

CHAPTER 6

DELIVERY AND SETTLEMENT

DELIVERY AND SETTLEMENT

* APX brokers are responsible for the settlement of transactions occurring on the financial market of * APX. An * APX broker may appoint an agent to perform the settlement obligations of the * APX broker, but the * APX broker remains liable for any acts or omissions of its agent. Settlement will occur on a T+5 basis unless the parties agree otherwise.

Should settlement not occur on the due settlement date, settlement will be postponed until the fifth * business day after the original settlement and the * APX broker who transacted on behalf of the defaulting client is liable to meet the settlement obligations.

Failure to settle on the settlement date may render the * APX broker liable for a failure fee.

SUPPLYING CURRENT MARKET INFORMATION.

- 6.1.** Before an *APX broker accepts an order from a client to buy or sell *securities, the *APX broker must:
- (a) make the client aware of *current market information;
 - (b) make the client aware of any recent *announcements by the *listee which, in the reasonable opinion of the *APX broker, are material to the client; and
 - (c) cause such *current market information and *announcements as the client requests to be provided, to the client in a timely manner.

LODGING ORDERS.

- 6.2.1.** Unless instructed otherwise by the client, an *approved representative must immediately forward to a *terminal operator each order taken from a client.
- 6.2.2.** Subject to **Rule 4.5.2**, on receiving an order, a *terminal operator must immediately enter it into the *trading system.

DELIVERY OF SECURITIES.

- 6.3.** A selling *APX broker delivers *securities by delivering all information and valid documents necessary to settle a transaction in accordance with these *Rules.

CALLS - CONTRIBUTING SHARES.

- 6.4.1.** In contracts for the sale and purchase of *securities any call becoming due between date of sale and date of settlement must be paid by the buying *APX broker to the selling *APX broker at the time of settlement.
- 6.4.2.** In contracts for the sale and purchase of *securities any call becoming due after the date of settlement is the responsibility of the *buying *APX broker and any call becoming due between date of settlement and date of registration must be paid by the buying *APX broker to the *listee and the buying *APX broker may recover the amount of the call so paid from the *buying *APX broker.
- 6.4.3.** Where an option has been granted to purchase any *securities and the option has been exercised, any calls that may become due between the date of granting of that option and the exercise of that option must be paid by the *buying *APX broker to the *selling *APX broker at the time of settlement.
- 6.4.4.** A call is considered due on the day on which it is made payable.
- 6.4.5.** Delivery of *securities is not valid unless the payment of all calls made thereon has been certified by the *listee or unless the *listee has previously advised an *APX broker that all calls have been paid.

ACCEPTANCE OF SECURITIES AS DELIVERED - SPECIAL MARKETS.

- 6.5.1.** Notwithstanding anything to the contrary in any other **Rule** in **Chapter 6**, when in a market established in accordance with **Rules 4.26** to **4.27(d)**, a transaction in a *security is executed

Chapter 6

Delivery and Settlement

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 *selling *APX broker delivery of *securities must 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 *record date. *APX must not refuse delivery and must also ensure that the settlement documents are lodged with the *listee for registration prior to the *record date.

- 6.5.2.** If the *securities are not registered prior to the *record date, any subsequent claim by the *buying *APX broker for the benefit may be satisfied by provision of the benefit actually distributed to the transferor.

DIVIDEND, INTEREST, CAPITAL RETURNS.

- 6.6.1.** Unless otherwise determined by *APX, transactions in *securities will be quoted by *APX on the *trading system as “ex dividend”, “ex interest” or “ex capital return” as the case may be, on the fifth *business day before and inclusive of the *record date to determine security holders entitled to participate in the distribution.

- 6.6.2.** When a transfer of *securities sold “cum dividend”, “cum interest”, or “cum capital return” is delivered during the two *business days before and inclusive of the *record date, or on any day thereafter, the selling *APX broker must allow the amount of the dividend, interest or capital return at the time of settlement.

- 6.6.3.** When a transfer of *securities sold “ex dividend”, “ex interest” or “ex capital return” is delivered either on the *business day before, or on the *record date:

- (a) the selling *APX broker must clearly endorse the *security description on the transfer “ex dividend”, “ex interest” or “ex capital return”, as applicable; and
- (b) the buying *APX broker must not lodge the transfer with the *listee for registration on or before the *record date.

- 6.6.4.** When a transfer of *securities sold “cum dividend”, “cum interest” or “cum capital return” is delivered either on the *business day before, or on the *record date, and the *buying *APX 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 *APX broker must clearly endorse the *security description on the transfer “ex dividend”, “ex interest” or “ex capital return”, as applicable; and
- (b) the buying *APX broker must not lodge the transfer with the *listee for registration until after the *record date.

- 6.6.5.** Where a transfer of *securities is delivered in settlement of a transaction sold “ex dividend”, “ex interest” or “ex capital return” and the transfer is registered in error before the *record date, the buying *APX broker must either:

- (a) transfer the *securities back to the selling *APX broker as if the *acquirer had disposed of the *securities to the *disposer on a cum basis; or
- (b) compensate the selling *APX broker for the loss of entitlement to the dividend, interest or capital return.

- 6.6.6.** Where a transfer of *securities is delivered in settlement of a transaction sold “cum dividend”, “cum interest” or “cum capital return” and the transfer is not registered until after

Chapter 6 Delivery and Settlement

the * record date, the selling * APX broker must compensate the buying * APX broker for the loss of entitlement to the dividend, interest or capital return.

DIVIDEND OR INTEREST WITHHOLDING TAX.

6.7.1. When * securities sold “cum dividend” or “cum interest” are delivered in the name of a non-resident, on or before the third * business day before the * record date, and a claim for dividend or interest is received, the non-resident * selling * APX broker is responsible for the amount of the dividend or interest less withholding tax. the selling * APX broker is responsible for the lodgment of an application for the refund of withholding tax with the Deputy Commissioner of Taxation.

6.7.2. When * securities are purchased “cum dividend” or “cum interest” and delivered by the * selling * APX broker before the last two * business days before the * record date, but are not transferred to the * acquirer on a “cum” basis, the original * selling * APX broker is only responsible to the * buying * APX broker for the tax paid amount received by him from the * listee.

DOCUMENTS - FORM OF TRANSFER.

6.8. Unless otherwise determined by * APX, an * APX broker must use a form of transfer or renunciation which conforms with the requirements of the * Act.

DOCUMENTS - REGISTRATION.

6.9.1. For the purposes of this **Rule**, “transfer” includes a “split transfer” and “renunciation” includes a “split renunciation”.

6.9.2. Except where transfers or renunciations require the transferee’s signature, the selling * APX broker must forward transfers to the * listee for registration within three * business days of receipt, but when the books of the * listee close for any purpose all transfers in its possession must be lodged with the * listee before the registers close, unless the transfers are in respect of a transaction settled on an “ex entitlement” basis.

6.9.3. All transfers and renunciations forwarded to the * listee for registration must be accompanied by an advice of lodgment for registration. The advice must be dated and include:

- (a) number of * securities;
- (b) the names of the transferor;
- (c) the names of the transferee;
- (d) the register in which the * securities are to be registered;
- (e) the certificate or reference number relative to each transfer;

but where all transfers and renunciations are micro-filmed before lodgment and are suitably referenced, the advice of lodgment need not contain the details set out in paragraphs (a) to (e) above.

6.9.4. The buying * APX broker may, on the day transfers or renunciations are forwarded to the * listee, advise its clients that * securities have been forwarded to the * listee for registration. The advice must be in writing and be dated and must include:

Chapter 6

Delivery and Settlement

- (a) the name of the *listee;
- (b) the number and class of *security;
- (c) the full name and address of the transferee.

6.9.5. A client must be advised if *securities are not forwarded to the *listee for registration within six weeks of the date of purchase.

6.9.6. A *security renunciation and transfer or the selling *APX broker's renunciation and transfer is good delivery if *marked by the *listee or its share registry.

VALID QUOTED SECURITIES.

6.10. In the case of a *listee admitted to the official list only such *securities as have been granted official quotation by *APX will constitute valid delivery.

SECURITIES SUBJECT OF A TAKEOVER.

6.11. Securities subject of a *takeover, shall from the first *business day following the day on which the bid is dispatched, be quoted on each of the following bases:

- (a) Normal Delivery - which will not be distinctly denoted and whereby the *selling *APX broker has not accepted the bid and the *buying *APX broker is entitled to delivery of *securities purchased; and
- (b) Offer Accepted - which will be distinctly denoted as Offer Accepted - and whereby the *selling *APX broker has accepted the bid and the *buying *APX broker is entitled to the consideration offered by the *bidder or, if the *takeover lapses, delivery of the *securities of the *listee originally traded.

SETTLEMENT OF SECURITIES TRANSACTIONS THE SUBJECT OF TAKEOVER.

6.12. Where Part 6A.1 of the *Act applies to *securities which were the subject of transactions on the *trading system, the *selling *APX broker must, before the end of the period determined in accordance with section 666A(2) of the *Act, provide to the selling *APX broker consideration in lieu of delivering the *securities. For the purposes of this **Rule**, the consideration must be cash, or cash and *securities, or *securities, but in any event is equivalent to, and in the form of the consideration provided by the *bidder which was paid, allotted or transferred to the target in accordance with section 666B(1) of the *Act.

SETTLEMENT OF TRANSACTIONS.

6.13.1. The delivery and settlement obligations in relation to a transaction are as follows:

- (a) the selling *APX broker must deliver the *securities to the buying *APX broker by delivering all valid documents necessary for the *securities to be registered in the name of the *selling *APX broker;
- (b) the buying *APX broker must pay the selling *APX broker the consideration for the *securities,

in accordance with **Rule 6.13.2.**

Chapter 6

Delivery and Settlement

6.13.2. Except in the case of sales of *securities where the parties expressly agree to a particular settlement date, which must be no more than 30 days after the date of the transaction, settlement of transactions must occur, subject to **Rule 6.14.1**, on the fifth *business day after the transaction. If a *selling *APX broker's offer to sell *securities is conditional on a particular settlement date, then that settlement date must be quoted on the *trading system and settlement of that transaction must occur on that quoted date.

6.13.3. Despite anything in the Rules to the contrary:

- (a) if an *APX broker accepts and executes an order to sell *securities and the *selling *APX broker has complied with all of the *selling *APX broker's settlement obligations but the *buying *APX broker fails to pay for the *securities, then the *buying *APX broker is liable to the *selling *APX broker to pay for the *securities; and
- (b) if an *APX broker accepts and executes an order to buy *securities and the *buying *APX broker has complied with all of the *buying *APX broker's settlement obligations but the *selling *APX broker fails to deliver the information and/or documents necessary to entitle the *buying *APX broker to become registered as the holder of the *securities, then the *selling *APX broker is liable to the *buying *APX broker to deliver the information and/or documents necessary to entitle the *buying *APX broker to become registered as the holder of the *securities.

6.13.4. Despite anything in the Rules to the contrary:

- (a) A *listee may refuse to register a transfer, in any of the following circumstances:
 - (i) the *listee has a lien on the securities under **Listees' Listing Standard 4.45**;
 - (ii) the *listee has been served with a court order that restricts the ability of the security holder to transfer the *securities;
 - (iii) registration of the transfer may breach an Australian law and *APX has given written permission to the *listee allowing it to refuse to register the transfer;
 - (iv) the *listee is allowed to refuse to register it under **Listees' Listing Standard 7.4.1 to 7.4.3 or 7.5.1 to 7.5.3**;
 - (v) if the *securities are restricted securities, it is during the escrow period for the *securities;
 - (vi) a law related to stamp duty prohibits the *listee from registering it;
 - (vii) the transfer is in breach of the terms of an employee incentive scheme (as defined in the **Listees' Listing Standards**); or
 - (viii) any certificate accompanying the transfer is out of date,provided that the *listee must:
 - (ix) make a decision whether or not to refuse to register a transfer of *securities; and
 - (x) notify both the selling *APX broker and the buying *APX broker of the decision,

Chapter 6 Delivery and Settlement

as soon as possible and in any case not later than 5 *business days after the date of the sale of the relevant *securities.

- (b) If the directors of the *listee advise the buying *APX broker in accordance with **Rule 6.13.4(a)** that they have decided to refuse to register a transfer of *securities, then the sale of the relevant *securities is cancelled and the selling *APX broker must ensure that all monies paid by the *buying *APX broker are refunded to the *buying *APX broker and all documents delivered by the *selling *APX broker are returned to the *selling *APX broker.

FAILURE TO SETTLE SECURITIES.

- 6.14.1.** If an *APX broker fails to settle a transaction in accordance with **Rule 6.13.2** the *APX broker must pay a fee to APX at the rate determined by APX from time to time.
- 6.14.2.** The payment of a fee by an *APX broker under **Rule 6.14.1** does not remove the *APX broker's obligation to complete their settlement obligations under **Rule 6.13.2**.
- 6.14.3.** Nothing in **Rule 6.14.1** removes the rights of the *APX broker against a defaulting *acquirer or a defaulting *selling *APX broker.

CHARGES FOR EXCHANGE SERVICES.

- 6.15.** Charges payable by *APX brokers in relation to services provided by *APX under this **Chapter 6** shall be determined by *APX from time to time.

TRANSFER NOTING.

- 6.16.** 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 *listee and a "probate exhibited" stamp has been applied to the transfer by the *listee or its share registry.

REJECTION REGISTER.

- 6.17.** Where the *listee rejects a transfer advice form, the buying *APX broker must:
- (a) make an entry in the register of marking rejections which must include:
- (i) date of receipt;
 - (ii) name of *listee;
 - (iii) cause of rejection;
 - (iv) action taken to correct the cause of rejection; and
 - (v) re-lodgment date or notation and date of cancellation;
- (b) immediately take action to rectify the error; and
- (c) promptly re-lodge the documents with the *listee.

FOR EQUITY AND PROPERTY SECURITIES ONLY.

DIVIDEND IMPUTATION CREDITS - TRANSFER OF SECURITY HOLDER STATUS FOR TAX PURPOSES.

- 6.18.1.** When a claim is made in respect of a franked dividend, a *cum dividend *selling *APX broker must either:
- (a) transfer the franked dividend to the unregistered *cum dividend *buying *APX broker under this **Rule** and Division 6A of Part IIIAA of the Income Tax Assessment Act 1936; or
 - (b) compensate the unregistered *buying *APX broker in accordance with **Rule 6.18.6** for the loss of entitlement to the franked dividend, if required to do so, in accordance with that **Rule**.
- 6.18.2.** Prior to issuing:
- (a) a dividend statement to the *selling *APX broker under **Rule 6.18.3**; and
 - (b) a selling *APX broker's transfer of franked dividend certificate under **Rule 6.18.4**; or
 - (c) a dividend statement to the *buying *APX broker under **Rule 6.18.5**,
- the selling *APX broker must verify, from evidence supplied by or on behalf of the *selling *APX broker, that the *selling *APX broker, or the *selling *APX broker's nominee, received or has an entitlement to receive the franked dividend.
- 6.18.3.** Except for claims settled under **Rule 6.18.6**, the selling *APX broker must issue to the *selling *APX broker a dividend statement in the form prescribed by *APX.
- 6.18.4.** Subject to verification of the *disposer's dividend entitlement under **Rule 6.18.3**, the selling *APX broker must issue a transfer of franked dividend certificate in the form prescribed by *APX. Such certificate must be issued to the *buying *APX broker making the claim:
- (a) if the claim is made on or before the record date, at the time of settlement of the relevant transaction or by the fifth *business day after the dividend payment date, whichever is the earlier; or
 - (b) if the claim is made after the *record date, at the time of paying the dividend to the *buying *APX broker in satisfaction of that claim.
- 6.18.5.** Subject to verification of the *disposer's dividend entitlement under **Rule 6.18.3** the selling *APX broker must issue to the *buying *APX broker a *dividend statement in the form prescribed by *APX.
- 6.18.6.** If the *franked dividend cannot be transferred to the *buying *APX broker in accordance with the provisions of this **Rule**, and the *acquirer is an Australian taxpayer, the *selling *APX broker must, if required by the *buying *APX broker, pay to the *acquirer, on behalf of the *buying *acquirer, an amount equal to the imputation credit that would have been attached to the *franked dividend, in addition to settlement of the *claim.
- 6.18.7.** Where a compensatory payment is made under **Rule 6.18.6**, the buying *APX broker must pay to the *acquirer the amount claimed under that **Rule 6.18.6** and at the same time advise the *acquirer of the receipt of a *dividend equivalent, rather than a *franked dividend.

6.18.8. Where a transfer of *securities is delivered during the ex period:

- (a) in settlement of an ex dividend transaction; or
- (b) in respect of an outstanding cum dividend transaction where a selling *APX broker's transfer of *franked dividend certificate under **Rule 6.18.4** or a *dividend statement under **Rule 6.18.5** has been issued;

and the transfer is registered in error before the *record date, the *buying *APX broker must either:

- (c) transfer the *franked dividend back to the *selling *APX broker in accordance with this **Rule**, as if the *acquirer had disposed of the *securities to the *disposer on a cum dividend basis; or
- (d) compensate the unregistered vendor in accordance with **Rule 6.18.6** for the loss of entitlement to the *franked dividend, if required to do so, in accordance with that **Rule**.

6.18.9. An *APX broker is required to keep appropriate records received from both acquirers and *selling *APX brokers where it issues dividend statements or transfers of franked dividend certificate for inspection by the Australian Taxation Office.

NEW ISSUES - CUM BONUS.

6.19.1. Bonus issues not subject to ratification by a meeting of holders of *securities are governed by the following:-

- (a) Unless otherwise determined by *APX, transactions in *securities will be quoted by *APX on the *trading system, as "ex bonus" on the fifth *business day before and inclusive of the *record date.
- (b) The selling broker may, during the two *business days before and inclusive of the *record date 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 *APX in accordance with **Rules 6.26.1** to **6.26.3** in lieu of the accruing bonus *securities.
- (c) The cash adjustment must be paid by the *buying *APX broker on delivery of the accruing bonus *securities.
- (d) Any transfer of *securities delivered by a selling broker on any of the two *business days before and inclusive of the *record date must be endorsed "ex bonus" as an adjunct to the security description and the buying *APX broker must not lodge the transfer with the *listee for registration purposes until after the *record date.

6.19.2. Bonus issues subject to ratification by a meeting of holders of *securities are governed by the following:-

- (a) Unless otherwise determined by *APX, transactions in *securities will be quoted by *APX on the *trading system as "ex bonus" on whichever is the later of the first *business day following the meeting of holders of *securities which ratifies the issue, or on the fifth *business day before and inclusive of the *record date.

Chapter 6

Delivery and Settlement

- (b) A selling broker must not deliver *securities during the period from the second *business day before the *record date to the day on which the issue is ratified by a meeting of holders of *securities, both days inclusive.
- (c) When *securities are delivered in settlement of a “cum bonus” transaction on either of the two *business days before and inclusive of the *record date, the settlement will be adjusted at a value determined by *APX in accordance with **Rules 6.26.1 to 6.21.3**, and the transfer will be registered “ex” the benefit.
- (d) Any transfer of *securities making up the delivery must be clearly endorsed “ex bonus” as an adjunct to the security description and the buying *APX broker must not lodge the transfer with the *listee for registration purposes until after the *record date.
- (e) The cash adjustment must be paid by the *buying *APX broker on delivery of the accruing bonus *securities.

NEW ISSUES - CUM ENTITLEMENT.

- 6.20.1.** Unless otherwise determined by *APX, transactions in *securities carrying a specific entitlement of non-renounceable rights will be quoted by *APX as “ex entitlement” on the fifth *business day before and inclusive of the *record date.
- 6.20.2.** When a transfer of securities sold “ex entitlement” is delivered either on the *business day before or on the record date, the buying *APX broker must:
 - (a) clearly endorse the *security description on the transfer “ex entitlement”; and
 - (b) not lodge the transfer with the *listee for registration on or before the *record date.
- 6.20.3.** When a transfer of *securities sold “cum entitlement”, is delivered either on the *business day before or on the *record date, and settlement is adjusted by a value determined by *APX in accordance with **Rules 6.26.1 to 6.26.3**, the buying *APX broker must:
 - (a) clearly endorse the *security description on the transfer “ex entitlement”; and
 - (b) not lodge the transfer with the *listee for registration until after the *record date.
- 6.20.4.** A selling broker may during the two *business days before and inclusive of the *record date, effect delivery of the old issue *securities by a deduction from the settlement of a cash adjustment (refer **Rules 6.26.1 to 6.26.3**) in lieu of the accruing *securities.
- 6.20.5.** Unless advised by the *buying *APX broker on or before the third *business day before and inclusive of the final date of closing of acceptances of the offer that the *buying *APX broker does not wish to participate in the issue, the cash adjustment must be paid by the *buying *APX broker on delivery by a selling broker of the accruing new issue *securities.

NEW ISSUES - CUM PRIORITY.

- 6.21.1.** Unless otherwise determined by *APX, 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 quoted by *APX on the *trading system, as “ex priority” on the fifth *business day before and inclusive of the *record date.

Chapter 6

Delivery and Settlement

- 6.21.2.** When a transfer of *securities sold “ex priority” is delivered on the *business day before or on the *record date to determine holders of *securities entitled to participate in the issue, the buying *APX broker must:
- (a) clearly endorse the *security description on the transfer “ex priority”; and
 - (b) not lodge the transfer with the *listee for registration on or before the *record date.
- 6.21.3.** *Securities sold “cum priority” may be delivered on a continuing basis but when not delivered by the third last *business day before and inclusive of the *record date, the *acquirer on or before the fifth *business day before and inclusive of the date on which the priority entitlement will lapse, must advise the buying *APX broker of the amount of the new issue *securities for which application is desired and the *buying *APX broker must place the *selling *APX broker in funds to the extent of the required application money. Where the priority is to a fixed entitlement not being a pro rata entitlement then the provisions of **Rule 6.21.1** and **6.21.2** apply.
- 6.21.4.** When *Securities are sold “cum priority” and are delivered by the *selling *APX broker on or before the third *business day before and inclusive of the *record date but are not transferred to the *acquirer’s name on a “cum priority” basis and the *acquirer decides to participate in the issue, the buying *APX broker on or before the fifth *business day before and inclusive of the date on which the priority will lapse, shall claim on the *selling *APX broker in writing for the number of new issue *securities for which application is desired, and must place the *selling *APX broker in funds to the extent of the required application money. The request for protection must also include details of:
- (a) the name of the transferor; and
 - (b) the actual date of purchase by the claimant.

NEW ISSUES - CUM RIGHTS.

- 6.22.1.** Rights issues not subject to ratification by meeting of holders of *securities are governed by the following:
- (a) Unless otherwise determined by *APX, transactions in *securities will be quoted by *APX on the *trading system, as “ex rights” on the fifth *business day before and inclusive of the *record date.
 - (b) When a transfer of *securities sold “ex rights”, or “cum rights” in respect of which settlement is adjusted under **Rule 6.22.1(c)**, is delivered on any of the two *business days before and inclusive of the *record date, it must be clearly endorsed by the buying *APX broker “ex rights” as an adjunct to the security description and the buying *APX broker must not lodge it with the *listee for registration purposes until after the *record date.
 - (c) When *securities sold “cum rights” are delivered during the last two *business days before and inclusive of the *record date or any day thereafter, the selling *APX broker must allow a deduction from the settlement of a cash adjustment at a value determined by *APX in accordance with **Rules 6.26.1** to **6.26.3** in lieu of the accruing rights.
 - (d) The cash adjustment must be paid by the *buying *APX broker on delivery of either a renunciation form for the accruing rights or the accruing *securities by the selling *APX broker.

Chapter 6

Delivery and Settlement

6.22.2. Rights issues subject to ratification by a meeting of holders of * securities are governed by the following-

- (a) Unless otherwise determined by * APX, transactions in * securities will be quoted by * APX on the * trading system, as “ex rights” on whichever is the later of, the first * business day following the meeting of holders of * securities which ratifies the issue, or the fifth * business day before and inclusive of the * record date.
- (b) The selling * APX broker must not deliver * securities during the period from the second * business day before the * record date to the day on which the issue is ratified by a meeting of holders of * securities both days inclusive.
- (c) When * securities are delivered in settlement of a “cum rights” transaction on either of the two * business days before and inclusive of the * record date, settlement will be adjusted by the cash adjustment at a value determined by * APX in accordance with **Rules 6.26.1 to 6.26.3**, and the transfer will be registered “ex rights”.
- (d) Any transfer of * securities comprising the delivery must be clearly endorsed “ex rights” as an adjunct to the security description, and the buying * APX broker must not lodge the transfer(s) with the * listee for registration purposes until after the * record date.
- (e) The cash adjustment must be paid by the * buying * APX broker on delivery of either a renunciation form for the accruing rights or the accruing * securities by the selling * APX broker.

SALE AND ACCRUAL OF RIGHTS.

6.23.1. Except by arrangement with the * buying * APX broker, or unless otherwise determined by * APX, renounceable rights must not be delivered on any of the last two * business days before and inclusive of the date announced by the * listee as being the final date for the receipt of renunciation forms.

6.23.2. When rights have not been delivered, in the terms of **Rule 6.23.1**, the * selling * APX broker, unless otherwise instructed in writing by the * buying * APX broker, as provided in **Rule 6.23.3**, must protect the * buying * APX broker by applying to the * listee for the * securities in respect of that right and the amount of application money payable by the * selling * APX broker must not exceed the minimum required by the * listee.

6.23.3. An instruction issued by the * buying * APX broker in the terms of **Rule 6.23.2** must be delivered to the * selling * APX broker by the * buying * APX broker not later than 3.00 p.m. on the last day for delivery of rights.

6.23.4. The instruction must state that either:

- (a) protection is not required; or
- (b) protection is required and payment of application money in excess of the minimum must be made, in which case that excess must be provided by the * buying * APX broker at that time.

SALE OF OPTION SECURITIES.

6.24. When option * securities are undelivered on the third * business day before and inclusive of the date on which the buying * APX broker must lodge transfers and related documents for

* See Chapter 1 for defined terms.

Chapter 6

Delivery and Settlement

exercise, the *buying *APX broker must on or before the second *business day before and inclusive of that last day for lodgment date, advise the selling *APX broker of the number of options to be exercised and shall place the selling *APX broker in funds to the extent required and the selling *APX broker is bound to exercise the options.

SALE OF CONVERTIBLE SECURITIES.

6.25. Where:

- (a) the *settlement day for a transaction in convertible *securities is on or before the third *business day before and inclusive of the last *business day designated on each occasion by the *listee for holders to convert their *securities;
- (b) the *selling *APX broker has not made valid delivery by the *settlement day; and
- (c) the *acquirer of such *securities wishes to convert any of the *securities;

then:

- (d) the *buying *APX broker must on or before the second *business day before and inclusive of the last *business day designated for conversion, advise the selling *APX broker of the number of convertible securities to be converted; and
- (e) the selling *APX broker must:
 - (i) take immediate action to effect the conversion;
 - (ii) effect delivery of the converted *securities within five *business days of receipt of *securities certificates or allotment listings.

CASH ADJUSTMENTS.

6.26.1. A cash adjustment is a value determined by *APX when a *selling *APX broker has not delivered *securities sold “cum Bonus”, “cum Entitlement” or “cum Rights” by the third *business day before and inclusive of the *record date.

6.26.2. The cash adjustment shall represent an amount in lieu of the accruing *securities.

6.26.3. 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.

SETTLEMENT AGENTS.

6.26.4. *APX may approve an entity to act as a *settlement agent to provide settlement services to *APX brokers if the entity:

- (a) satisfies *APX that the entity itself has the necessary:
 - (i) skills;
 - (ii) experience;
 - (iii) procedures; and

Chapter 6

Delivery and Settlement

(iv) resources;

to carry out properly the functions of a *settlement agent for *APX brokers in relation to *securities transactions on the financial market of *APX;

(b) is a financial services licensee;

(c) maintains appropriate professional indemnity insurance and insurance against fraud of its officers; and

(d) either:

(i) is an *APX broker; or

(ii) enters into a written agreement with *APX under which the entity is bound to comply with the requirements of Chapter 3 of these Rules as if it were an *APX broker.

6.26.5. *APX will from time to time publish a list of entities which are approved to act as *settlement agents for *APX.

6.26.6. Unless the contrary intention appears, where a *settlement agent is providing settlement services to an *APX broker under a settlement agreement entered into in accordance with Rule 4.2.1:

(a) the *settlement agent may exercise or perform an obligation on behalf of the *APX broker; and

(b) a reference to the *APX broker in this **Chapter 6** includes a reference to its *settlement agent.

6.26.7. Where a *settlement agent is providing settlement services to an *APX broker under a settlement agreement entered into in accordance with Rule 4.2.1, *APX must ensure that the *settlement agent complies with the rules in so far as they relate to the settlement of *securities transactions by each *APX broker.

6.26.8. An act or omission of a *settlement agent or its employees that would constitute a breach of the rules by an *APX broker is deemed to be an act or omission of the *APX broker for whom the *settlement agent is providing settlement services.

6.26.9. A *settlement agent must not appoint a sub-agent to perform its obligations.