



Business Rules Amendments

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Introduction

Purpose of these Business Rules amendments

The Existing Listing Rules, Business Rules and the current PNGX market structure are based upon Trade Date plus 3 business days (T+3) settlement cycles.

Most markets have now moved to T+2 settlement cycles.

Ideally, a move to T+2 would be undertaken in an environment of electronic settlement, transfer and registration. At this time, the PNG market is a hybrid of paper-based settlement, transfer and registration of securities and electronic settlement of cash. However, given the low volume of trading in PNG, it is easier to move to T+2 settlement now rather than when higher volumes are experienced. Whilst the manual processes in PNG may lead to some processing challenges, a faster settlement cycle will reduce counterparty risk in the market and assist with the generation of liquidity in the market.

A T+2 settlement cycle also aligns corporate action timetables for dividends, rights issues, etc with ASX, reducing compliance costs for dual listed companies and removing market manipulation opportunities.

These amendments are interim amendments to support the change to T+2 and until the Business Rules are rewritten in 2023.

Introduction

Deletion of time limitation

The following words are deleted:

~~These Business Rules are intended to operate on an interim basis until the adoption of long form business rules. POMSóX 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 POMSóX is approved as a stock exchange pursuant to section 20 of the Securities Act, whichever occurs first.~~

Purpose of amendment

The purpose of the amendment is to delete the time limitation on the “interim” nature of the Business Rules as more than 1 year has elapsed since they were introduced in November 2012.

Definitions

Amendment of definitions

The definitions are amended as shown:

“**Exchange**” means ~~Port Moresby Stock Exchange Limited~~ PNGX Markets Limited.

“**POMSOX**” means PNGX Markets Limited.

Purpose of amendment

The purpose of the amendment is to recognise the change of name of the exchange.

Section 4 – Delivery and Settlement

Rule 4.10

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-third 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 CHES 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~~ third 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.

Purpose of amendment

The purpose of the amendment is to change the settlement periods for transactions from T+3 to T+2 consistent with best practice.

A consequence of the amendment is that the "ex" trading period is reduced from 7 business days to 5 business days.

Rule 4.21

4.22 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~~third 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) 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~~third 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.

Purpose of amendment

The purpose of the amendment is to change the settlement periods for transactions from T+3 to T+2 consistent with best practice.

A consequence of the amendment is that the "ex" trading period is reduced from 7 business days to 5 business days.

Rule 4.22

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~~third 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 CHESSE 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.

Purpose of amendment

The purpose of the amendment is to change the settlement periods for transactions from T+3 to T+2 consistent with best practice.

A consequence of the amendment is that the "ex" trading period is reduced from 7 business days to 5 business days.

Rule 4.23

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~~ third 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.

Purpose of amendment

The purpose of the amendment is to change the settlement periods for transactions from T+3 to T+2 consistent with best practice.

A consequence of the amendment is that the "ex" trading period is reduced from 7 business days to 5 business days.

Rule 4.24

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-third 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.
 - (iv) 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-third 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.

Purpose of amendment

The purpose of the amendment is to change the settlement periods for transactions from T+3 to T+2 consistent with best practice.

A consequence of the amendment is that the “ex” trading period is reduced from 7 business days to 5 business days.

Rule 4.33

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~~second 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, andwhere 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~~second 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~~ second 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 POMSoX 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 POMSoX at the time of the transaction;
- (b) POMSoX is satisfied that the market will not be adversely affected if settlement is effected on those terms; and
- (c) POMSoX 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.

Purpose of amendment

The purpose of the amendment is to change the settlement periods for transactions from T+3 to T+2 consistent with best practice.

Rule 4.37

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~~second 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.

Purpose of amendment

The purpose of the amendment is to change the settlement periods for transactions from T+3 to T+2 consistent with best practice.