

IMB MARKET OPERATING RULES

**(INCLUDING CLEARING AND
SETTLEMENT ARRANGEMENTS)**



IMB LTD
ACN 087 651 974

1. INTRODUCTION

The IMB Market is a market operated by IMB for the trading and transfer of IMB Ordinary Shares.

IMB is the holder of an Australian Market Licence granted under the Corporations Act under which it operates the IMB Market. A copy of the Australian Market Licence is included as Annexure A.

IMB provides and makes available a facility under which shareholders and prospective shareholders can buy and sell IMB Ordinary Shares. This facility includes arrangements for clearing and settlement of those share transactions.

The IMB Operating Rules set out the obligations of Participants who trade on the IMB Market, as governed by IMB's constitution and as prescribed by the Board, company and regulatory requirements from time to time.

These Operating Rules are not written procedures as required by the regulations or compensation rules within the meaning of part 7.5 of the Corporations Act. A number of IMB's written procedures, which are referred to in these Operating Rules, are included for convenience as Procedures Schedules following these Operating Rules. For the avoidance of doubt, the Annexures form part of these Operating Rules, however the Procedures Schedules do not form part of these Operating Rules and may be amended by IMB from time to time in a manner not inconsistent with these Rules.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

ASIC means the Australian Securities and Investment Commission.

Board means the Board of Directors of IMB.

Buyer means a Participant who seeks to buy Shares from a Seller on the IMB Market and the person into whose name Shares will be transferred upon completion of a share transfer.

Constitution means IMB's Constitution, adopted 25 October 2000, as amended from time to time.

Customer means a person who holds an account with IMB.

Director means an individual holding office as a director of IMB.

Directors means all or some of the Directors acting as a Board.

IMB means IMB Ltd ACN 087 651 974.

IMB Market means the IMB share market on which IMB Ordinary Shares are traded.

Member means any person who is a member of IMB by way of guarantee, and includes a Shareholder Member.

Participant means a person who directly participates in the IMB Market, being a person who buys and sells IMB Ordinary Shares directly through the IMB Market.

Rules means these Operating Rules.

Seller means a Participant who seeks to sell Shares to a Buyer on the IMB Market and from whose name Shares will be transferred upon completion of a share transfer.

Share or Shares means an ordinary share or shares in the capital of IMB.

Share Account means an account required to be held by all Shareholder Members of IMB in order to receive Shares, and to record any ongoing increases or decreases in the Shareholder Member's shareholding as and when Shares are traded on the IMB Market.

Shareholder Member means any Member of IMB who is a member of IMB by way of both shares and guarantee.

Trading Account means an IMB deposit account with no withdrawal restrictions required to be held by all Shareholder Members of IMB. The trading account is debited or credited with the financial transactions associated with the transfer of Shares on the IMB Market.

Transferee means a Buyer.

Transferor means a Seller.

2.2 Interpretation

In these Rules, unless the contrary intention appears:

- (a) the word "person" includes a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association or an authority;
- (b) the singular includes the plural and vice versa;
- (c) a reference to a law includes regulations and instruments made under the law;
- (d) a reference to a law or a provision of a law includes amendments, re-enactments or replacements of that law or the provision, whether by the State or the Commonwealth of Australia or otherwise;
- (e) a power, an authority or a discretion reposed in a Director, the Directors, IMB in general meeting or a Member may be exercised at any time and from time to time;
- (f) Headings are inserted for convenience and are not to affect the interpretation of these Rules.

3. IMB AND PARTICIPANTS BOUND BY RULES

These Rules are binding on IMB and Participants in the IMB Market in accordance with Section 793B and Section 822B of the Corporations Act. These Rules have the effect of a binding contract between IMB and Participants under which:

- (a) each Participant covenants with IMB to observe these Rules and to perform the obligations these Rules purport to impose on Participants; and
- (b) IMB covenants with each Participant to observe these Rules and to perform the obligations these Rules purport to impose on IMB.

4. PROVISION OF RULES TO PARTICIPANTS

IMB will make these Rules available on its website and at IMB Sales Centres.

5. ELIGIBLE PARTICIPANTS

5.1 To be eligible to participate in the IMB Market, a person or entity must:

- (a) be a Member and Customer of IMB;
- (b) have a Trading Account;
- (c) have a Share Account;
- (d) if they wish to participate as a Buyer, have sufficient clear funds in their Trading Account to fund trading;
- (e) if they wish to participate as a Seller, be the holder of the number of Shares that they wish to sell;
- (f) not be included on the Consolidated List of Persons and Entities (issued by the Department of Foreign Affairs) or any other ineligible list as prescribed by any regulatory authority from time to time; and
- (g) not have been previously expelled from the IMB Market by IMB.

5.2 For the avoidance of doubt, in Rule 5.1(a), the requirement to be a 'Member' means the requirement to be a member of IMB by way of guarantee, and not the requirement to be a member by way of guarantee and shares.

6. CONDUCT OF PARTICIPANTS

- 6.1 The purpose of these Rules is to promote honesty and fair practice in the IMB Market. Participants must act honestly and fairly and must abide by these Rules at all times when trading in the IMB Market.
- 6.2 By participating in the IMB Market, Participants agree to comply with the provisions of Chapter 7 of the Corporations Act and any regulations made under Chapter 7 or any other regulations applicable to the IMB Market and the conduct of its Participants in the IMB Market.

- 6.3 Without limiting the obligations of a Participant under this Rule or otherwise, a Participant must comply with the following provisions of the Corporations Act as if they were fully set out in these Rules, and on this basis the IMB Market is a “financial market” and a Share is a “financial product” for the purposes of those provisions:
- (a) Section 1041A: Market Manipulation;
 - (b) Sections 1041B & C: False trading and market rigging;
 - (c) Section 1041D: Dissemination of information about illegal transactions;
 - (d) Section 1041E: False or misleading statements; and
 - (e) Section 1041F: Inducing persons to deal.
- 6.4 IMB, in its absolute discretion, may determine that a Participant has failed to comply with Rules 6.1, 6.2 and 6.3.
- 6.5 Where IMB makes a determination under Rule 6.4, IMB may take disciplinary action against the Participant in accordance with these Rules.

7. MONITORING OF PARTICIPANTS’ CONDUCT WITH RESPECT TO THESE OPERATING RULES

- 7.1 IMB is required by law to monitor the conduct of Participants on the IMB Market.
- 7.2 Participants agree to cooperate and comply with all reasonable requests from IMB in relation to IMB’s monitoring of Participant conduct on the IMB Market.
- 7.3 Without limiting Rule 7.2, all Participants in the IMB Market acknowledge and agree that IMB may, for the purpose of determining compliance with these Rules:
- (a) Provide IMB staff members with access to all necessary information in relation to the Participant’s conduct under these Rules;
 - (b) Monitor Participants’ telephone calls;
 - (c) Initiate any further monitoring activities considered by IMB to be necessary for the fair and orderly conduct of the IMB Market.
- 7.4 In undertaking the monitoring activities under Rule 7.3, IMB will:
- (a) Ensure IMB staff are supervised appropriately; and
 - (b) Ensure IMB staff comply with IMB’s confidentiality and privacy standards and IMB’s internal policies and procedures relating to conduct of the IMB Market.
- 7.5 IMB’s Member Support Manager will be responsible for the overall monitoring of Participant conduct in relation to Share trading on a daily basis and will notify the Manager Legal Services and/or the Company Secretary, of any relevant matters including, without limitation:

- (a) suspected instances of conflicts of interest occurring;
 - (b) any unusual orders (determined with reference to quantity or price difference from the market price);
 - (c) suspicious activity;
 - (d) potential breaches of any of the Rules by a Participant or IMB.
- 7.6 The Manager Legal Services and/or Company Secretary will report any notifications under Rule 7.5 to the Chairman, Board and the Chief Executive Officer of IMB as they determine appropriate in the circumstances.
- 7.7 The Board will in its absolute discretion report any significant notifications provided under Rule 7.6 to ASIC.

8. POWER TO INVESTIGATE PARTICIPANT CONDUCT

- 8.1 It is a condition of participation in the IMB Market that:
- (a) IMB may at any time investigate the conduct and activities of a Participant and question them in respect of trading activities, including, without limitation, in respect of buy and sell orders placed by the Participant; and
 - (b) Pursuant to any investigation, IMB may require a Participant to:
 - (i) provide any information known to the Participant;
 - (ii) attend an interview with representatives of IMB; and
 - (iii) by notice in writing, provide to IMB copies of records in the custody of the Participant that relate, or may relate, to trading activity; and
 - (c) A Participant's failure to comply and/or provide reasonable assistance with an investigation by IMB may be grounds for expulsion or suspension from the IMB Market in accordance with these Rules.

9. EXPULSION, SUSPENSION OR DISCIPLINE OF A PARTICIPANT FOR INCONSISTENT CONDUCT IN THE TRANSACTION OF SHARE TRADING

- 9.1 A Participant must not:
- (a) do anything which results in the IMB Market not being both fair and orderly;
 - (b) take advantage of any situation arising as a result of a breakdown or malfunction in the IMB Market or any error in a confirmation of trade sent to the Participant;

- (c) do anything else in relation to the IMB Market which may be regarded by a reasonable person as inconsistent with just and equitable principles in the transaction of business.
- 9.2 IMB may expel, suspend or otherwise discipline Participants in the IMB Market for failing to comply with Rule 9.1.
- 9.3 Without limiting Rule 9.2, disciplinary action may include any one or more of the following:
 - (a) IMB may take any action it considers necessary to ensure that the IMB Market is fair, orderly and transparent including, without limitation, expelling or suspending a Participant from the IMB Market, or otherwise disciplining a Participant;
 - (b) The Directors may decline to register any transfer of Shares;
 - (c) The Directors will decline to register any transfer of Shares if the transfer would result in the shareholder exceeding the maximum permissible shareholding in IMB of 5% of all Shares;
 - (d) The Board may terminate a Participant's membership of the IMB Market where:
 - (i) a Participant fails to discharge their obligations to IMB whether under the Constitution or arising out of any contract; or
 - (ii) the Participant has been guilty of conduct detrimental to IMB.

10. EXPULSION, SUSPENSION OR DISCIPLINE FOR BREACHES RELATING TO THESE OPERATING RULES

- 10.1 A Participant must comply with these Rules at all times.
- 10.2 IMB may expel or suspend from the IMB Market or otherwise discipline a Participant of the IMB Market for any breach of these Rules by the Participant.

11. EXPULSION, SUSPENSION OR DISCIPLINE FOR BREACHES OF CHAPTER 7 OF THE CORPORATIONS ACT

IMB may expel or suspend from the IMB Market or otherwise discipline a Participant for breaches of Chapter 7 of the Corporations Act or regulations made under Chapter 7 of the Corporations Act or for any regulatory breach which is contrary to the interests of the IMB Market (refer Rules 6.2 and 6.3).

12. EXPULSION, SUSPENSION OR DISCIPLINE FOR BREACH OF CONDITION OF AUSTRALIAN FINANCIAL SERVICES LICENCE

- 12.1 Any Participant that is the holder of an Australian Financial Services Licence must comply with its obligations under the licence in relation to all dealings it undertakes on the IMB Market, including dealings on behalf of another person.

- 12.2 IMB may expel or suspend from the IMB Market or otherwise discipline a Participant who is the holder of an Australian Financial Services Licence for any breach of their Australian Financial Services Licence in accordance with these Rules.

13. EXPULSION, SUSPENSION OR DISCIPLINE FOR FAILURE TO MEET OBLIGATIONS

- 13.1 IMB may expel or suspend from the IMB Market or otherwise discipline a Participant of the IMB Market for any failure or any expected failure to meet their obligations under commitments entered into on the IMB Market to IMB and other Participants. This includes, without limitation, any obligation to transfer any Shares sold and to pay for any Shares purchased in accordance with sell and buy orders respectively.
- 13.2 A Participant appoints IMB as its attorney to complete any documentation or take any other action required so that Participants meet their obligations under commitments entered into on the IMB Market.

14. DISCIPLINARY ACTION BY IMB

- 14.1 IMB may take any disciplinary action it sees fit under Rules 9,10,11,12,or 13 if IMB considers that a Participant has breached these Rules or has engaged in conduct which threatens the honesty, fairness and integrity of the IMB Market. Any decision made by IMB for this purpose is made at IMB's absolute discretion.
- 14.2 Without limiting Rule 14.1, IMB may, in its absolute discretion, notify ASIC of any significant breaches or suspected breaches of these Rules by a participant.

15. EXECUTION OF ORDERS

- 15.1 IMB and the Participants agree that orders for the trading of Shares on the IMB Market will only be executed in accordance with this Rule 15.
- 15.2 IMB will only execute orders that are received from eligible Participants under Rule 5.
- 15.3 Orders for transfers of Shares on the IMB Market must be received in the prescribed order form(s).
- 15.4 The prescribed order form(s) for a buy order, sell order and transfer order are set out in Annexure B. The form(s) are available from IMB Sales Centres and on the IMB website.
- 15.5 Buy orders, sell orders and transfer orders are executed on the IMB Market in accordance with the terms and conditions set out on the prescribed order form(s) and as set out in Rule 18.
- 15.6 Subject to Rule 16, orders received can only be processed during the IMB Market operating hours, which are from 9.00 am to 5.00 pm Monday to Friday, excluding Public Holidays in New South Wales. An order loaded into

IMB's in-house share trading system outside of these operating hours will not be traded upon until the IMB Market share office opens on the following business day.

- 15.7 IMB will only accept orders through one or more of the following channels:
- (a) A Member can submit the completed prescribed order form to an IMB Sales Centre;
 - (b) A Member can fax the completed prescribed order form to the IMB Member Support Department and forward the original by post to IMB's Registered Office; or
 - (c) A Member can place an order over the telephone with IMB Direct or IMB Member Support, in which case the IMB Direct/Member Support consultant:
 - (i) must verify the Member's identity according to IMB's standard phone banking protocols; and
 - (ii) must advise the Member of the terms and conditions applying to the order; and
 - (iii) will complete and sign the prescribed order form on the Member's behalf; and
 - (iv) will request verbal confirmation from the Member before proceeding to load the order in IMB's in-house share trading system.
- 15.8 An order accepted by IMB will remain current for three (3) months or until the expiry date nominated by the Buyer or Seller, whichever occurs first.
- 15.9 An order can only be withdrawn by written notification to IMB Member Support (at IMB's registered office) or to an IMB Sales Centre and provided that the order was not executed prior to receipt of such notification.
- 15.10 IMB will ensure that orders are matched on the IMB Market in order of effective date and time to ensure a fair and non-biased trade takes place. If two or more buy orders or sell orders are received for the same price, the order loaded earlier in time takes priority over the later order.
- 15.11 Following the matching of orders, both Buyer and Seller agree that:
- (a) the purchase price will be transferred from the Buyer's Trading Account to the Seller's Trading Account;
 - (b) the amount of any administration fee or stamp duty payable (as prescribed by legislation) will be withdrawn from the Buyer's Trading Account by IMB, and the relevant transfer document (the prescribed order form) will be stamped by IMB;
 - (c) the IMB share register will be updated and written notification of the trade will be provided to the Buyer(s) and Seller(s). If the trade is completed prior to 3.45 pm during IMB Market operating hours (refer Rule 15.5), notification will be forwarded to the Buyer(s) and Seller(s)

on the same business day. Notification for trades occurring after 3.45pm will be forwarded the following business day.

16. DISORDERLY TRADING

- 16.1 In the event of an impending significant announcement regarding a proposed matter affecting IMB or its business, trading in Shares may be suspended by IMB at its absolute discretion until such time as the significant announcement is made to the IMB Market to ensure that trading in Shares is undertaken in an orderly manner.
- 16.2 IMB may suspend trading in the event of disorderly trading or until disruptions have been overcome and order can be restored to the IMB Market.
- 16.3 IMB is committed to keeping suspensions in the trading of its Shares to an absolute minimum and will use its best endeavours to provide clarifying announcements and recommence trading in its Shares within 48 hours of any suspension occurring.
- 16.4 In the event of a suspension of the IMB Market, buy/sell or transfer orders accepted prior to the suspension, and which have not been filled, will remain open in the IMB Market following the lifting of a suspension in trading as if the suspension of trading had not occurred. IMB will use all reasonable endeavours to reconstruct the IMB Market such that any trades that would have occurred had the suspension not occurred are processed.
- 16.5 Participants may alternatively withdraw an order accepted prior to the suspension in accordance with Rule 15.9.
- 16.6 IMB's Disclosure Guidelines are set out in Procedures Schedule 1.

17. CLASSES OF PRODUCTS

- 17.1 Only IMB Ordinary Shares are traded on the IMB Market.
- 17.2 The maximum permissible shareholding of a holder of Shares is 5% of all Shares on issue.
- 17.3 All Shares in IMB are issued on the basis of one vote per shareholder.
- 17.4 The profits of IMB, which the Directors from time to time may determine to distribute by way of dividend to holders of Shares, are divisible among the holders of Shares in proportion to the number of Shares held by them.
- 17.5 The Directors may (subject to the restrictions on the allotment of Shares imposed by IMB's Constitution and the Corporations Act) allot, grant options in respect of or otherwise dispose of further Shares on such terms and conditions as they see fit.

18. TERMS OF CONTRACT

- 18.1 The terms of contract between IMB and Participants and between two or more Participants with respect to the transfer of Shares are contained within

the prescribed order forms (see Rule 15.4) approved by the Board from time to time, copies of which are contained in Annexure B.

18.2 The prescribed order forms approved by the Board from time to time will contain the following terms:

- (a) the time at which the contract is formed;
- (b) the price and volume of Shares to be traded;
- (c) arrangements for the settlement of the trade;
- (d) the standard terms and conditions for trading Shares on the IMB Market;
- (e) an acknowledgement that the Buyer/Transferee and Seller/Transferor are bound by these Rules.

18.3 Without limiting Rule 18.2, the following are terms of the contract formed between IMB and Participants and between two or more Participants in relation to trading on the IMB Market:

- (a) The prescribed order form for transfer orders must be signed by or on behalf of both the transferor and transferee before the transfer can be processed;
- (b) The prescribed order forms for buy/sell orders may be completed separately by the Buyer(s) and Seller(s) and the two or more signed forms together form the necessary documentation to give effect to the transfer of Shares;
- (c) In relation to sales or purchases of partial parcels of Shares, the Buyer(s) and Seller(s) shall authorise IMB to effect the purchase or sale of the number of Shares specified, or if the full order cannot be filled, such lesser number of Shares that are available for purchase or sale;
- (d) Where there are several matches against the one order, the single order forms part of the instrument of transfer for each of the several matching orders (or copies thereof) affixed to it;
- (e) The Seller under a sell order or transfer order must warrant to the Buyer that the Shares are transferred free of all encumbrances.

19. LISTING OF ENTITIES

IMB operates the IMB Market in respect of the trading in IMB Ordinary Shares only. No securities of any other entities will be traded on the IMB Market.

20. DISPUTE RESOLUTION

20.1 IMB will consider all market-related complaints or disputes in accordance with its dispute resolution procedure for the IMB Market.

- 20.2 IMB's dispute resolution procedure will be made available via IMB's website and at its Sales Centres.
- 20.3 IMB will consider the following types of complaint or dispute in accordance with its dispute resolution procedure:
- (a) a complaint made by a Participant or non-Participant (including a client of a nominee company that is a Participant) in relation to any action undertaken, or to be undertaken, by IMB in accordance with any other rule contained in these Rules, or generally in relation to IMB's operation of the IMB Market;
 - (b) a complaint made by a Participant about another Participant;
 - (c) a complaint made by a non-Participant in relation to the conduct of a Participant.
- 20.4 Participants agree to be bound by IMB's dispute resolution procedure for the IMB Market.
- 20.5 All market-related complaints or disputes, as described in rule 20.3, must be made in writing to IMB Member Relations in order to be dealt with in accordance with IMB's dispute resolution procedure for the IMB Market.
- 20.6 All disputes will initially be dealt with by IMB's Member Relations Department.
- 20.7 The dispute resolution procedure will progress through an initial investigation stage, in which IMB Member Relations will conduct an investigation and progress the complaint as follows:
- (a) ascertain and record the facts relevant to the complaint;
 - (b) ascertain and record the nature of the complaint and whether it concerns an alleged breach of these Rules, the Constitution of IMB or any relevant law applicable to the IMB market;
 - (c) request in writing any further information from the parties to the dispute that may be necessary in order to consider the complaint;
 - (d) if the complaint involves a staff member of IMB, request that the staff member provide any relevant material to Member Relations;
 - (e) consider all relevant information in making a determination;
 - (f) advise the participant of the outcome of the investigation.
- 20.8 Subject to Rule 20.10, if the matter cannot be resolved by Member Relations, the dispute will be referred to IMB's Chief Executive Officer (CEO), Chief Financial Officer (CFO) and/or IMB's Board for consideration and, if necessary, further investigation.
- 20.9 IMB's CEO, CFO and/or the Board will advise the parties to the dispute in writing of their decision in relation to the matter, and what action, if any, is to be taken by IMB and/or the parties to the dispute.

- 20.10 If the CEO, CFO and/or the Board do not consider it appropriate to make a determination on the matter, or the matter cannot be resolved by the CEO, CFO and/or the Board to the satisfaction of the parties to the dispute, IMB will advise the parties in writing that the matter should be referred to a Court or other body with jurisdiction to make a decision in respect of the dispute.
- 20.11 In the event that an investigation or dispute resolution process reveals that a Participant has breached its obligations under these Rules, the Participant may become subject to possible expulsion, suspension or other disciplinary action by IMB in accordance with these Rules.

21. CONFLICT OF INTEREST

- 21.1 IMB will maintain and regularly review a Conflict of Interest Register which:
- a) identifies the conflicts of interests relevant to the operation of the IMB Market; and
 - b) assesses the impact of such conflicts of interest on the IMB market and participants.
- 21.2 Without limiting Rule 21.1, the Conflict of Interest Register shall identify significant holders of Ordinary Shares, Directors and their commercial interests, IMB executives and associated commercial interests and selected officers of IMB with access to price sensitive or market related information, to ensure compliance with IMB's internal policies, regulations and the Corporations Act.
- 21.3 Directors and selected officers of IMB are required to complete a declaration of their interests, including the number of Shares held by them and their interested parties on a periodic basis.
- 21.4 IMB's Member Support Manager will monitor share trading on a daily basis in accordance with Rule 7 and will report any suspected instances of conflicts of interest to the Manager Legal Services and/or the Company Secretary as soon as practicable.
- 21.5 The Manager Legal Services and Company Secretary will report any such notifications under Rule 21.4 to the Chairman, Board and the Chief Executive Officer of IMB as they determine appropriate in the circumstances.
- 21.6 IMB will document and keep records of any action taken in response to any conflicts of interest identified with respect to the IMB Market.
- 21.7 Where appropriate, IMB may:
- a) disclose conflicts of interests to participants of the IMB Market; or
 - b) initiate disciplinary action against a participant or employee or Director of IMB; or
 - c) in its absolute discretion, take any other action considered necessary to minimise any potential adverse impact of the conflict of interest on the IMB Market and participants.

22. REGULATED SERVICES OF CLEARING & SETTLEMENT

- 22.1 IMB shall act as an intermediary between Buyers and Sellers on the IMB Market. It will deliver Shares purchased to the Buyer, and the balance of the purchase price (less applicable fees) to the Seller.
- 22.2 IMB will provide prescribed order form(s) in relation to Share trading on the IMB Market for completion by Participants (see Rule 15.4).
- 22.3 All Participants must hold and nominate a Share Account in order to trade on the IMB Market and make use of IMB's clearing and settlement arrangements.
- 22.4 IMB will electronically match buy orders and sell orders and process transfers via Participants' Share Accounts established and maintained by IMB.
- 22.5 IMB is responsible for the debiting and crediting of Participants' Trading Accounts to enable them to meet their financial obligations to each other and to IMB with respect to Share transactions, including but not limited to the payment of the purchase price for Shares, stamp duty, and administration fees.
- 22.6 IMB will stamp Share transfer documents (the prescribed form(s)) and direct stamp duty payments to the Office of State Revenue on behalf of Participants.
- 22.7 IMB will maintain an electronic share register to record Share transactions.
- 22.8 IMB will provide Participants with a confirmation of trade/share certificate after transactions are completed.
- 22.9 Upon settlement, IMB will automatically update its share register and Participants' Share Accounts to reflect the changes affected by the Share transaction.
- 22.10 The share register is available for inspection by any person (if requested), in accordance with the provisions of section 173 of the Corporations Act.
- 22.11 At the conclusion of each Share transaction IMB will issue to Participants a statement of their Share Account, which includes the transaction history and current shareholding balance of the Share Account.

23. RISK

- 23.1 IMB Ordinary Shares may only be traded on the IMB Market by way of a prescribed Buy or Sell order form or by using IMB's prescribed off-market transfer order form (appearing in Annexure B).
- 23.2 IMB must maintain real-time online information which enables it to verify the number of Shares held at any time by a Shareholder Member and a Seller/Transferor's entitlement to trade the number of Shares they have nominated for sale on the prescribed order form.
- 23.3 IMB will not operate a settlement account for the purpose of settling share trades between Participants, but will facilitate the transfers of funds directly between the Buyers' and Sellers' Trading Accounts held with IMB after

verifying the level of funds required is available in the Buyers' Trading Account.

- 23.4 All Shares traded on the IMB Market must be fully paid.
- 23.5 IMB will adhere to systems and procedures directed at eliminating risks associated with the Seller/Transferor's entitlement to trade Shares and will employ all reasonable measures to verify that a transaction is not entered into fraudulently or without proper authority (refer to Rule 22).

24. PROCEDURES FOLLOWED TO ADDRESS RISK

Proper Authority & Warranties

- 24.1 IMB will ensure Share Accounts are updated automatically when each and every transfer of Shares is completed and will make this information accessible to IMB staff operating the in-house share trading system for verification purposes at the time when a Share transaction is to be completed.
- 24.2 Before an order is matched, IMB will confirm that:
 - (a) The transfer will not result in the Buyer's shareholding exceeding the maximum of 5% allowable under IMB's Constitution; and
 - (b) The purchase will not breach IMB's internal policy relating to conflicts of interest; and
 - (c) There is no other reason why the order should not be accepted or executed.
- 24.3 When a Shareholder Member wishes to sell Shares in IMB, the following authentication procedures will be undertaken by IMB:
 - (a) Verification of the Shareholder Member's signature against the signature held in IMB's system files (or authentication of identity of the member by using IMB's standard phone banking protocols where the order is placed by telephone);
 - (b) Confirmation that the number of Shares the Shareholder Member wishes to sell is available in the Share Account records held by IMB.
- 24.4 If the Shareholder Member does not have the number of Shares it wishes to sell available in their Share Account, the order will not be accepted or matched to another order. In this event:
 - (a) IMB will contact the Shareholder Member to notify them that the order cannot proceed and confirm the Shareholder Member's instructions; and
 - (b) If there is any dispute over the current balance in the Share Account, IMB will investigate the Shareholder Member's transaction history to identify any discrepancies; and
 - (c) If the matter still cannot be resolved, IMB will follow the dispute resolution procedure described in Rule 20.

- 24.5 In the case of nominee companies, the Shares and Share Account will be held in the name of the nominee company. The nominee company must provide a list of authorised signatories and IMB will hold copies of their signatures in its system for verification purposes.
- 24.6 The prescribed order forms provided by IMB will include a warranty from the Seller in favour of the Buyer in relation to their interest in the Shares. Pursuant to this warranty the Seller must warrant that it is the registered owner of the Shares and that the Shares to be sold are free of any encumbrances.

Payment of stamp duty

- 24.7 IMB will stamp the transfer documents (prescribed order form(s)) for stamp duty at the time when the orders are matched, and will record details of the trade and amount of stamp duty on the stamp.
- 24.8 The amount of stamp duty shall be debited to the Buyer/Transferee's Trading Account and IMB will forward this amount to the Office of State Revenue on a periodic basis.
- 24.9 IMB is required to submit to an audit by the Office of State Revenue in relation to stamping of Share transfer documents.

25. HANDLING OF DEFAULTS

- 25.1 If a default occurs between Participants to a Share transaction, in the absence of fault on the part of IMB, the defaulting party will be liable for that default and IMB may take such actions as it deems necessary to ensure that the defaulting party meets its obligations.
- 25.2 If a default is caused by an act or omission on the part of IMB, this default will be recorded in IMB's internal complaints system "Complaintrack". The default will be subject to IMB's Dispute Resolution Procedures outlined in Rule 20. After a complete investigation and handling of the default matter, even if no fault is ascertained, IMB reserves its right to remedy the default in its absolute discretion.
- 25.3 In certain circumstances the aggrieved party may be entitled to some form of compensation under IMB's Compensation Rules (formulated pursuant to Part 7.5 of the *Corporations Act 2001*), a copy of which is set out in Procedures Schedule 3.

26. PROVISION OF IMB MARKET INFORMATION

- 26.1 As a part of the fair and orderly operation of the IMB Market, IMB shall continuously make available to Participants or potential Participants, the following information:
- (a) the daily trading details for Shares traded on the IMB Market, including highest and lowest prices, the last price at which Shares were traded and the volume of Shares traded for that day;

- (b) weekly trading details for Shares traded on the IMB Market, including weighted average price and the volume of Shares traded for that week;
- (c) a historical record of the Share price since the establishment of the IMB Market, organised by year;
- (d) a historical record of the volume of Shares traded since establishment of the IMB Market, organised by year.

26.2 IMB shall make the information referred to in Rule 26.1 available:

- (a) On IMB's website;
- (b) At IMB's Sales Centres;
- (c) Via telephone for Members who contact IMB Direct or IMB's Member Support Department.

26.3 IMB will ensure that the information referred to in Rule 26.1 will be updated on a daily, weekly or yearly basis, as the case may require.

27. DISCLOSURE OBLIGATIONS

27.1 IMB must ensure that there is full and timely disclosure of the activities of IMB to all Members of IMB and potential participants of the IMB Market.

27.2 IMB has developed Disclosure Guidelines to meet its obligations and will follow those guidelines with respect to the IMB Market.

27.3 A copy of the Disclosure Guidelines is contained in Part 1 of the Procedures Schedule to these Rules.

27.4 IMB must disclose material price sensitive information to Members in a way that allows timely access to that information. This information will be disclosed on IMB's website and IMB will promptly provide such information in response to any request from a Member.

27.5 For the purposes of Rule 27.4, "price sensitive information" means information that:

- (a) is not generally available or has not already been made readily observable by Members on IMB's internet website (www.imb.com.au) or at IMB Sales Centres; and
- (b) is of a nature that is likely to influence Members in deciding whether to acquire or dispose of Shares.



Australian Market Licence (IMB Ltd) 2005

I, CHRIS PEARCE, Parliamentary Secretary to the Treasurer, make this Licence under subsection 795B (1) of the *Corporations Act 2001*.

Dated 8th July 2005



Parliamentary Secretary to the Treasurer

1 Name of Licence

This Licence is the *Australian Market Licence (IMB Ltd) 2005*.

2 Commencement

This Licence commences when it is granted.

3 Definitions

(1) In this Licence:

Act means the *Corporations Act 2001*.

ADI means an authorised deposit-taking institution within the meaning of the *Banking Act 1959*.

Division 3 arrangements has the same meaning as in section 880B of the Act.

market means the financial market that IMB Ltd is authorised to operate under this licence.

participant has the same meaning as in section 761A of the Act.

Note ASIC is defined in the Act to mean the Australian Securities and Investments Commission.

Section 4

- (2) A word or expression that is defined in the Act and used in this Licence has the same meaning in this Licence as it has in the Act.

4 Grant of Licence

For subsection 795B (1) of the Act, this Licence is granted to IMB Ltd to operate the financial market through which members of IMB Ltd may trade shares with each other in IMB Ltd by placing written, faxed or telephone orders with IMB Ltd.

5 Class of financial products

The class of financial products that can be dealt with on the market are ordinary shares in IMB Ltd.

6 Clearing and settlement arrangements

IMB Ltd must operate a facility that provides clearing and settlement services for all transactions effected through the market.

7 Participants

IMB Ltd must not allow a person to participate in the market unless the person is a member by guarantee of IMB Ltd.

8 Information to potential participants

IMB Ltd must ensure that a person who is a potential participant in the market does not participate in the market unless IMB Ltd has made available to the person:

- (a) a copy of the operating rules; and
- (b) an information guide that describes the market and the risks of trading on the market.

9 Disclosure of price sensitive information

- (1) Subsections (2) to (4) apply if IMB Ltd becomes aware of information that:
- (a) is not generally available; and
 - (b) a reasonable person would expect to have a material effect on the price or value of ordinary shares in IMB Ltd, if the information were generally available.
- (2) IMB Ltd must as soon as practicable:
- (a) lodge a document with ASIC containing the information; and
 - (b) make the document available on IMB Ltd's website; and
 - (c) if the participant asks IMB Ltd for the document — give the document to the participant.

- (3) However, IMB Ltd is not required to comply with subsection (2) if:
- (a) a reasonable person would not expect the information to be disclosed; and
 - (b) the information is confidential; and
 - (c) at least 1 of the following applies:
 - (i) the disclosure of the information would contravene a law;
 - (ii) the information is about a matter of supposition;
 - (iii) the information is not definite enough to make disclosure appropriate;
 - (iv) the information relates to an incomplete proposal or a matter that is in the course of negotiation;
 - (v) the information was prepared or created for the internal management purposes of the entity;
 - (vi) the information is a trade secret.
- (4) A document required to be lodged with ASIC under paragraph (2) (b) must be lodged in the manner and form that would be required if:
- (a) the document were being lodged under subsection 675 (2) of the Act; and
 - (b) IMB Ltd were a disclosing entity for section 675 of the Act.

10 Financial reporting

IMB Ltd must comply with Part 2M.3 of the Act as if it were a disclosing entity for that Part.

11 Suspension of the market

If IMB Ltd suspends the operation of the market, IMB Ltd must, as soon as practicable, notify ASIC in writing of the suspension and the reason for it.

12 Compensation arrangements

- (1) For subsection 882A (4) of the Act, IMB Ltd must ensure that it has in place an irrevocable undertaking from an ADI (other than IMB Ltd) as the source of funds for its Division 3 arrangements.
- (2) The minimum amount of cover that IMB Ltd is required to have in relation to its Division 3 arrangements is \$1 000 000.



Australian CS Facility Licence (IMB Ltd) 2005

I, CHRIS PEARCE, Parliamentary Secretary to the Treasurer, make this Licence under subsection 824B (1) of the *Corporations Act 2001*.

Dated 8th July 2005

Parliamentary Secretary to the Treasurer

1 Name of Licence

This Licence is the *Australian CS Facility Licence (IMB Ltd) 2005*.

2 Commencement

This Licence commences when it is granted.

3 Definitions

(1) In this Licence:

Act means the *Corporations Act 2001*.

ADI means an authorised deposit-taking institution within the meaning of the *Banking Act 1959*.

facility means the clearing and settlement facility that IMB Ltd is authorised to operate under this Licence.

market means the financial market that IMB Ltd is authorised to operate under *Australian Market Licence (IMB Ltd) 2005*.

(2) A word or expression that is defined in the Act and used in this Licence has the same meaning in this Licence as it has in the Act.

4 Grant of Licence

For subsection 824B (1) of the Act, this Licence is granted to IMB Ltd to operate the clearing and settlement facility that, in relation to a transfer of shares in IMB Ltd on the market operated by IMB Ltd:

- (a) transfers money from the share trading account of the buyer of shares to the share trading account of the seller of shares; and
- (b) effects the settlement of the transfer of shares from the seller to the buyer.

5 Class of financial products

The class of financial products in respect of which the facility can provide services is ordinary shares in IMB Ltd.

6 Participants

IMB Ltd must not allow a person to participate in the facility unless the person:

- (a) is a participant in the licensed financial market operated by IMB Ltd; and
- (b) holds a share trading account with IMB Ltd.

7 Services

The facility may provide services only in connection with the clearing and settlement of transactions effected through the market operated by IMB Ltd in ordinary shares of IMB Ltd.

8 Status as an ADI

It is a condition of this Licence that IMB Ltd be an ADI at all times.

IMB Ordinary Shares - Buy Order (subject to Terms & Conditions overleaf)

Date: _____

Full name of Buyer: _____

Address of Buyer: _____

Is the Buyer the beneficial owner? Yes/No (delete one)

If you answered 'No', please name the beneficial owner _____

Share account number _____

Share account name _____

ORDER DETAILS

NEW ORDER / REPLACE EXISTING ORDER (please circle)

Number of fully paid IMB Ordinary shares _____

Price per share _____

Nominated savings account number
for trade proceeds and/or costs _____

Name of nominated savings account _____

Expiry date* of this order is _____

*This date must be less than 3 months from the date of lodgement of this order.

If an expiry date is not nominated, or a date more than 3 months from the date of lodgement is nominated, the order will remain valid for 3 months from the lodgement date of this order, unless withdrawn previously by notice in writing.

FOR IMB USE ONLY

Buy Order ID No.: _____

MATCH DETAILS

DATE	NAME	QUANTITY	PRICE	SELL ORDER ID NO.

DIVIDEND PAYMENT METHOD: Please nominate one of the following dividend payment methods (1 or 2):

1 Transfer to IMB account number _____
account name _____

2 Direct Credit to another financial institution

BSB number _____ Account number _____

Name of account _____ Reference _____

If you do not nominate a dividend payment method the default will be your "Nominated savings account number for trade proceeds and/or costs, from transfer".

TERMS AND CONDITIONS - IMB Ordinary Shares Buy Order

1. IMB acts only as an intermediary for Buyers and Sellers of IMB Ordinary shares by providing a system to assist the matching of buy and sell orders.
2. IMB reserves the right to not accept a buy order for less than 100 shares.
3. The Buy Order remains valid until the earlier of the nominated expiry date or 3 months from the date of receipt of the order by IMB, unless withdrawn previously by notice in writing.
4. In the event that IMB receives from a Seller(s) a match in respect of the Buy Order, the Buyer authorises IMB as the Buyers agent to create a contract for the sale and purchase of shares by attaching this Buy Order to the corresponding matched Sell Order(s). The details of the match(es) will be recorded by IMB in the section of this form marked 'For IMB use only'.
5. The Buyer agrees and acknowledges that the IMB Ordinary shares having been purchased in the ordinary course of business from the Seller(s) named in the corresponding Sell Order(s) are to be registered in the name of the Buyer.
6. The Buyer agrees to accept the transfer of up to the number of IMB Ordinary shares specified at the nominated price, in respect of which a match or matches are made, from the Seller(s) detailed on the matched Sell Order(s).
7. This form together with the corresponding Sell Order(s), affixed by IMB Ltd, shall be taken as constituting the proper instrument of transfer for the IMB Ordinary shares.
8. The Buyer authorises IMB to:-
 - (i) match for transfer the number of IMB Ordinary shares specified at the nominated price or, in the event a matching Seller(s) is not available for all the shares, to match for transfer a lesser number of shares at the price per share shown;
 - (ii) debit the nominated IMB savings account with such amount necessary to purchase the number of IMB Ordinary shares purchased, including the administration fee (GST included) and any stamp duty (the minimum amount of which is prescribed by legislation. If applicable, Stamp Duty is charged per transaction where multiple transactions are required to fill your order). This administration fee will be charged once at the time of the first purchase. Subsequent purchases covered by the same Buy Order will not incur further administration fees;
 - (iii) complete the transfer of the number of IMB Ordinary shares purchased;
 - (iv) enter the Buyer's name on the IMB Ordinary share register;
 - (v) arrange for the acquisition of the IMB Ordinary shares only if there are sufficient cleared funds in the nominated IMB savings account.
9. IMB will not be liable for any loss or damage caused by the failure of it or its agents or employees to arrange the purchase/sale of IMB Ordinary shares or the price or time at which they are purchased/sold.

DECLARATION

-
- * I agree to be bound by the constitution of IMB and the Operating Rules of the market for IMB Ordinary shares;
 - * I acknowledge and accept the terms and conditions set out above; and
 - * I authorise IMB to act in accordance with the above instructions.

Signature (s): _____

(Signatures required for both share and saving accounts, in accordance with the method of operation for each account)

Common Seal - incorporated bodies (please affix, if applicable)

PRIVACY NOTICE: We collect personal information to provide, manage and administer the products and services that we provide now and in the future. For information on how IMB holds, uses and discloses personal information, for details of how you can gain access to or seek the correction of the personal information we hold, and how you may complain about a privacy related matter, please refer to IMB's Privacy Notice and Privacy Policy which are updated from time to time and are available on our website at www.imb.com.au/privacy, from one of our branches, or by calling 133 462.

IMB Ordinary Shares - Sell Order (subject to Terms & Conditions overleaf)

Date: _____

Full Name of Seller: _____

Share account number: _____

Share account name: _____

ORDER DETAILS

NEW ORDER / REPLACE EXISTING ORDER (please circle)

Number of fully paid IMB Ordinary shares _____

Minimum Price per share _____

Nominated savings account number
for trade proceeds and/or costs _____

Name of nominated savings account _____

Expiry date* of this order is _____

*This date must be less than 3 months from the date of lodgement of this order. If an expiry date is not nominated, or a date more than 3 months from the date of lodgement is nominated, the order will remain valid for 3 months from the lodgement date of this order, unless withdrawn previously by notice in writing.

FOR IMB USE ONLY

Sell Order ID. No.: _____

MATCH DETAILS

DATE	NAME	QUANTITY	PRICE	BUY ORDER ID NO.

TERMS AND CONDITIONS - IMB Ordinary Shares Sell Order

1. IMB acts only as an intermediary for Buyers and Sellers of Ordinary shares by providing a system to assist the matching of buy and sell orders.
2. IMB reserves the right to not accept a Sell Order that is not in multiples of 100 shares, unless the Seller is placing a Sell Order for all the IMB Ordinary Shares currently held by the Seller.
3. The Sell Order remains valid until the earlier of the nominated expiry date or 3 months from the date of receipt of the order by IMB unless withdrawn previously by notice in writing.
4. In the event that IMB receives from a Buyer(s) a match in respect of the Sell Order, the Seller authorises IMB as the Seller's agent to create a contract for the sale and purchase of shares by attaching this Sell Order to the corresponding matched Buy Order(s).
5. The Seller agrees and acknowledges that, in the event that the Sell Order is not matched with Buy Orders for all of the shares specified, but matches are made for a smaller number of shares, the sale of that smaller number of shares will proceed unless the Seller gives written notice of the withdrawal of the Sell Order to IMB before the matches are made.
6. The Seller hereby transfers the above IMB Ordinary shares to the Buyers(s) named in the corresponding Buy Order(s) attached to this Sell Order (to be affixed by IMB upon receipt of a matching Buy Order(s)) relating to the shares. The details of the match(es) will be recorded by IMB in the section of this form marked 'For IMB use only'.
7. This form together with the corresponding Buy Order(s) affixed by IMB, shall be taken as constituting the proper instrument of transfer for the IMB Ordinary shares.
8. The Seller authorises IMB to:
 - (i) match for transfer the number of IMB Ordinary shares specified at not less than the minimum nominated price or, in the event a matching Buyer(s) is not available for all the shares, match for transfer a lesser number of shares at not less than the minimum nominated price per share;
 - (ii) deduct the administration fee (GST included) from the proceeds of sale. The administration fee will be charged once at the time of the first sale. Subsequent sales covered by the same sell order will not incur further fees;
 - (iii) credit the nominated IMB savings account with the net proceeds of sale;
 - (iv) complete the transfer of the number of IMB Ordinary shares sold.
9. IMB will not be liable for any loss or damage caused by the failure of it or its agents or employees to arrange the purchase/sale of IMB Ordinary shares or the price or time at which they are purchased/sold.
10. The seller warrants that it is the registered owner of the IMB Ordinary Shares to be sold in accordance with this order and that the shares are free of any encumbrances.

DECLARATION

- * I agree to be bound by the constitution of IMB and the Operating Rules of the Market for IMB Ordinary shares;
- * I acknowledge and accept the terms and conditions set out above; and
- * I authorise IMB to act in accordance with the above instructions.

Signature (s): _____

(Signatures required for both share and saving accounts, in accordance with the method of operation for each account)

Common Seal - incorporated bodies (please affix, if applicable)

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IMB Ordinary Shares Transfer Order (subject to Terms & Conditions overleaf)

Date: _____

TRANSFEROR DETAILS (seller)

Full name of transferor _____

Share account number _____

Account name _____

Number of fully paid IMB Ordinary shares _____

Nominated savings account number to
credit funds/debit costs, from transfer _____

Name of nominated savings account _____

Do you wish the IMB to credit the funds from the transfer on your behalf? (please circle)

YES the nominated price per share is \$ _____

NO funds exchanged privately with the transferee

TRANSFeree DETAILS (buyer)

Full name of transferee _____

Address of transferee: _____

Is the Buyer the beneficial owner? Yes/No (delete one)

If you answered 'No', please name the beneficial owner _____

Share account number _____

Account name _____

Number of IMB Ordinary shares _____

Nominated savings account number to debit funds/costs, from transfer: _____

Name of nominated savings account : _____

Do you wish IMB to debit the funds from the transfer on your behalf?
(please circle)

YES the nominated price per share is \$ _____

NO funds exchanged privately with the transferor

FOR IMB USE ONLY

Transfer Order ID No.: _____

[Affix OSR Stamp here]

DIVIDEND PAYMENT METHOD

Please nominate one of the following dividend payment methods (1 or 2): ____

1 Transfer to IMB account number _____

account name _____

2 Direct credit to another financial institution

BSB number _____ Account number _____

Name of account _____ Reference _____

If you do not nominate a dividend payment method the default will be your "Nominated savings account number to credit funds/debit costs, from transfer".

TERMS AND CONDITIONS - IMB Ordinary Shares Transfer Order

TRANSFEROR (Seller)

1. An administration fee (GST included) will be charged in respect of the transfer of the IMB Ordinary shares.
2. The transferor warrants that it is the registered owner of the IMB Ordinary Shares to be sold in accordance with this order and that the shares are free of any encumbrances
3. The transferor authorises IMB to:
 - * transfer on the transferor's behalf the number of IMB Ordinary shares nominated;
 - * note the change in the transferor's interest on IMB's Ordinary share register;
 - * credit the nominated IMB savings account with proceeds from the transfer (if applicable) and deduct the administration fee (GST included).

ACCEPTANCE

I authorise the transfer of IMB Ordinary shares set out on page 1, and acknowledge and accept the terms and conditions set out above. The shares are to be transferred to, and registered in, the name of:

_____.

Signature(s): _____

(Signatures required for both share and saving accounts, in accordance with the method of operation for each account)

Common Seal - incorporated bodies (affix, if applicable)

TRANSFeree (buyer)

1. An administration fee (GST included) will be charged on the transfer of IMB Ordinary shares.
2. The transferee shall provide an amount for stamp duty on the transfer.
(stamp duty is calculated on the average trade price of shares for last 5 trade days)
3. The transferee authorises IMB to:
 - * transfer on the transferee's behalf the number of IMB Ordinary shares nominated;
 - * note the transferee's interest on IMB's Ordinary share register;
 - * deduct from the nominated IMB savings account the costs for transferring the IMB Ordinary shares, including purchase costs including stamp duty ((the minimum amount of which is prescribed by legislation. Stamp Duty is charged per transaction where multiple transactions are required to fill your order), administration fees (GST included).

ACCEPTANCE

I agree to accept the Ordinary shares set out on page 1 and be bound by the Constitution of IMB Ltd, and the Operating Rules of the market for IMB Ordinary shares and I acknowledge and accept the terms and conditions set out above.

Signature(s): _____
(signatures required for both share and saving accounts, in accordance with the method of operation for each account)

Common Seal - incorporated bodies (please affix, if applicable)

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Procedures Schedule

Schedule 1

Disclosure Guidelines

IMB Ltd Shareholder Disclosure Guidelines

1 Purpose

- (a) The purpose of these Disclosure Guidelines is to ensure that there is full and timely disclosure of the activities of IMB Ltd ("IMB") to ordinary shareholders ("Shareholders").
- (b) These Disclosure Guidelines are based on the following principles, that:
 - (i) IMB will disclose material price sensitive information to shareholders in a way that allows shareholders timely access to that information; and
 - (ii) IMB will disclose relevant company information to ordinary shareholders in order to comply with the disclosure requirements of IMB's Australian Market Licence.
- (c) For the purposes of paragraph (b), "price sensitive information" means information that:
 - (i) is not generally available or has not been made readily observable by shareholders on IMB's internet website (www.imb.com.au) or at IMB Sales centres; and
 - (ii) is of a nature that is likely to influence shareholders in deciding whether to acquire or dispose of shares.

2 Process

2.1 Function of the Executive Committee

IMB's Executive Committee will discuss at its meeting preceding the IMB's monthly Board meeting any matters that may be required to be disclosed to fulfil IMB's obligations under these Disclosure Guidelines. Any matters considered necessary for disclosure shall be reported and discussed at the next Board meeting.

Any matters that may require immediate disclosure under clause 3.4 which arise prior to this scheduled meeting should be raised with the Chief Executive and if required a special Executive Meeting called to discuss the item. If agreed at this meeting, the matter will be notified to the Chairman of the Board for his consideration of the matter and the appropriate level of disclosure.

2.2 Functions of IMB's Board of Directors

IMB's monthly Board meeting shall include a standing agenda item to discuss and agree any matters that may need to be disclosed to Shareholders in order for IMB to meet its obligations under these Disclosure Guidelines.

In the event that consideration of matters is required outside of the scheduled Board meetings, the Board has approved that the Chairman be given authority to make decisions on behalf of the Board on matters to be disclosed under these Disclosure Guidelines.

3 Authorised Representative and Disclosure

3.1 Appointment

IMB's Board will appoint an Authorised Representative who will be responsible as representative of the Board for ensuring that all disclosures under these Disclosure Guidelines required to be made by IMB are issued and act as a point of contact within IMB for any other communications with Shareholders in relation to IMB information.

3.2 Disclosure Methods

All disclosures required to be made by IMB under these Disclosure Guidelines will be made by way of information posted to IMB's internet web site (located at www.imb.com.au) or by information made available at IMB Sales Centres.

3.3 Periodic Disclosure

The Authorised Representative, at the direction of and as a representative of the Board will disclose any events or information which have been judged by the Board to have a possible material effect on the price or value of the ordinary shares ("Shares").

3.4 Immediate Disclosure

The Authorised Representative, as directed by the Board, must make immediate disclosure to the Shareholders of any material that comes to his or her attention, or the attention of any member of the Executive Committee or Board, that a reasonable person would expect to have a material effect on the price or value of the Shares.

3.5 Reasonable Person

For the purposes of clause 3.4 of these Disclosure Guidelines, a reasonable person would be taken to expect information to have a material effect on the price or value of the Shares if the information would, or would be likely to, influence investors in deciding whether to buy, hold or sell Shares.

3.6 Exemption for Immediate Disclosure

IMB has no obligation to immediately disclose information under clause 3.4 of these Disclosure Guidelines if the information satisfies all of the following criteria:

- i. A reasonable person would expect the information not to be disclosed;
- ii. The information is confidential; and
- iii. One or more of the following applies:
 - It would be a breach of a law to disclose the information;
 - The information concerns an incomplete proposal or negotiation;
 - The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - The information is generated for the internal management purposes of the entity; and
 - The information is a trade secret.

3.7 Classification of material

Where there is doubt over whether an issue might materially affect the price or value of the Shares, the Board will use reasonable endeavours to assess the situation with senior executives and management of IMB and where needed seek external advice.

4 Third Parties

4.1 Disclosure of price sensitive information

IMB, or any representative of IMB, must not disclose information to any third party (including other investors and financial advisors or analysts) that may have a material effect on the price or value of the Shares prior to disclosing that information in accordance with these Guidelines.

4.2 Confidential Information

In accepting an offer of employment with IMB, all employees agree not to disclose 'confidential information' of IMB either during their employment or after employment is terminated.

4.3 Confidentiality Agreements

Clauses 4.1 and 4.2 do not apply to disclosures made to third parties during the course of business activities which are covered by an appropriate confidentiality agreement.

Constitution Extracts

These are the Articles of IMB's Constitution which are referred to in the "Operating Rules – IMB Share Market and CS Facility" document.

REFERENCE: Rule 1 - Eligible Participants in OPERATING RULES – IMB SHARE MARKET AND CS FACILITY

1. Preliminary

Definitions

The following words have these meanings in this Constitution unless the contrary intention appears.

Article means an Article of this Constitution.

Board means the Board of Directors of the Company.

Borrower means a person who has obtained a Loan from the Company and includes 2 or more persons who have jointly obtained financial accommodation from the Company.

Company means IMB Ltd.

Constitution means this Constitution as amended from time to time, and a reference to a particular Article has a corresponding meaning.

Deposit means a sum of money deposited with the Company.

Depositor means a person who has funds on deposit and includes 2 or more persons who jointly have funds on deposit.

Director means an individual holding office as a director of the Company.

Directors means all or some of the Directors acting as a Board.

Executive Director means an individual appointed as an executive director under Article 15.25.

Loan includes any form of financial accommodation.

Managing Director means an individual appointed as a managing director under Article 15.25.

Member means any person who is a member of the Company by way of guarantee whose name is for the time being entered in the Register of Members as a member of the Company, and includes a Shareholder Member.

Part means a Part of this Constitution.

Preference Share means a share issued upon such terms and conditions as the Board may determine, with the rights, privileges, obligations and liabilities set out in Article 4.4.

Prescribed Interest Rate means the rate determined by the Directors for the purpose of this Constitution, and in the absence of a determination means the then current 90 day bank bill swap rate.

Redeemable Preference Share means a share issued upon such terms and conditions as the Board may determine, with the rights, privileges, obligations and liabilities set out in Article 4.7.

Register of Members means the register of Members of the Company under the Corporations Act.

Registered Office means the registered office of the Company.

Representative means, in the case of a body corporate Member that:

- (a) is a Shareholder Member, a person appointed to represent that Member at a general meeting of the Company in accordance with the Corporations Act; and
- (b) is not a Shareholder Member, a person appointed to represent that Member at a general meeting of the Company under Article 3.17.

Secretary means an individual appointed under Article 16.1 as secretary of the Company and includes the person holding the office of secretary at the time of the adoption of this Constitution, and where appropriate includes an acting secretary and a person appointed by the Directors to perform all or any of the duties of a secretary of the Company.

Section means a section of the Corporations Act.

share means any share in the capital of the Company including ordinary Shares, Preference Shares, Redeemable Preference Shares and any other type of share issued by the Company.

Share means an ordinary share in the capital of the Company.

Shareholder Member means any Member of the Company who is a member of the Company by way of both shares and guarantee.

2. Membership

2.1 Members of the Company shall consist of persons who are:

- (a) members by way of guarantee alone; and
- (b) Shareholder Members.

All persons who are Members of the Company are members by way of guarantee.

REFERENCE: Rule 5 - *Expulsion, Suspension Or Discipline Of A Participant For Inconsistent Conduct In The Transfer Of Business* in OPERATING RULES – IMB SHARE MARKET AND CS FACILITY

Termination of Membership

- 3.30 The Board may by notice in writing to the Member, terminate the membership of any Member where:
- (a) the Member has failed to discharge their obligations to the Company whether under this Constitution or arising out of any contract; or
 - (b) the Member has been guilty of conduct detrimental to the Company.

REFERENCE: Rule 12 – *Classes of Products* in OPERATING RULES – IMB SHARE MARKET AND CS FACILITY

Directors to issue shares

- 4.2 Subject to the Corporations Act, this Constitution and any special rights conferred on the holders of any shares or class of shares:
- (a) the issue of shares in the Company is under the control of the Directors and the Directors may issue or dispose of shares to such persons at such times and on such terms and conditions and having attached to them such preferred, deferred or other special rights or such restrictions, whether with regard to dividend, voting, return of capital or otherwise as the Directors think fit;
 - (b) the Directors may grant to any person an option over shares or pre-emptive rights during such time and for such consideration as they think fit; and
 - (c) the Directors have the right to settle the manner in which fractions of a share, however arising, are to be dealt with.

Preference Shares

- 4.3 The Company may issue Preference Shares upon such terms and conditions as the Board may determine at the time of such issue.
- 4.4 The holder of a Preference Share will have all of the rights of a holder of Shares, and:
- the right to receive a distribution of profits by way of dividends or interest on a non-cumulative basis in priority to Shares at the rate fixed by the Board at the time of issuing the Preference Shares;
 - (a) the right to receive interest out of the revenue of the Company as determined by the Board; and
 - (b) such other rights as the Board may determine at the time of issuing the Preference Shares.
- 4.5 The Company may issue different classes of Preference Shares provided that, in relation to the return of capital and any distribution of surplus assets and profits in the winding up of the Company or upon any reduction of capital,

each class of Preference Share will rank equally with the other classes of Preference Shares.

REFERENCE: Rule 5 – *Expulsion, Suspension Or Discipline Of A Participant For Inconsistent Conduct In The Transfer Of Business* and Rule 12 – *Classes Of Products* in *OPERATING RULES – IMB SHARE MARKET AND CS FACILITY*

Maximum permissible shareholding

4.20 The maximum permissible shareholding of a holder of Shares ("Shareholder") is 5% of all Shares issued by the Company. If a Shareholder has more than the maximum permissible shareholding, the Company must either:

- (a) declare the excess Shares to be forfeited and deal with the excess Shares in accordance with Articles 9.5 to 9.7 and 9.10 to 9.13, with any proceeds of the sale of forfeited Shares to be applied in order of payment of:
 - (i) the expenses of the sale;
 - (ii) any expenses necessarily incurred in respect of the forfeiture;
 - (iii) any calls then due and unpaid;
 - (iv) any money owing to the Company by the Shareholder under any loan documentation,
- (b) and the balance (if any) must be paid to the Shareholder; or subject to the Corporations Act, cancel the excess Shares and pay to the Shareholder the amount paid up on the Shares together with any other amount to which the Shareholder may be entitled in relation to the Shares.

A Shareholder is not entitled to vote at a meeting of Members during the period that their shareholding exceeds the maximum permissible shareholding.

REFERENCE: Rule 13 – *Terms of Contract* in *OPERATING RULES – IMB SHARE MARKET AND CS FACILITY*

Forms of instrument of transfer

7.1 Subject to this Constitution, a Shareholder Member may transfer all or any of the Shareholder Member's shares by instrument in writing in any usual or common form or in any other form that the Directors approve.

Registration procedure

7.2 The instrument of transfer:

- (a) must be executed by or on behalf of both the transferor and the transferee; and
- (b) must be delivered to the Company for registration, or submitted for registration in any other manner approved by the Directors, at the Registered Office, or any place of business of the Company,

accompanied by such fee (if any) as the Directors may require and the information determined by the Directors to show the right of the transferor to make the transfer.

REFERENCE: RULE 5 – Expulsion, Suspension Or Discipline Of A Participant For Inconsistent Conduct In The Transaction Of Business in *OPERATING RULES – IMB SHARE MARKET AND CS FACILITY*

Directors' powers to decline to register

- 7.4 The Directors may decline to register any transfer of shares, without being bound to give any reason whatsoever for so doing and must do so if there is a breach of Article 4.20.
- 9.5 Subject to the Corporations Act, a share forfeited under Article 9.3 (or declared by the Company to be forfeited under Article 4.20(a)) may be sold, re-issued or otherwise disposed of to whom and on such terms as the Directors think fit.
- 9.6 If any share is forfeited under Article 9.3 (or declared by the Company to be forfeited under Article 4.20(a)) notice of the forfeiture must be given to the Shareholder Member holding the share immediately prior to the forfeiture and an entry of the forfeiture and its date must be made in the Register of Members.
- 9.7 The Directors may accept the surrender of any share which they are entitled to forfeit on such terms as they think fit and any share so surrendered is deemed to be a forfeited share.

Evidence of forfeiture

- 9.10 A statement in writing declaring that the person making the statement is a Director or the Secretary, and that a share in the Company has been forfeited in accordance with this Constitution on the date stated in the statement, is prima facie evidence of the facts stated in the statement as against all persons claiming to be entitled to the share.

Transfer of forfeited share

- 9.11 The Company may receive the consideration (if any) given for a forfeited share on any sale or disposition of the share and may execute or effect a transfer of the share in favour of the person to whom the share is sold or disposed of.
 - 9.12 On the execution of the transfer, the transferee must be registered as the holder of the share and is not bound to see to the application of any money paid as consideration.
 - 9.13 The title of the transferee to the share is not affected by any irregularity or invalidity in connection with the forfeiture, sale or disposal of the share.
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REFERENCE: Rule 20 – Dispute Resolution in *OPERATING RULES – IMB SHARE MARKET AND CS FACILITY*

Dispute resolution

- 10.7 The Board must appoint a person to settle disputes between the Company and a Member (in the capacity as a Member), and establish procedures for the settlement of such disputes.
- 10.8 A dispute between the Company and a Member (in the capacity as a Member) where not settled by the Company's internal procedures, will be settled by arbitration in accordance with the Commercial Arbitration Act 1984.
- 10.9 Nothing in Article 10.7 or 10.8 will apply to any dispute as to the construction or effect of the Corporations Act or the Banking Act 1959, or of any mortgage, or of any contract contained in any document other than this Constitution.
- 10.10 For the purposes of Articles 10.7 to 10.9:
"Company" includes the Board and any officer;
"Member" includes:
- (a) any person who has ceased to be a Member for not more than three months; and
 - (b) any person claiming by or through a Member or by or through a person referred to in (a).

REFERENCE: RULE 12 – Classes Of Products in *OPERATING RULES - IMB SHARE MARKET AND CS FACILITY*

Payment of dividend

- 19.1 Subject to the Corporations Act, this Constitution and the rights of persons (if any) entitled to shares with special rights as to dividend, the Directors may determine that a dividend is payable, fix the amount and the time for payment and authorise the payment or crediting by the Company to, or at the direction of, each Shareholder Member entitled thereto of that dividend.

Calculation and apportionment of dividends

- 19.6 Subject to the rights of persons (if any) entitled to shares with special rights as to dividend and to the terms of any issue of shares to the contrary, all dividends are to be paid:
- (a) in the case of fully paid shares, to their holders in proportion to the number of shares held by them respectively; or
 - (b) in the case of shares which are not fully paid shares, to their holders according to the amounts paid or credited as paid on those shares, apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid.

Compensation Rules

Compensation Arrangements for Financial Market

IMB Share Trading Facility

Participants in IMB's share trading facility include persons who may be retail or wholesale clients. In addition, some participants in the IMB share trading facility will fit the following description:

- a participant in the market, in effecting transactions through the market, will provide financial services for persons as retail clients; and
- in connection with the provision of those financial services, those persons will or may give money or other property, or authority over property, to those participants.

IMB is not a member of the Securities Exchange Guarantee Corporation, and must therefore have in place compensation arrangements for the market that are approved by ASIC in accordance with Division 3 of Part 7.5 of the *Corporations Act 2001*.

This document sets out details to support IMB's application for an Australian Market Licence. In particular, this document sets out the following:

- information in relation to the proposed compensation arrangements required by regulation 7.5.14 of the *Corporations Regulation 2001*; and
- proposed compensation rules ("the Rules").

The share trading facility is not a facility covered by Division 4 of Part 7.5 of the *Corporations Act 2001*.

The Compensation Rules will be made available on IMB's internet website (located at www.imb.com.au) and in IMB Sales Centres.



Details of Compensation Arrangements

References:

- Corporations Regulations 2001
Regulation 7.5.14
- Corporations Act 2001
Section 885B
- Corporations Regulations 2001
Regulation 7.5.14

(a) The services and products provided by the financial market, and participants connected with the financial market.

The service provided by the IMB financial market ("the Market") is a facility through which participants can buy and sell ordinary permanent shares in IMB, which are the only products able to be traded on the Market.

The participants connected with the Market are persons allowed to directly participate in the Market under the Market's Operating Rules. This includes retail and wholesale clients, including some nominee clients, who buy and sell shares on the financial market.

(b) The sources of all funds to be used for compensation.

IMB proposes to source all funds to be used for claims made under the compensation arrangements from an irrevocable letter of credit issued by Westpac Banking Corporation in favour of IMB solely for the purpose of the compensation fund arrangements of the IMB Share Trading Facility.

(c) The proposed minimum amount of cover, and how that amount has been calculated.

IMB proposes a minimum cover amount of \$1 million. This amount has been calculated taking into account the following matters:

- The total number of ordinary IMB shares currently on issue is approx. 39,000,000.
- Annual share trading volumes have been equivalent to approximately 5% of all ordinary shares on issue. A \$1 million source of funding for the compensation fund will therefore represent in excess of 15% of all annual trading.
- The maximum permissible shareholding is limited to 5% of all ordinary shares on issue, in accordance with IMB's constitution. Therefore, no shareholder can hold more than approx. 2,000,000 shares.

- The current trading value of IMB shares is approximately \$3.15, thus a parcel of 2,000,000 shares could potentially be valued at \$6,300,000.
- Therefore, a nominee company's total holding is valued at a maximum of approximately \$6,300,000 at any one time.
- A nominee company may act for more than 1 client at any one time, including both retail and wholesale clients.
- Any nominee company's client who enters into a transaction with a market value of more than \$500,000 is not a retail client of that nominee company (refer to section 761G(7)(a) and section 761G(10)).
- The Rules provide compensation for retail clients only, in circumstances where the retail client directly instructs the nominee company to invest in IMB shares through the IMB share trading facility.
- IMB has not been made aware of any potential claims in its trading history, spanning 15 years.
- The nominee companies who purchase IMB shares are required to hold their own Australian Financial Services Licence which would provide compensation arrangements for their clients in the first instance.
- There are currently 8 nominee companies listed on IMB's share register who hold 30,000 shares or more.

(d) The number of markets to which the compensation arrangements are intended to apply.

IMB will be operating a single market under its Australian Market Licence (**AML**).

- (e) Details of any arrangement between the market operator and any other person associated with the operation of the compensation arrangement.

As noted above at (b), IMB will maintain an irrevocable letter of credit in the amount of \$1 million with Westpac Banking Corporation. No other third parties will be involved in the operation or administration of the compensation arrangements. The compensation arrangements will be administered internally by IMB, as described in (g) below.

(f) Details of the payments that will be able to be made, in accordance with the compensation arrangements, that will not be payments required by the Act or another law.

Generally, IMB does not intend to make any payments if those payments would not be payments required by the Act or any other law. However, IMB may, from time to time, make small ex gratia payments to affected claimants in order to settle any ongoing matters.

(g) The names of the persons responsible for the administration and monitoring functions mentioned in paragraphs 885I (1) (a), (b) and (c) of the Act, and details of the financial, technological and other resources to be used for those purposes.

Overall responsibility for the compensation arrangements will be held by the Executive Group and the Board of IMB Ltd.

All claims received in accordance with the Rules will be required to be submitted to the Company Secretary. It will be the responsibility of the Executive Group and/or the Board of IMB to delegate to an appropriate staff member/group to investigate and make a determination on any such claims submitted to the Company Secretary.

The Company Secretary, with the assistance of the Manager Legal Services, will monitor compliance with the compensation arrangements as set out in the Rules and report any breaches of the arrangements to the Audit and Risk Management Committee of the Board of Directors of IMB.

The administration of the compensation arrangements will be monitored in the following ways:

when appropriate (for example, where directed by the Company Secretary, where there has been any dispute in relation to the claim, or where the value of the claim is significant compared to other claims made against the fund), the Manager Legal Services will review claims to ensure that all determinations made have been made in accordance with the Rules and the Corporations Act. If any breaches are identified, these will be reported to the Audit and Risk Management Committee at the Committee's first quarterly meeting following identification of the breach, or sooner if deemed appropriate because of the significance of the breach.

the Manager Internal Audit will perform an annual review of claims assessed during the previous 12 months to ensure these have been administered in compliance with the Rules and will report the findings from this review (including any breaches) to the Audit and Risk Management Committee.

The Company Secretary will be responsible for monitoring the adequacy of the Rules that are in place. The Company Secretary will report to the Audit and Risk Management Committee on an annual basis on the adequacy of the arrangements. Any recommendations for changes to the Rules will be considered by the Board. It will be the responsibility of the Board to take steps to implement any changes considered necessary.

(h) The name of the proposed auditor of the accounts relating to the compensation arrangements.

The compensation fund account held for the purpose of IMB's compensation arrangements will be audited by IMB's Internal Audit Department and externally audited by KPMG as part of the regular audit cycle for IMB.

(i) The way in which the compensation arrangements will be monitored to ensure that they comply with the Act and these Regulations.

The Legal Services Department, as part of normal procedures, will keep abreast of any changes in the law which affect the operation of the share trading facility, including any changes impacting on the Rules to ensure they continue to comply with the Act and Regulations. From time to time, when considered necessary, the Legal

Services department will recommend to the Audit and Risk Management Committee that changes should be made to the compensation arrangements.

The Audit and Risk Management Committee will ensure that any necessary changes are reported to the Board. The Board will then be responsible for ensuring that changes are made to the Rules.

(j) The way in which the compensation arrangements will be monitored to ensure that they are adequate.

On an annual basis, or more frequently where deemed necessary, the Executive Group will review all claims made under the Rules. If the Executive Group believes that the arrangements in place for compensation are no longer adequate to cover the number and value of claims made under the Rules, the Executive Group will report to the Audit and Risk Management Committee. The report will contain any recommendations for changes to be made to the Rules to ensure that the arrangements remain adequate.

The Audit and Risk Management Committee will ensure that any necessary changes are reported to the Board. The Board will then be responsible for ensuring that the changes are made to the Rules.



Compensation Rules

1. Introduction

- 1.1 These Compensation Rules are made pursuant to Part 7.5 of the Act.
- 1.2 The Compensation Rules form part of the compensation arrangements IMB has put in place in relation to its Market and are binding on IMB and participants in the Market in accordance with section 883A of the Act.
- 1.3 Under the Act, these Compensation Rules have the effect of a contract under seal between IMB and each participant in the Market under which:
 - (a) each participant covenants with IMB to observe these Compensation Rules and to perform obligations these Compensation Rules purport to impose on participants; and
 - (b) IMB covenants with each participant to observe these Compensation Rules and to perform the obligations these Compensation Rules purport to impose on IMB.
- 1.4 IMB will make these Compensation Rules available on its website and at IMB Sales Centres.

2. Definitions

Act means the *Corporations Act 2001* and any amendments, re-enactments or replacements of that Act.

Aggrieved Person is defined in Rule 3.1.

Board means the board of directors of IMB.

Financial Market means a facility described by section 767A of the Act and includes the Market.

IMB means IMB Ltd.

Licence means the Australian Market Licence (numbered 237391) held by IMB Ltd.

Loss means a loss described by Rule 3.2.

Market means the IMB share trading facility operated in accordance with the Licence held by IMB Ltd.

Operating Rules mean the “**Operating Rules – IMB Share Market**” which apply to all Participants in the Market.

Participant means a person who is allowed to directly participate in the Market under the Market's Operating Rules.

Person means a Retail Client on whose behalf a Participant transacts through the Market.

Regulations means the *Corporations Regulations 2001* and any amendments, re-enactments or replacements of those Regulations.

Retail Client has the meaning given by section 761G of the Act or any amendments, re-enactments or replacements of that section.

Rules means these IMB Share Trading Facility Compensation Rules.

Share means an ordinary share in the capital of IMB.

3. Entitlement to claim for losses

3.1 If a Person suffers a Loss described by Rule 3.2, that Person is an Aggrieved Person.

3.2 Subject to Rule 3.3, these Rules apply to losses of a kind described in the following paragraphs:

- (a) a Person gave money or other property, or authority over property, to another person:
 - (i) who was a Participant in the Market at the time; or
 - (ii) who the Person reasonably believed to be a Participant in the Market at that time and who was a Participant in the Market at some earlier time; and
- (b) the money or other property, or the authority, was given to the Participant in connection with effecting a transaction, or proposed transaction, covered by the provisions of the Operating Rules; and
- (c) the effecting of the transaction through the Market constitutes or would constitute the provision of a financial service to the Person as a Retail Client; and
- (d) the Person suffers a loss because of:
 - (i) if the Person gave the Participant money or other property – the defalcation or fraudulent misuse of the money or other property by the Participant; or
 - (ii) if the Person gave the Participant authority over property – the fraudulent misuse of that authority by the Participant.

3.3 These Rules do not apply to any losses of a kind described below:

- (a) If, in relation to a loss suffered by a Person:
 - (i) the requirements of Rule 3.2 are satisfied in relation to a Participant in 2 or more Financial Markets; and

- (ii) the Person did not (expressly or impliedly) instruct the Participant to use a particular one of those Financial Markets; and
- (iii) it is not reasonably apparent from the usual business practice of the Participant which of those Financial Markets the Participant would use when acting for the person;

the loss is not a loss to which Rule 3.2 applies;

(b) If, in relation to a loss suffered by a Person:

- (i) the requirements of Rule 3.2 are satisfied in relation to a Participant and a Financial Market; and
- (ii) the loss is also connected with a Financial Market to which Division 4 of Part 7.5 of the Act applies; and
- (iii) the Person did not (expressly or impliedly) instruct the Participant to use a particular one of those Financial Markets; and
- (iv) it is not reasonably apparent from the usual business practice of the Participant which of those Financial Markets the Participant would use when acting for the person,

the loss is not a loss to which Rule 3.2 applies;

(c) If, in relation to a loss suffered by a Person:

- (i) the transaction referred to in Rule 3.2(b) could have been effected otherwise than through a Financial Market; and
- (ii) the Person did not (expressly or impliedly) instruct the Participant concerned to effect the transaction through a Financial Market; and
- (iii) it is not reasonably apparent from the usual business practice of the Participant that the transaction would be effected through a Financial Market,

the loss is not a loss to which Rule 3.2 applies.

3.4 An Aggrieved Person is entitled to make a claim for compensation from IMB in accordance with these Rules.

3.5 A claim by an Aggrieved Person relating to an alleged Loss caused by defalcation or fraudulent misuse may be allowed even if:

- (a) the Participant against whom the defalcation or misuse is alleged has not been convicted or prosecuted; and
- (b) the evidence on which the claim is allowed would not be sufficient to establish the guilt of that person on a criminal trial in respect of the defalcation or fraudulent misuse.

4. Amount of Compensation

- 4.1 Subject to Rules 4.2, 4.3 and 4.4, the amount of compensation to be paid by IMB to an Aggrieved Person in respect of a claim allowed under Rule 6 is calculated as the sum of:
- (a) the actual pecuniary loss suffered by the Aggrieved Person, calculated by reference to the market value of any relevant assets or liabilities as at the date on which the Loss was suffered; and
 - (b) the Aggrieved Person's reasonable costs of, and disbursements incidental to, the making and proof of the claim; and
 - (c) interest at the rate of 5% (or such other rate as prescribed under the Regulations from time to time) on the amount of the actual pecuniary loss, or so much of that loss as from time to time has not been compensated by an instalment or instalments of compensation, in respect of the period starting on the day when the Loss was suffered and ending on the day when the compensation, or the last instalment of compensation, is paid.
- 4.2 The amount of compensation payable by IMB to an Aggrieved Person under Rule 4.1 is reduced by reference to any right of set-off available to the Aggrieved Person.
- 4.3 The maximum amount of compensation to be awarded is \$500,000 per claim.
- 4.4 If at any time there are insufficient funds to meet in full all claims allowed by IMB under the compensation arrangements, IMB may, notwithstanding any other provision of these Rules, prioritise claims, or apportion the available funds between claims on any basis that it considers to be fair and reasonable in the circumstances, having regard to the following principles:

Priority of claims will be determined by reference to the date on which the Loss was suffered;

The funds will be applied first in satisfaction of the claim made relating to Losses suffered on the earliest date, then subsequently in satisfaction of claims made relating to Losses suffered after that date in order of when the Losses were incurred;

If agreed with the Aggrieved Person, a claim may be paid to the Aggrieved Person by instalments.

5. Method of payment of compensation

- 5.1 Any compensation determined to be payable in accordance with these Rules will be paid by IMB to the Aggrieved Person in a lump sum payment. The payment will be made within 30 days of notification of a determination to allow the claim made by IMB under Rule 6. The payment will be made by cheque or direct credit to the account of the Aggrieved Person.

6. Making and determination of claims

- 6.1 If a Person believes that they have suffered a Loss of a type described in Rule 3 and intends to make a claim against IMB, that Person must notify IMB in writing of that claim within 6 months of the Person becoming aware of the Loss. The notification of the claim must:
- (a) be addressed to the Company Secretary of IMB and delivered in person or by pre-paid mail to IMB's registered office;
 - (b) set out full particulars of the event or series of events giving rise to the claim;
 - (c) describe the loss suffered and how the amount claimed has been calculated; and
 - (d) be signed by the claimant.
- 6.2 On receipt of a valid claim under Rule 6.1, IMB will provide a written confirmation to the Person making the claim that the claim will be determined by IMB in accordance with these Rules. The written confirmation will provide the Person with an estimate of the amount of time required to make a determination.
- 6.3 The Directors, CEO or Company Secretary of IMB or a person to whom the relevant authority for the purposes of these Rules has been delegated, will determine whether any claim made by any Person is a Loss to which these Rules apply. IMB must make a determination within 90 days of becoming aware of a Loss under Rule 6.1.
- 6.4 For the purpose of determining the claim, IMB may require the Person making the claim to provide further evidence of the claim. The Person must provide the further evidence requested. IMB may in its discretion make a determination that a claim is disallowed if a Person fails to provide any of the further evidence requested.
- 6.5 After being notified of a claim and before making a determination, IMB may at its discretion require a Person to pay money, or transfer other property, in relation to a right of subrogation, in support of a claim. If requested, the Person must pay any money or transfer any property required. IMB may in its discretion make a determination that a claim is disallowed if a Person unreasonably fails to pay any money or transfer any property required.
- 6.6 After being notified of a claim and before making a determination, IMB may require a Person to exercise a right of set-off available to that Person. If required, the Person must exercise that right of set-off. IMB may in its discretion make a determination that a claim is disallowed if a Person fails to exercise that right of set-off.
- 6.7 IMB may in its discretion determine that a claim is partially allowed where the Aggrieved Person has recovered any amount of the Loss from any other source.
- 6.8 IMB will notify a Person of IMB's determination in relation to a claim in writing.
- 6.9 If:

- (a) a Person has made a claim for compensation under these Rules, and IMB has determined that the claim is allowed; and
 - (b) that Person makes or has made another claim under these Rules in respect of the same Loss,
- that other claim is not allowed.

7. Source of funds

- 7.1 IMB will not be liable to pay compensation under these Rules from any source of funds other than the source identified in the Licence conditions.
- 7.2 If the holder of the funds is required to make a payment to an Aggrieved Person in accordance with Rule 4, the holder of the funds shall use the source of funds identified in the Licence conditions to make the payment, and IMB shall then pay to the holder of the funds an amount equal to the payment to ensure that the source of funds is replenished within 7 days.
- 7.3 IMB will ensure that the source of funds identified in the Licence conditions is maintained at all times while these Rules are in operation, and for a period of 12 months after these Rules cease under Rule 8.

8. Changes to Rules

- 8.1 IMB may, by resolution of the Board, make amendments to these Rules. The resolution making the amendment will come into effect on the date that the resolution is made, or on any later date specified in the resolution.

9. Cessation of Rules

- 3.1 If IMB ceases (for whatever reason) to be required under its Licence conditions to have Rules in place, IMB may cease operation of the Rules in accordance with this Rule.

IMB may, by resolution of the Board, cease the operation of these Rules. The resolution to cease operation will come into effect on the date that the resolution is made, or on any later date specified in the resolution.

10. Accrued rights

- 10.1 If these Rules cease to operate, the rights of any Person to make a claim under the Rules for a Loss suffered during the time that the Rules were in operation is not affected. Any claim made by a Person in relation to such a Loss will be determined by IMB in accordance with these Rules as if the Rules were still in operation.