



NSX LIMITED

Newcastle

384 Hunter Street, Newcastle NSW, 2300
PO BOX 283, Newcastle, NSW, 2300
P: +61 2 4929 6377
F: +61 2 4929 1556

Melbourne

Ground Floor, 410 Collins Street,
Melbourne, VIC, 3000
P: +61 3 9664 0000
F: +61 3 9664 0011

Canberra

Ground Floor, 40 Brisbane Avenue,
Barton, ACT, 2600
P: +61 2 6112 8123
F: +61 3 8282 4528

www.nsx.com.au

Incorporating

NSX Limited

ABN: 33 089 447 058

National Stock Exchange of Australia Limited

ABN: 11 000 902 063

Bendigo Stock Exchange Limited

ABN: 41 087 708 898

BSX Services Pty Ltd (t/a) BSX Tax Markets

ABN 57 084 885 683

The Waterexchange Pty Ltd

ABN 19 084 332 132

NSX Board Charter.

Revised June 2008

Revised: February 2007

Revised June 2005

Revised: June 2004

Revised: April 2004

File Reference:

I:\Operations\Operations Procedures\Directors and Senior Staff\NSX Board Charter.doc



Table of Contents

1.	PURPOSE OF CHARTER.....	3
2.	MEMBERSHIP.....	3
3.	TERM.....	4
4.	RESPONSIBILITIES.....	4
5.	CHAIRMAN	5
6.	SEPARATION OF FUNCTIONS BETWEEN THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR.....	5
7.	RESTRICTION ON ACTIVITIES OF CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR, CHAIRMAN AND BOARD	6
8.	SECRETARY.....	6
9.	SCOPE	6
10.	REPORTING.....	6
11.	REVIEW OF CHARTER	6
12.	PUBLICATION OF THE CHARTER	6
13.	OTHER MATTERS	7
14.	NATIONAL STOCK EXCHANGE OF AUSTRALIA LIMITED.....	8
15.	BENDIGO STOCK EXCHANGE LIMITED.....	9

1. PURPOSE OF CHARTER

- The Board charter sets out the role, composition and responsibilities of the Board of NSX Limited (“NSX”) within the governance structure of NSX and its wholly owned entities (“the NSX Group”).
- The conduct of the Board is also governed by the Constitution of NSX.

2. MEMBERSHIP

- The NSX Constitution provides for a minimum of three directors and a maximum of 11 directors. The Board has adopted a policy to have a minimum of one and preferably two independent directors and at least two directors with executive responsibilities. The Board may review this requirement from time to time.
- An independent director is a non-executive director and:
 - (a) is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
 - (b) within the last three years has not been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment;
 - (c) within the last three years has not been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided;
 - (d) is not a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer has no material contractual relationship with the company or another group member other than as a director of the company;
 - (e) has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director’s ability to act in the best interests of the company;
 - (f) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director’s ability to act in the best interests of the company.
- The Board has adopted AASB standard 1031 to determine levels of materiality. A relationship is presumed immaterial when it generates less than 5%, and presumed material when it generates more than 10%, of revenue over a twelve-month period in the absence of evidence or convincing argument to the contrary. In considering such evidence or argument NSX considers the strategic value and other material but not non-quantitative aspects of the relationship in question.
- The threshold for materiality for the purpose of assessing the materiality of relationships between a non-executive director and NSX (other than as a director) will be judged according to the significance of the relationship to the director in the context of their activities as a whole.

- Membership of the Board shall be disclosed in the annual report including whether a director is independent or not independent.

3. TERM

- The Board has adopted a tenure policy based on Article 18 of the Constitution.
- Each Director shall retire by rotation in accordance with the formula provided in Article 18.2 of the constitution.
- Each Director on retiring is eligible for re-election.

4. RESPONSIBILITIES

- The Board has delegated authority for the operations and administration of the NSX Group to the Chief Executive Officer/Managing Director.
- The Board is responsible for promoting the success of the NSX Group in its role as a market operator holding Australian Markets Licences (“AMLs”), operating non-financial markets such as Taxi and Water or other markets as determined by the Board.
- Specifically, the Board is responsible for:
 - (a) setting strategic direction of the NSX Group and monitoring management’s performance within that framework;
 - (b) ensuring there are adequate resources available to meet NSX Group objectives;
 - (c) appointing and removing the Chief Executive Officer/Managing Director and overseeing succession plans for the senior executive team;
 - (d) approving and monitoring financial reporting and capital management;
 - (e) approving and monitoring the progress of business objectives;
 - (f) ensuring that adequate risk management procedures exist and are being used;
 - (g) ensuring that the NSX Group has appropriate corporate governance structures in place including standards of ethical behaviour and a culture of corporate and social responsibility; and
 - (h) ensuring that the Board is and remains appropriately skilled to meet the changing needs of the company.
- The Board has no operational involvement in the supervision of the markets. Its role in that area is confined to setting and reviewing policy.
- The Board has delegated market compliance activities for National Stock Exchange of Australia and Bendigo Stock Exchange Limited to the Compliance Committee.
- The Board has delegated Audit review responsibilities to the Audit & Risk Committee.
- The Board has delegated Nomination and Remuneration review responsibilities to the Remuneration & Nomination Committee.

- The Board has delegated review of listing applications to the National Stock Exchange of Australia and Bendigo Stock Exchange Listing & Admissions Committee.
- The Board has delegated responsibilities to Bendigo Stock Exchange Limited as per the Bendigo Stock Exchange Charter.
- The Board has delegated responsibilities to National Stock Exchange of Australia Limited as per the National Stock Exchange of Australia Charter.
- The Board retains overall responsibility for approval of recommendations from the Compliance, Audit, Nominations, Remuneration, Listing and Admissions Committees as well as other committees such as a disciplinary committee that may be established by the Board or recommended by committees from time to time in order to carry out the functions of the National Stock Exchange of Australia Limited, Bendigo Stock Exchange Limited Australian Market Licences and the Non-financial markets that it operates.

5. CHAIRMAN

- Should the Chairman be absent from a meeting, the members of the Board present at the meeting have authority to choose one of their number to chair that particular meeting.

6. SEPARATION OF FUNCTIONS BETWEEN THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER/Managing Director

- The roles of the Chairman and Chief Executive Officer/Managing Director are strictly separated.
- The Chairman is responsible for:
 - (a) leading the Board in its duties to the NSX Group;
 - (b) ensuring there are processes and procedures in place to evaluate the performance of the Board, its committees and individual directors;
 - (c) facilitating effective discussions at Board meetings; and
 - (d) ensuring effective communication with shareholders.
- The Chief Executive Officer/Managing Director is responsible for:
 - (a) policy direction of the operations of the NSX Group;
 - (b) the efficient and effective operation of the NSX Group;
 - (c) ensuring directors are provided with accurate and clear information in a timely manner to promote effective decision-making by the Board; and
 - (d) ensuring all material matters affecting the NSX Group are brought to the Board's attention.

7. RESTRICTION ON ACTIVITIES OF CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR, CHAIRMAN AND BOARD

- The Chief Executive Officer/Managing Director may not sit on the board of a company that has its securities traded on the NSX or have an association with a *participant*, Nominated Adviser or Facilitator that participates in NSX's markets. Restrictions on the Chief Executive Officer/Managing Director's dealings in securities are set out in the NSX Dealing Rules.
- NSX values the experience and perspective brought to the board by board members who are involved with stakeholders of NSX including listed companies, *participants*, nominated advisers and facilitators. The involvement with a listed company, a *participant*, Nominated Adviser or facilitator is in no way perceived to diminish a director's ability to act as a director of NSX.

8. SECRETARY

- The Company Secretary will be the Secretary of the Board.
- The secretary may also be a director of NSX
- The secretary may be the General Manager.

9. SCOPE

- The activities of the Board are in relation to the NSX Group.

10. REPORTING

- Proceedings of all meetings are minuted and signed by the Chairman or the chairman of the meeting.
- Minutes of all Board meetings are circulated to directors and approved by the Board at the subsequent meeting.
- Business arising from the previous minutes are reviewed.
- A statement of director's interests is circulated and updated at each meeting.

11. REVIEW OF CHARTER

- The Board will review this charter annually to ensure it remains consistent with the Board's objectives and responsibilities.

12. PUBLICATION OF THE CHARTER

- Key features of the charter are to be outlined in the annual report to shareholders.
- The charter is to be made available to shareholders of the NSX Group upon request.



13. OTHER MATTERS

- A number of operational matters relating to the Board such as meetings of directors, fees, “fit and proper” requirements, powers and duties of directors, share qualification, notification of interests, appointment and retirement, alternate directors, delegation and appointment of committees and election of directors are governed by the Constitution of NSX and are not reproduced here.



14. National Stock Exchange of Australia Limited

Board Operation Charter

Directors and CEO	<ul style="list-style-type: none"> ▪ Elected as per company constitution and usually comprised of the directors of NSX Limited unless otherwise advised. There must be at least two independent directors on the board.
Primary Objective	<ul style="list-style-type: none"> ▪ To ensure the company (as a holder of an Australian Markets Licence) develops and maintains a framework for the policies, rules and procedures governing the operation of the market.
Functions	<ul style="list-style-type: none"> ▪ To discharge the responsibilities and obligations of a Australian Markets Licencee ▪ To identify, monitor and manage conflicts of interest ▪ Give cause to the production and maintenance of policies, rules and procedures as advised by the committees of the Exchange. ▪ To create committees as required for the operation of the Exchange.
Meeting Frequency and Time	<ul style="list-style-type: none"> ▪ To meet each time the NSX Limited board meets.
Minutes of meeting	<ul style="list-style-type: none"> ▪ Prepared by NSX Limited Company Secretary as part of NSX Limited
Reporting to	<ul style="list-style-type: none"> ▪ NSX Limited Board
Committee Proceedings and Delegation	<ul style="list-style-type: none"> ▪ NSXA may delegate its powers in relation to compliance, surveillance, enforcements, discipline as described by the NSX Board Charter ▪ For this purpose NSXA operates a Compliance Committee and a Listing Committee

15. Bendigo Stock Exchange Limited

Board Operation Charter

Directors and CEO/Managing Director	<ul style="list-style-type: none"> Elected as per company constitution and usually comprised of the directors of NSX Limited unless otherwise advised. There must be at least two independent directors on the board.
Primary Objective	<ul style="list-style-type: none"> To ensure the company (as a holder of an Australian Markets Licence) develops and maintains a framework for the policies, rules and procedures governing the operation of the market.
Functions	<ul style="list-style-type: none"> To discharge the responsibilities and obligations of a Australian Markets Licencee To identify, monitor and manage conflicts of interest Give cause to the production and maintenance of policies, rules and procedures as advised by the committees of the Exchange. To create committees as required for the operation of the Exchange.
Meeting Frequency and Time	<ul style="list-style-type: none"> To meet each time the NSX Limited board meets.
Minutes of meeting	<ul style="list-style-type: none"> Prepared by NSX Limited Company Secretary as part of NSX Limited
Reporting to	<ul style="list-style-type: none"> NSX Limited Board
Committee Proceedings and Delegation	<ul style="list-style-type: none"> BSX may delegate its powers in relation to compliance, surveillance, enforcements, discipline as described by the NSX Board Charter For this purpose BSX operates a Compliance Committee and a Listing & Admissions Committee