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NSX Provision of Services by Directors and Related Parties Procedures.

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1. INTRODUCTION

The Stock Exchange of Newcastle Limited (“NSX”) is committed to conducting its business in a way that is open and accountable to shareholders and the wider marketplace. We believe our corporate governance practices as a public company are of a high standard.

These procedures apply when there is a situation in which a Director or Director Related Party provides services to the NSX.

A director related party is a person or entity related to a particular director (e.g. family member or company in which the director and/or his direct family) has a substantial interest or the director has significant control or influence over the company.

In reading these procedures reference should also be made to the relevant sections in the following documents:

- NSX Code of Ethics and Conduct
- NSX Employee Manual
- NSX procedures for dealing in securities.

2. PURPOSE OF THE PROCEDURES

The purpose of the procedures are to provide guidelines to NSX staff and directors when they need to employ a Director or Director related parties on a commercial basis. It also sets out sample loan agreements for loans to NSX and consultancy agreements when a director or director related party provides services to the NSX for a consideration.

3. AGREEMENTS TO BE APPROVED BY THE BOARD

All services to be provided by Director or the Director Related party are to be approved by the Board prior to engagement or commencement of the service. The involved Director or Directors are to abstain from voting on the services. The Board must be provided, by the director, with sufficient information to make an informed decision concerning all facets of the engagement.

4. LOANS TO NSX

All proposed loans to the NSX are to be discussed and formally approved by the Board and documented in the Board minutes before agreements are entered into. If approved, all loans are to follow the example loan agreement outlined in Appendix C or otherwise in such format as approved by the Board.

5. SERVICES TO BE ARMS LENGTH

All services entered into with a Director or Director Related Party are to be on an arms length and merit basis. This means that services should be at competitive commercial rates for similar services provided by equivalent organizations where applicable.

Where possible or practicable and in a cost effective way, three quotes or cost estimates should be obtained from organizations that are able to provide similar services.





Consultants

Consultants are to be employed using the sample consultancy agreement Appendix A. The Compliance Officer is an example of a consultant. Consultants are to be employed following the procedures outlined in the Employee Manual. This will usually include an interview process by the CEO, directors or the General Manager. Background checks and police checks are also to be performed.

Members of the compliance committee must fill in an engagement letter that is approved by the Board.

Service Companies

Companies offering services related to Director or Director related parties must declare their relationship.

6. NSX RETAINS THE RIGHT TO REFUSE

At the discretion of the Board, the NSX retains the right to refuse either or both engagement or payment if services have not been approved by the Board or appropriate documentation (Letter of Engagement, Consultancy Agreement, Letter of Offer or Loan Agreement) has not been completed before the Director or Related Party commenced the service.

This right is required in order to avoid situations where both the NSX and party involved are unclear about the costs, terms or conditions of engagement or to also avoid situations where work is performed without the knowledge of the Board in the name of the company.





7. Appendix A: Sample Engagement Letter

Re: Terms of engagement – [xxxx] Committee

Services

We set out below our understanding of the services that you require from us:-
Duties as a member of the [xxxx] committee of the Exchange.

Professional Fees

Our Fees are based on the time and degree of skill and acumen required to complete the tasks undertaken by us to the performance of the duties as a member of the [xxxx] Committee. The current hourly rate for our services is \$xxxx.00 per hour including GST.

Termination

Either party may give one month's notice in writing of the termination of this engagement.

Conclusion

We trust that our understanding of the terms and obligations of this engagement are correct and to your satisfaction.

In acceptance:

Signed on behalf of

XXXXXXXXXXXXXXXXXX

Signed on Behalf of the Stock Exchange of Newcastle Limited

XXXXXXXXXXXXXXXXXX





8. Appendix B: Sample Consultancy Agreement

The Agreement

This Agreement is made on the date specified in Item 1 of the Schedule

Between

The Client referred to in Item 2 of the Schedule

And

The Consultant referred to in Item 3 of the Schedule

Introduction

The Client wishes to appoint the Consultant to provide the Consultancy Services (the **Services**) referred to in Item 4 of the Schedule on the Commencement Date referred to in Item 5 of the Schedule for the Term set out in Item 6 of the Schedule for the Consultancy Fee set out in Item 7 of the Schedule and on the terms set out in this Agreement.

The Parties agree as follows:

Appointment of the Consultant

The Client appoints the Consultant to perform the Services on the terms set out in this Agreement.

The Services

The Consultant will be available to perform the Services.

The Consultant may perform Services for third parties but only to the extent that there is no conflict of interest with the Client.

The Consultancy Fee

In consideration of the Consultant performing the Services the Client agrees to pay the Consultant the Consultancy Fee.

The Client agrees to pay the Consultancy Fee monthly in arrears within 30 days of receipt of an invoice.

Ownership of Intellectual Property

All property given by or produced by the Consultant in connection with performing the Services is and remains the Property of the Client. The Property is not to be used, assigned, copied or reproduced for any purpose other than a purpose relating to this Agreement without the prior written consent of the Client.





Confidential Information

The Consultant acknowledges that in performing the Services it will be exposed to information, which is confidential to the Client or its clients.

The Consultant undertakes to:

- treat that information as confidential;
- refrain from disclosing publishing or communicating any of the information to any third party without the prior written consent of the Client; and
- use the information only in connection with carrying out the Services.

This obligation survives termination of the Services.

Termination

Either party may terminate this Agreement:

- upon 4 weeks written notice to the other; or
- without notice if the other breaches any of the provisions of this Agreement.

Upon termination of this Agreement or upon demand by the Client and any of its employees, officers or directors the Consultant must immediately deliver to the Client all records and Property of the Consultant (including all copies) in its possession or control.

No Employment

The relationship between the Client and the Consultant is one of principal and independent contractor. Nothing in this Agreement creates the relationship of partnership agency or employer and employee between the parties.

The Consultant does not have any authority to incur and may not incur any obligation on behalf of the Client unless the Consultant has the written instructions of the Client.

The Consultant is responsible for all employment related expenses, costs, taxes, superannuation, insurance, workers compensation and any other employment related benefits in respect of the Consultant and its employees or any other person engaged by the Consultant to perform the Services or in connection with the provision of the Services.

Assignment

No party may assign this Agreement without the prior written consent of the other.

Governing Law

This Agreement is governed by and is construed in accordance with the laws of New South Wales.





THE SCHEDULE

ITEM 1 (DATE OF THIS AGREEMENT)

[date]

ITEM 2 (NAME OF CLIENT)

Stock Exchange of Newcastle Limited (**NSX**)

ITEM 3 (NAME OF THE CONSULTANT)

[compliance officer]

ITEM 4 (THE SERVICES)

1. Attend meetings of the compliance & audit committee
2. Develop, implement and maintain a compliance plan for the Client as approved by the compliance & audit committee
3. Attend Board meetings
4. Act as an adviser to the Board in Compliance matters
5. Report to the Board on Compliance and Audit committee matters
6. Attend to any compliance matters directed and approved by the compliance committee and/or the board of the Client

ITEM 5 (THE COMMENCEMENT DATE)

[date]

ITEM 6 (THE TERM)

[term]

ITEM 7 (THE CONSULTANCY FEE)

[xxxx] per hour (including GST) or on a project basis as agreed by the NSX Board

ITEM 8 (THE CLIENT'S PROCEDURES & POLICIES)

- 1.





- 1.6 “**Interest Period**” shall mean, where the context permits or requires, the date for payment of interest referred to in clause 3.2 hereof;
- 1.7 “**Principal Sum**” means an amount advanced from time to time not exceeding [xxx].
- 1.8 “**Maturity Date**” is [xxx].

2. REPAYMENTS

- 2.1 The Borrower shall pay the Principal Sum outstanding together with interest and all other amounts outstanding under this facility on the earlier of:-
 - a. Maturity date;
 - b. [xxxx]
- 2.2 The Borrower may, at its option, repay the facility prior to the maturity date provided that interest is paid to the date of repayment.

3. INTEREST

- 3.1 The Facility shall bear interest at the rate of 10 percent per annum calculated at daily rests on the Principal Sum (or such part as may be owing from time to time) until the Maturity Date.
- 3.2 Interest calculated in the manner set forth in clause 3.1 shall be payable monthly. The first payment to be made one month from the date of the first advance by the Lender to the Borrower.
- 3.3 The Lender may require payment of interest calculated and payable in the manner set forth in clauses 3.1 and 3.2 hereof as follows:
 - a. by bank cheque or electronic funds transfer to a designated account, or
 - b. otherwise as agreed from time to time between the two parties
- 3.4 Without prejudice to the rights of the Lender hereunder, in the event of non payment of any interest by the Company, the Lender may, at its option, elect to capitalise the same whereupon the unpaid interest shall be added to and form part of the Principal Sum.

4. EVENTS OF DEFAULT

The facility shall become payable to the Lender on the Maturity Date and further shall, at the option of the Lender, become immediately due and payable on the happening of any of the following events, namely;

- 4.1 if the Company breaches any provisions of this Agreement;
- 4.2 if the Company suffers an Insolvency Event;
- 4.3 if the Company alters its constitution without the consent of the Lender first had and obtained;
- 4.4 if there has been a substantial change in shareholding of the Company so as to result in an effective change in the control of the Company.

5. NOTICES





- 5.1 Unless and until a party provides a different address by notice in writing to the other parties to this Agreement its address for notices shall be:
- a. in the case of the Company:
Address: Ground Floor
384 Hunter Street
Newcastle NSW 2300
Attention: The Company Secretary
 - b. in the case of the Lender:
[xxx]
- 5.2 Any notice given as provided by this clause shall be deemed received by the party to whom it is addressed when:
- a. in the case of any notice delivered by hand, when so delivered;
 - b. if sent by prepaid registered post on the third clear business day after the date of posting:
- 5.3 Any notice demand consent in writing or other communication required to be given or made or pursuant to this Agreement may also be given in any other manner prescribed under the laws of the State of New South Wales.

6. COSTS

The Company shall pay all stamp duty assessed on this Agreement and any copy hereof but the parties otherwise shall bear their own legal costs and expenses in respect of preparation of this Agreement.

7. GOVERNING LAW AND FORUM

- 7.1 This Agreement shall be governed by and construed in accordance with the laws of the State of New South Wales.
- 7.2 The parties agree that the Courts in the State of New South Wales will have jurisdiction to hear and determine any dispute between the parties in relation to or arising out of this Agreement.

8. INVALIDITY

If any of the provisions of this Agreement should be judged invalid, unlawful or unenforceable for any reason whatsoever by a court of competent jurisdiction, such invalidity or unenforceability or illegality [unless deletion of such provision or provisions would substantially alter the intention of the parties hereto, expressed or implied] will not affect the operation construction or interpretation of any other provisions of this Agreement to the intent that the invalid or unenforceable or illegal provisions will be treated for all purposes as severed from this Agreement.

9. FURTHER ASSURANCES

Each of the parties hereto shall take all steps and do all such acts and execute all necessary documents within their powers as may be reasonably required by the other party to give effect to this Agreement.

IN WITNESS WHEREOF the parties have hereunto affixed their hands and seals to this Agreement on the day and year as set out hereinbefore.





THE COMMON SEAL of NSX LTD ACN 089 447
058 was hereunto affixed by order of the Board of
Directors in the presence of:

]
]Director
]
]
Secretary

THE COMMON SEAL of [xxxxx] was hereunto
affixed by order of the Board of Directors in the
presence of:

]
]Director
]
]
]Secretary





It is **your sole responsibility** to arrange insurance cover in the superannuation fund if you desire.

Similarly, it is **your sole responsibility** to ensure that your account in the Lifetrack Superannuation Fund has a sufficient balance to pay any premiums on any insurance you choose to take out.

Salary payments will be credited fortnightly to your nominated bank account by electronic transfer.

Your remuneration will be reviewed when all other NSX Services Pty. Limited remuneration packages are reviewed. Any change in your TRP will be at the sole discretion of the Company.

Hours

Your ordinary hours of work will be 9.00am to 5.00 pm. However, you may be required to work additional hours, as may reasonably be required from time to time, to carry out your duties and responsibilities. Overtime payments or time off in lieu are not applicable.

Leave

You are entitled to annual leave and long service leave in accordance with legislation.

The Company's present sick leave policy, which may be varied from time to time, is that employees absent on account of illness, injury or disability may be granted leave at their ordinary pay at the rate of eight (8) days paid leave every year of employment, subject to production of such medical evidence as may reasonably be required. The Company will not pay out the value of any untaken sick leave on the cessation of employment.

Termination

You may terminate your employment at any time by giving one month's written notice to the Company.


The Company may terminate your employment at any time by giving you one month's written notice.

In the event that notice is given by either party, the Company may elect to require you to continue to work for part, or the whole, of that notice period or may, in its absolute discretion, make a payment to you in lieu of notice.

The Company may terminate your employment and this agreement summarily and without notice if you:

1. are guilty of any misconduct, dishonesty or breach of fiduciary duties (including breach of the Company's policies), or if you act in a way which in the reasonable opinion of the Company may injure or be likely to injure the business or reputation of the Company;
2. wilfully violate any local law or rule of a regulatory body which would materially reflect on your character, competence or integrity;
3. commit a material breach of this agreement;



- 
4. are negligent or incompetent in the performance of your duties or if you refuse to abide by any reasonable request by the Company within the normal scope of your duties.

On the termination of your employment you must return all property of the Company in your possession or under your control including but not limited to all original and copies of documents, records, files, computer files, client presentations, client lists, correspondence, credit cards, keys, mobile phones, pagers, intellectual property, and any other property obtained from the Company or any clients of the Company in connection with your employment.

Redundancy

In the event that you are made redundant the Company will pay you 2 weeks for each completed year of employment up to a maximum of 26 weeks.

Company Policies

You are required to abide by the obligations contained in the Company's policies, including compliance policies and procedures, in force from time to time. These obligations include the requirement that you acknowledge your receipt of copies of such policies provided to you from time to time.

The Company reviews its policies and practices on a regular basis as they are affected by changes in applicable laws, economic, political, social and business conditions. As a consequence, the Company may change or cease any benefits, provisions and policies at any time without prior notice; however such changes will be communicated to employees.

Exclusivity, Confidentiality and Intellectual Property

You must not engage in any employment or provide any services to anyone other than NSX Services Pty Limited during your employment with NSX Services Pty Limited, including external directorships, without the Company's prior written consent or as directed by the Company in accordance with this agreement.

During your employment and at all times following the termination of your employment you must not (except in the proper course of your duties or as may be required by law or with the prior consent in writing of the Company):

1. divulge or disclose to any other person, firm or corporation any confidential information relating to the Company or its clients or any trade secrets of the Company
2. use or attempt to use any information or trade secret in any manner which will or may cause or be calculated to cause injury or loss to the company or its clients.

During your employment you must use your best endeavours to prevent the unauthorised disclosure of any confidential information by or to third parties.

You must promptly disclose to the company any inventions or improvements or adaptations of technical information or know how related to the business of the Company which may be discovered by you alone, or jointly with others whilst employed by the Company. Any such inventions, improvements or adaptations will be the property of the Company and you must do all such things as may be requested by the company to confirm or perfect the rights, title and interest of the Company in such property provided that the Company will bear all costs and expenses associated therewith.

Dealing in Securities - Acknowledgement of Confidentiality



The Employee acknowledges that they will **not**:

- disclose information in relation to listed entities which is not publicly available; or
- exploit or otherwise use any information which is not publicly available in any dealings an employee or director may make in financial products of listed entities, except in the course of duties or as required by law.

Offer and Acceptance

This letter describes NSX Services Pty. Limited offer of employment. Any other discussion that you may have had with us is not part of our offer unless they are described in this letter.

Please indicate your acceptance of employment on the above terms and conditions by signing the attached copy of this letter on the last page and initialling each page and returning it to me within 5 working days of the date hereof otherwise this offer is withdrawn.

We have enclosed a package of company information for your information and forms for completion. We would appreciate it if you would bring the completed forms with you on your commencement day.

We would like to welcome you to NSX Services Pty. Limited.

Yours sincerely,
NSX SERVICES PTY. LIMITED

[Director's Name]
DIRECTOR

I hereby accept employment with NSX Services Pty Limited on the terms and conditions set out in this letter.

[Staff Name]
Name

Signature

___/___/___
[Date]

