreign Securities to which the PDIs relate.

7.7. TERMINATION OF PDI HOLDING BY THE DEPOSITARY NOMINEE**7.7.1. TERMINATION OF AGENCY OVER FOREIGN SECURITIES**

If approval of PDIs in respect of a class of Foreign Securities is revoked by the Exchange, the Depositary Nominee may, by resolution of its board of directors, revoke the agency arrangement under which it holds the Foreign Securities on a date specified in the resolution. The Depositary Nominee must notify the affected Holders of PDIs of the revocation.

- (a) Immediately following the date of revocation specified in the resolution the Depositary Nominee shall transfer the Foreign Securities and any other relevant property to the Holders of PDIs entitled thereto.
- (b) The Depositary Nominee may appoint another agent (including the Foreign Issuer) for the purpose of holding Foreign Securities and any other relevant property (including, without limitation, net proceeds referred to in Rule 7.7.2(c)) or performing any of its duties relating to the distribution or holding of property or for any other purpose.

7.7.2. DISTRIBUTION OF FOREIGN SECURITIES AND POWER OF SALE

If a Depositary Nominee revokes the agency arrangement under which it holds a class of Foreign Securities in accordance with Rule 7.7.1:

- (a) the Depositary Nominee may, in its absolute discretion, Notify the affected Holders of PDIs of a procedure by which the Foreign Securities and any other relevant property will be transferred to Holders;
- (b) subject to any law or rule of any financial market where the Foreign Securities are listed or quoted, the Foreign Issuer must use all reasonable endeavours to assist the Depositary Nominee to transfer the Foreign Securities and any other relevant property to Holders of PDIs in accordance with the procedure notified by the Depositary Nominee; and
- (c) if the Depositary Nominee has been unable to transfer the Foreign Securities and any other relevant property to a Holder of PDIs, then the Depositary Nominee may sell the Foreign Securities and any other relevant property and hold the net proceeds on trust for distribution to the Holder of PDIs and may, after any period specified by law for holding unclaimed moneys,

remit those monies to a regulatory authority in accordance with relevant law.

7.7.3. EXERCISE OF POWER OF SALE

In exercising the power of sale in Rule 7.7.2, the Depositary Nominee may do any of the following:

- (a) sell, dispose of, transfer or otherwise deal with the Foreign Securities and any other relevant property to any person including without limitation to an associate of any of the Foreign Issuer, the Holder of PDIs or the Depositary Nominee;
- (b) effect any sale by a single contract or in separate lots or parcels or in any other manner that the Depositary Nominee may in its absolute discretion think fit, with power to the Depositary Nominee to apportion the sale price and all costs, expenses, purchase money and fees between the Foreign Securities so dealt with, provided the apportionment is fair and equitable;
- (c) subject to any contrary rule of law or equity, allow a purchaser of the Foreign Securities any time for payment of the whole or any part of the purchase money either with interest at any rate or without interest and either upon the security of the property sold or any part or upon any other security or without any security and the conditions of sale may include such special conditions as the Depositary Nominee may in its absolute discretion think fit;
- (d) receive and retain the proceeds of any sale and issue receipts in respect of such proceeds; or
- (e) sign deeds of sale with respect to the sale of any Foreign Security and any other relevant property, and execute any other documents as may be required to transfer the rights of such Foreign Securities or any other relevant property.

7.7.4. LIMITATION OF LIABILITY

If a Depositary Nominee exercises the power of sale in accordance with this Rule 7.7, the exercise of that power does not involve on the part of the Depositary Nominee:

- (a) incurring any personal liability in connection with that exercise or its consequences unless it is committed, made or omitted in bad faith or as a result of negligence or wilful default; and
- (b) any breach of duty or trust whatsoever, unless it is committed, made or omitted in bad faith or as a result of negligence or wilful default.

7.7.5. APPOINTMENT OF ANOTHER AGENT

If the Depositary Nominee appoints another agent in accordance with this Rule 7.7, the following will apply to such appointment:

- (a) the Depositary Nominee may in its absolute discretion appoint one or more persons whom the Depositary Nominee determines to be properly qualified to act as the agent in respect of the Foreign Securities and any other relevant property (including, without limitation, net proceeds referred to in Rule 7.7.2(c) ("*Relevant Property*");
- (b) the Depositary Nominee and the agent must execute a written agreement setting out the terms and conditions in relation to the appointment of the agent which provides among other things:
 - (i) that the appointment of the agent will be subject to such conditions as the Depositary Nominee may from time to time determine, and the Depositary Nominee may delegate to and confer upon the appointed agent any authorities, powers and discretions as the Depositary Nominee sees fit;

a representation from the agent to the Depositary Nominee that it has the skill, facilities, capacity and staff to carry out the duties of an agent;

a representation that the agent agrees to follow any proper instructions or communications from the Depositary Nominee or any relevant regulatory authority in relation to the transfer, disposal or remittance of the Relevant Property;

for such other matters that by law are required to be specified in the written agreement between the Depositary Nominee and the agent;

- (c) any consideration or fees applying to the provision of agency services under this Rule 7.7 will be deducted from the Relevant Property by the agent (or

as otherwise determined in accordance with the relevant agency agreement referred to in this Rule 7.7; and

- (d) where the Depositary Nominee appoints an agent in accordance with this Rule 7.7, the exercise of that power does not involve on the part of the Depositary Nominee:
 - (i) incurring any personal liability in connection with that exercise or its consequences unless it is committed, made or omitted in bad faith or as a result of negligence or wilful default; and

any breach of duty whatsoever unless it is committed, made or omitted in bad faith or as a result of negligence or wilful default.

7.8. CORPORATE ACTIONS

7.8.1. APPLICATION OF RULES

The purpose of the following Rules is to ensure that, to the extent permitted by the laws of the Foreign Issuer's jurisdiction of incorporation, the benefit of all Corporate Actions of a Foreign Issuer will ensure to the benefit of the relevant Holders of PDIs as if they were Holders of the corresponding Foreign Securities, where Foreign Securities are held by a Depositary Nominee under these Rules.

7.8.2. DISTRIBUTION OF DIVIDENDS TO HOLDERS OF PDIS

If PDIs in respect of a class of Foreign Securities are approved under Rule 7.3, the Foreign Issuer must account to the Holders of PDIs for any dividend declared in respect of the corresponding Foreign Securities based on relevant Cum Entitlement Balances as at End of Day on the Record Date for the dividend.

7.8.3. DIRECTION AND ACKNOWLEDGMENT BY DEPOSITARY NOMINEE

For the purposes of:

- (a) the Foreign Issuer's constitution; and
- (b) all laws governing the entitlement to dividends of a Depositary Nominee of the Foreign Issuer,

the Depositary Nominee is taken to have directed the Foreign Issuer to distribute any dividend, that would otherwise be payable to it under the Foreign Issuer's constitution, in accordance with these Rules.

7.8.4. DISCHARGE OF FOREIGN ISSUER'S OBLIGATION TO PAY DIVIDEND TO DEPOSITARY NOMINEE

A Depositary Nominee for a Foreign Issuer acknowledges that distribution of a dividend in accordance with these Rules discharges the Foreign Issuer's obligation to pay the dividend to the Depositary Nominee as agent for the Holder of the PDIs.

7.8.5. CORPORATE ACTIONS

(a) Subject to paragraph (d), if PDIs in respect of a class of Foreign Securities are approved under Rule 7.3, the Foreign Issuer must administer all Corporate Actions that result in:

(i) the issue of additional or replacement Securities in respect of the Foreign Securities; or

the cancellation, buy back or other reduction in number by whatever means of the Foreign Securities (whether in whole or part),

as if each Holder of PDIs with respect to the Depositary Nominee's Holding is a Holder of a corresponding number of Foreign Securities, so that the Holding of each Holder of PDIs is adjusted as a result of the Corporate Action (whether by issuing additional or replacement PDIs to Holders of PDIs, or by cancelling or otherwise reducing the number of PDIs in the existing Holdings of Holders of PDIs, as the case may be) based on relevant Cum Entitlement Balances as at End of Day on the Record Date for the Corporate Action on the same terms as would otherwise have applied if the Holders of PDIs were registered as the Holders of the Foreign Securities.

(b) If the benefits conferred in the Corporate Action are additional or replacement Securities as described in paragraph (a)(i), the Foreign Issuer must ensure that those Securities are vested in the Depositary Nominee as Holder of the Foreign Securities and the benefits are distributed to Holders of PDIs in the form of PDIs corresponding to those Foreign Securities.

(c) The Foreign Issuer must ensure that the benefit of Corporate Actions is conferred on Holders of PDIs.

(d) If:

- (i) the laws of the Foreign Issuer's jurisdiction of incorporation do not permit the Foreign Issuer to administer a Corporate Action as if each Holder of PDIs with respect to the Depository Nominee's Holding is the registered Holder of a corresponding number of Foreign Securities in the manner described in paragraph (a); and

the Foreign Issuer has:

- (A) so Notified the Exchange in writing;
- (B) given the Exchange:
- (1) written details of an alternative proposal ("*Alternative Proposal*") under which the number of Foreign Securities held by the Depository Nominee (when adjusted in accordance with the Alternative Proposal), combined with any other benefits (if any) to be conferred on the Depository Nominee pursuant to the Alternative Proposal (such as cash), will result in each PDI Holder being placed as nearly as practicable in the same economic position as a result of the Corporate Action as if the Foreign Issuer had administered the Corporate Action in the manner described in paragraph (a); or
 - (2) if the laws of the Foreign Issuer's jurisdiction of incorporation require the Corporate Action, so far as it concerns the Depository Nominee and the Holders of PDIs with respect to the Depository Nominee's Holding, to be administered having regard only to the Depository Nominee's holding of Foreign Securities at that time, to the exclusion of all other considerations, and such laws do not admit of any alternative proposal under which the interests of Holders of PDIs with respect to the Depository Nominee's Holding may be taken into account (including, without limitation, by the payment of cash consideration in lieu of any additional

PDI to which the Holders of PDIs would have been entitled if the Foreign Issuer had administered the Corporate Action in the manner described in paragraph (a)), a statement to that effect ("*Statement*");

- (C) provided an undertaking to the Exchange that it has disclosed the details of the Corporate Action (including details of any Alternative Proposal or Statement, as applicable) to Holders of PDIs in accordance with all applicable laws; and
- (D) provided to the Exchange any additional information or documents which the Exchange requests for the purpose of evaluating the Corporate Action (as it affects PDI Holders) and the Alternative Proposal or Statement (as applicable) including, without limitation, a legal opinion satisfactory to the Exchange confirming the matters referred to in paragraph (d)(i) and such other matters related to the Corporate Action and the Alternative Proposal or Statement (as applicable) as the Exchange in its discretion may nominate; and

the Exchange has confirmed in writing its acceptance of the Alternative Proposal or Statement (as applicable),

the Foreign Issuer must ensure that:

the Corporate Action is administered in accordance with the Alternative Proposal or Statement (as applicable); and

the Holding of each Holder of PDIs is adjusted as a result of the Corporate Action accordingly.

For the purpose of evaluating the Corporate Action (as it affects PDI Holders) and the Alternative Proposal or Statement (as applicable), and in confirming its acceptance of the Alternative Proposal or Statement (as applicable), the Exchange relies and is entitled to rely on all information, opinions and other documents provided to it by the Foreign Issuer. By confirming its acceptance of the Alternative Proposal or Statement (as

applicable), the Exchange does not and shall not be taken for any purpose to:

endorse, promote or otherwise support the Alternative Proposal or Statement;
 express any view about the merits or the correctness of the legal and factual basis of the Alternative Proposal or Statement or any other matter connected with them; or
 accept any liability in connection with the Corporate Action, Alternative Proposal or Statement.

For the purposes of this Rule 7.8.5, "Corporate Action" includes (but is not limited to) bonus issues, rights issues, mergers and reconstructions (including any action taken by a Foreign Issuer to reduce (or that will have the effect of reducing) the number of Foreign Securities held by a Depositary Nominee).

7.8.6. DIVIDEND REINVESTMENT AND BONUS SHARE PLANS

If PDIs in respect of a class of Foreign Securities are approved under Rule 7.3, the Foreign Issuer must, in relation to any dividend investment scheme or bonus share plan in respect of those Foreign Securities:

- (a) make available to Holders of PDIs, based on relevant Cum Entitlement Balances as at End of Day on the Record Date for determining entitlements, all benefits and entitlements arising under the dividend reinvestment scheme or bonus share plan, as the case requires;
- (b) account to Holders of PDIs for all benefits and entitlements arising under the dividend reinvestment scheme or bonus share plan, as the case requires;
- (c) ensure that any right under such a plan to elect to receive financial products rather than cash is exercised by Holders of PDIs rather than the Depositary Nominee; and
- (d) if a Holder of PDIs elects to receive financial products, issue Foreign Securities to the Depositary Nominee and distribute corresponding PDIs to the Holder of PDIs.

7.8.7. EXERCISE OF HOLDER RIGHTS

If PDIs in respect of a class of Foreign Securities are approved under Rule 7.3, the Depositary Nominee must exercise any rights vested in it as the Holder of the

Foreign Securities under any law (including any right to institute legal proceedings as a holder of Securities), in accordance with:

- (a) any direction given by a Holder of PDIs; or
- (b) any direction of Holders of PDIs given by ordinary resolution at a meeting of Holders of PDIs.

7.8.8. FRACTIONAL ENTITLEMENTS

- (a) Subject to paragraph (b), if a Corporate Action would give Holders of PDIs a fractional entitlement to additional or replacement Foreign Securities (if they held Foreign Securities directly), the Foreign Issuer must ensure that:
 - (i) the number of additional or replacement Foreign Securities issued to the Depositary Nominee is calculated as if each Holder of PDIs with respect to the Depositary Nominee's Holding is a registered Holder of a corresponding number of Foreign Securities; and

Holders of PDIs receive additional or replacement PDIs reflecting the entitlements so calculated.

- (b) If:
 - (i) the laws of the Foreign Issuer's jurisdiction of incorporation do not permit the Foreign Issuer to calculate the number of additional or replacement Foreign Securities issued to the Depositary Nominee in the manner described in paragraph (a)(i) and to ensure that Holders of PDIs receive additional or replacement PDIs reflecting the entitlements so calculated; and

the Foreign Issuer has:

- (A) so notified the Exchange in writing;
- (B) given the Exchange:
 - (1) written details of an alternative proposal ("*Alternative Proposal*") under which the number of additional or replacement Foreign Securities issued to the Depositary Nominee, combined with any other benefits (if any) to be conferred on the Depositary Nominee pursuant to

the Alternative Proposal (such as cash), will result in each PDI Holder receiving as nearly as practicable the same economic benefit as a result of the Corporate Action as if the number of additional or replacement Foreign Securities issued to the Depositary Nominee had been calculated in the manner described in paragraph (a)(i) and the Foreign Issuer had ensured that Holders of PDIs received additional or replacement PDIs reflecting the entitlements so calculated; or

- (2) if the laws of the Foreign Issuer's jurisdiction of incorporation require the number of additional or replacement Foreign Securities issued to the Depositary Nominee to be calculated having regard only to the Depositary Nominee's holding of Foreign Securities at that time, to the exclusion of all other considerations, and such laws do not admit of any alternative proposal under which the interests of Holders of PDIs with respect to the Depositary Nominee's Holding may be taken into account (including, without limitation, by the payment of cash consideration in lieu of such additional or replacement PDIs as the Holders of PDIs would have received if the number of additional or replacement Foreign Securities issued to the Depositary Nominee had been calculated in the manner described in paragraph (a)(i)), a statement to that effect ("*Statement*");
- (C) provided an undertaking to the Exchange that it has disclosed the details of the Corporate Action (including details of any Alternative Proposal or Statement, as applicable) to Holders of PDIs in accordance with all applicable laws; and
- (D) provided to the Exchange any additional information or documents which the Exchange requests for the purpose of

evaluating the Corporate Action (as it affects PDI Holders) and the Alternative Proposal or Statement (as applicable) including, without limitation, a legal opinion satisfactory to the Exchange confirming the matters referred to in paragraph (b)(i) and such other matters related to the Corporate Action and the Alternative Proposal or Statement (as applicable) as the Exchange in its discretion may nominate; and

the Exchange has confirmed in writing its acceptance of the Alternative Proposal or Statement (as applicable),

the Foreign Issuer must ensure that:

the number of additional or replacement Foreign Securities issued to the Depository Nominee is calculated in accordance with the Alternative Proposal or Statement (as applicable); and

Holders of PDIs receive additional or replacement PDIs reflecting the entitlements so calculated.

For the purpose of evaluating the Corporate Action (as it affects PDI Holders) and the Alternative Proposal or Statement (as applicable), and in confirming its acceptance of the Alternative Proposal or Statement (as applicable), the Exchange relies and is entitled to rely on all information, opinions and other documents provided to it by the Foreign Issuer. By confirming its acceptance of the Alternative Proposal or Statement (as applicable), the Exchange does not and shall not be taken for any purpose to:

endorse, promote or otherwise support the Alternative Proposal or Statement;

express any view about the merits or the correctness of the legal and factual basis of the Alternative Proposal or Statement or any other matter connected with them; or

accept any liability in connection with the Corporate Action, Alternative Proposal or Statement.

For the purposes of this Rule 7.8.8, "Corporate Action" includes (but is not limited to) bonus issues, rights issues, mergers and reconstructions (including any action

taken by a Foreign Issuer to reduce (or that will have the effect of reducing) the number of Foreign Securities held by a Depositary Nominee).

7.8.9. Disposal of surplus Foreign Securities

If:

- (a) the Depositary Nominee receives Foreign Securities in connection with a Corporate Action; and
- (b) following receipt of the Foreign Securities, the Depositary Nominee's Holding of Foreign Securities exceeds the aggregate of each PDI Holder's entitlement to a whole number of Foreign Securities,

the Depositary Nominee must sell such surplus Foreign Securities and distribute the proceeds of sale (less transaction costs) to Holders of PDIs in proportion to their respective Holdings.

7.8.10. GENERAL DIRECTION AND ACKNOWLEDGMENT BY DEPOSITARY NOMINEE

A Depositary Nominee for a Foreign Issuer:

- (a) is taken to have directed the Foreign Issuer to administer all Corporate Actions of the Foreign Issuer in the manner provided in these Rules; and
- (b) acknowledges that compliance with these Rules discharges the Foreign Issuer's obligation to make the benefit of a Corporate Action available to the Depositary Nominee.

7.8.11. TRANSMUTATIONS OF SECURITIES AND ASSOCIATED ENTITLEMENTS

Where, during an ex-period for a Corporate Action, Foreign Securities under Rules 7.1 to 7.13 are transmuted in order to give effect to a transfer of those Foreign Securities, the transmutation of those Foreign Securities must be effected together with any associated entitlement.

7.8.12. DIVESTMENT OF SMALL HOLDINGS

If PDIs in respect of a class of Foreign Securities are approved and:

- (a) in accordance with the Listing Rules, a Holder of less than a specified number of Foreign Securities can be subject to divestment or sale of those Foreign Securities by the Foreign Issuer; and

- (b) a Holder of PDIs would be subject to divestment or sale if it held the corresponding number of Foreign Securities directly,

the Foreign Issuer may give a notice of Divestment to the Holder of PDIs. The Foreign Issuer must also give a Holder of PDIs the benefit of any notice and consent procedure that may be contained in the constitution of the Foreign Issuer, the Listing Rules and the rules of any financial market on which the Foreign Securities are listed or quoted to which the Holder of PDIs would be entitled if it held the Foreign Securities directly.

7.8.13. DEPOSITARY NOMINEE MAY CONSENT TO SALE OR DIVESTMENT

If the Depositary Nominee is reasonably satisfied that the Foreign Issuer has complied with its obligations under Rule 7.8.12, the Depositary Nominee, as agent for a PDI Holder, is authorised to consent to the sale or divestment of the number of Foreign Securities which correspond to the Holder's PDIs.

7.8.14. FOREIGN ISSUER MUST DISTRIBUTE PROCEEDS

The Foreign Issuer must distribute to the Holder of PDIs any proceeds of a sale made pursuant to a notice given under Rule 7.8.12 (net of transaction costs). If the Foreign Issuer is required under the laws of its jurisdiction of incorporation to distribute the net proceeds to the Depositary Nominee in its capacity as the Holder of the Foreign Securities, the Depositary Nominee shall be taken to have directed the Foreign Issuer to distribute the net proceeds to the Holder of PDIs. Upon distribution of the net proceeds to the Holder of PDIs, the Foreign Issuer must cancel the Holder's PDIs corresponding to the Foreign Securities which have been sold.

7.8.15. INDEMNITY BY FOREIGN ISSUER

By giving a Notice of Divestment, a Foreign Issuer indemnifies the Depositary Nominee and the Exchange against any loss, cost, damage, expense or liability which they may suffer or incur as a result of any sale or divestment of Foreign Securities and the cancellation of PDIs under this Rule.

7.9. TAKEOVERS

7.9.1. DEPOSITARY NOMINEE TO ACCEPT ONLY IF AUTHORISED BY HOLDERS OF PDIS

If a takeover offer in respect of Foreign Securities is received by a Depositary Nominee, the Depositary Nominee must not accept the offer except to the extent that acceptance is authorised by Holders of PDIs with respect to the Foreign Securities under these Rules.

7.9.2. ACCEPTANCE WITH RESPECT TO HOLDERS OF PDIS ON PETS SUBREGISTER

If:

- (a) Foreign Securities are held by a Depositary Nominee; and
- (b) the corresponding PDIs are held on a PETS Subregister,

then the provisions of the Rules governing the processing of takeover acceptances of Securities held on a PETS Subregister apply as if the PDIs were shares of a Papua New Guinean listed public company and the Depositary Nominee must accept a takeover offer with respect to Foreign Securities which it holds if and to the extent to which acceptances are received and processed pursuant to the Rules.

7.9.3. Acceptance with respect to Holders of PDIs on Issuer-Sponsored Subregister

If:

- (a) Foreign Securities are held by a Depositary Nominee; and
- (b) corresponding PDIs are held on the Issuer Sponsored Subregister,

then the Depositary Nominee must:

- (c) as soon as possible after the date of receipt of the takeover offer from the offeror, despatch to each Holder of PDIs registered on the PDI Register at the date of the offer, copies of the offer documentation, together with any other documents despatched to target holders of the Foreign Securities; and
- (d) ensure that the offer documentation despatched to Holders of PDIs includes a Notice in a form acceptable to the Exchange in accordance with the Procedures.

7.9.4. PROCESSING OF ACCEPTANCES FROM HOLDERS OF PDIS

Where the provisions of Rule 7.9.3 apply, the Depositary Nominee must ensure that:

- (a) the offeror receives and processes acceptances from Holders of PDIs or appoints a receiving agent in Papua New Guinea to receive and process

acceptances with respect to Holders of PDIs on the Issuer Sponsored Subregister; and

- (b) either the offeror or the offeror's receiving agent provides the Depositary Nominee with a clear statement of the number of Foreign Securities held by the Depositary Nominee with respect to which acceptances of Holders of PDIs have been received, in sufficient time to enable the Depositary Nominee to lodge a valid acceptance of the offer with the offeror as holder of the Foreign Securities.

7.9.5. LIABILITY OF DEPOSITARY NOMINEE

The Depositary Nominee has no liability to:

- (a) the Foreign Issuer;
- (b) Holders of Foreign Securities;
- (c) Holders of PDIs;
- (d) any person claiming an interest in Foreign Securities or PDIs; or
- (e) the takeover offeror,

with respect to lodging or not lodging takeover acceptances for the whole or any part of its Holding of Foreign Securities unless it:

- (f) acts contrary to a statement of a receiving agent given under Rule 7.9.4(b) or contrary to the information supplied to it by the Exchange regarding takeover acceptances with respect to Holdings on the PETS Subregister for the PDIs;
- (g) acts negligently or in breach of these Rules; or
- (h) negligently fails to lodge the acceptance or acceptances before the close of the offer period.

7.10. VOTING ARRANGEMENTS

7.10.1. INTERPRETATION

For the purposes of Rule 7.10 , "*constitution of a Foreign Issuer*" means "constitution" as defined in the Companies Act.

7.10.2. FOREIGN ISSUER TO NOTIFY HOLDERS OF PDIs

If a meeting is convened of Holders of a class of Foreign Securities held by a Depository Nominee, the Foreign Issuer must give a Notice of the meeting to each Holder of PDIs at the same time as Notice of the meeting is sent to Holders of the Foreign Securities.

For the purposes of this Rule 7.10.2, a Foreign Issuer may give a Notice of the meeting to a Holder of PDIs in any manner provided for in the Companies Act.

7.10.3. HOLDERS OF PDIs MAY GIVE DIRECTIONS TO DEPOSITARY NOMINEE

Subject to Rule 7.10.7, the Depository Nominee must appoint two proxies if under the constitution of the Foreign Issuer, a Depository Nominee has a right to:

- (a) appoint more than one proxy for the purpose of voting at a meeting of the Foreign Issuer; and
- (b) cast different proxy votes for different parts of the Holding.

7.10.4. PROXIES TO INDICATE RESULTS OF RESOLUTION

One of the two proxies so appointed in accordance with Rule 7.10.3 must indicate the number of Foreign Securities in favour of the resolution described in the proxy, and the second proxy must indicate the number of Foreign Securities against the resolution described in the proxy.

7.10.5. DEPOSITARY NOMINEE APPOINTING A SINGLE PROXY

If under the constitution of the Foreign Issuer, a Depository Nominee can only appoint a single proxy, the Depository Nominee must:

- (a) take the number of PDIs in favour of the resolution;
- (b) take the number of PDIs against the resolution;
- (c) determine the net voting position either in favour of or against the resolution; and
- (d) accordingly enter the resultant number of Foreign Securities on the proxy.

7.10.6. VOTING INSTRUCTIONS BY DEPOSITARY NOMINEE

Where the appointed proxy or proxies are required to vote on multiple resolutions, the Depository Nominee must instruct the proxy or proxies to vote in such manner as will in the reasonable opinion of the Depository Nominee best represent the wishes of the majority of Holders of PDIs.

7.10.7. DEPOSITARY NOMINEE TO APPOINT HOLDERS OF PDIs AS PROXY

The Depositary Nominee must appoint a Holder of PDIs or a person nominated by a Holder of PDIs as its proxy for the purpose of attending and voting at a meeting of the Foreign Issuer where:

- (a) the constitution of the Foreign Issuer allows the Depositary Nominee to appoint Holders of PDIs or a person nominated by a Holder of PDIs as its proxy; and
- (b) the Holder of PDIs has informed the Foreign Issuer that the Holder wishes to nominate another person to be appointed as the Depositary Nominee's proxy.

7.10.8. FOREIGN ISSUER MUST NOTIFY HOLDERS OF PDIs OF THEIR RIGHTS

The Foreign Issuer must:

- (a) include with the Notice of meeting given under Rule 7.10.2 a Notice in a form acceptable to the Exchange in accordance with the Procedures; and
- (b) make appropriate arrangements to:
 - (i) collect and process any directions by Holders of PDIs;

provide the Depositary Nominee with a report in writing that clearly shows how the Depositary Nominee must exercise its right to vote by proxy at the meeting, in sufficient time to enable the Depositary Nominee to lodge a proxy for the meeting; and

where a Holder of PDIs, or a person nominated by a Holder of PDIs, is to be appointed the Depositary Nominee's proxy in accordance with Rule 7.10.7, collect and process all relevant proxy forms in sufficient time to enable the Depositary Nominee to lodge a proxy or proxies for the meeting.

7.10.9. DEPOSITARY NOMINEE TO CALL FOR A POLL

To the extent that it is able to do so, the Depositary Nominee must make or join in any demand for a poll in respect of any matter at a meeting of the Foreign Issuer in accordance with any report in writing supplied by the Foreign Issuer under Rule 7.10.8(b)(ii).

7.10.10. MEETINGS OF HOLDERS OF PDIs

If it is necessary or appropriate for a meeting of Holders of PDIs to be convened for any purpose, including a purpose specified in these Rules:

- (a) the meeting may be convened by the directors of the Foreign Issuer to which the PDIs relate, or in any other manner in which a meeting of holders of Securities of the Foreign Issuer may be convened under the law of the place of formation of the Foreign Issuer;
- (b) the rights of Holders of PDIs to appoint a proxy, to vote on a show of hands, to call for a poll and vote on a poll must be determined as if the meeting were a meeting of holders of Securities of the Foreign Issuer;
- (c) the requirements for Notice of the meeting and the rules and procedures for a meeting of Holders of PDIs must be the requirements, rules and procedures that would apply to a meeting of holders of Securities of the Foreign Issuer.

7.10.11. LIABILITY OF DEPOSITARY NOMINEES

The Depositary Nominee has no liability to:

- (a) the Foreign Issuer;
 - (b) Holders of Foreign Securities;
 - (c) Holders of PDIs; or
 - (d) any person claiming an interest in Foreign Securities or PDIs,
- with respect to any conduct or omission of the Depositary Nominee at or connected with a meeting of Holders of Securities of a Foreign Issuer, unless the Depositary Nominee:
- (e) acts contrary to a report of the Foreign Issuer given under Rule 7.10.8(b)1.1(a)(ii);
 - (f) acts negligently or in breach of these Rules; or
 - (g) negligently fails to vote or lodge forms of proxy before the close of the period within which proxies for the meeting may be lodged.

7.11. TAX LAWS

7.11.1. FOREIGN ISSUER TO COMPANY WITH TAX LAWS

The Foreign Issuer will use its best endeavours to:

- (a) comply with all applicable Tax laws as agent and attorney of the Depository Nominee;
- (b) ensure that the Depository Nominee complies with all applicable Tax laws; and
- (c) not do any act or thing which creates a Tax liability, or not omit to do any act or thing, the omission of which creates a Tax liability, which must be discharged by the Depository Nominee, unless provision has been made for the discharge of the liability by some person other than the Depository Nominee.

The obligations of the Foreign Issuer and the Depository Nominee are subject to all relevant Tax laws.

7.12. NOTICE

7.12.1. NOTICE TO HOLDERS OF PDI's

Any obligation to Notify Holders of PDIs under Rules 7.1 to 7.13 must be discharged upon the Depository Nominee giving notice to the Holder of PDIs at the address of the Holder of PDIs noted on the PDI Register.

7.13. GENERAL INDEMNITY

7.13.1. FOREIGN ISSUER TO INDEMNIFY THE DEPOSITARY NOMINEE

The Foreign Issuer indemnifies the Depository Nominee against all expenses, losses, damages and costs that the Depository Nominee may sustain or incur in connection with:

- (a) PDIs;
- (b) its capacity as holder of Foreign Securities;
- (c) any act done, or required to be done, by the Foreign Issuer (whether or not on behalf of the Depository Nominee) under Rules 7.1 to 7.13 of the Rules; and
- (d) any act otherwise done or required to be done by the Depository Nominee under Rules 7.1 to 7.13 of the Rules.

SECTIONS 8 to 12 - (Omitted)

SECTION 13 - SUPERVISION

SECTION 14 - SUPERVISORY BODIES