

Policy and Procedures for the appointment of Directors and Senior Officers

NSX Limited

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National Stock Exchange of Australia Limited

(ABN 11 000 902 063)

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1. Introduction

Background

NSX Limited (“**NSXL**”) is committed to conducting its business in a way that is open and accountable to shareholders, its stakeholders, customers and the wider marketplace. NSXL believes that its corporate governance practices as a public company should be of a high and rigorous standard.

NSXL is the parent company of the National Stock Exchange of Australia Ltd (“**NSXA**”). NSXA holds an Australian Market Licence enabling NSXA to operate a Stock Exchange within Australia.

As a market licensee, NSXA has the statutory obligation to operate a market that is fair, orderly and transparent (“**FOT obligations**”)¹. Responsibility for NSXA meeting its statutory obligations as a market licensee rests with the board of NSXA and supported by the Board of NSXL.

This requirement is enshrined in the constitutions of NSX Limited and National Stock Exchange of Australia Limited.

If you are in doubt about the standards that are set by the Policy or your obligations under the Policy, you should speak to your manager.

Governance standards and requirements

The policy is reflective of the following governance standards:

- (a) The Constitution and Charter of NSX Limited;
- (b) The Constitution and Charter of the National Stock Exchange of Australia Limited;
- (c) The Corporate Governance Statement
- (d) The Corporations Act;
- (e) ASIC Regulatory Guides as varied from time to time, in particular Regulatory Guide 172;
- (f) While NSXL is the holding company of NSXA, reflect the requirements and conditions of the National Stock Exchange of Australia Australian Market Licence and published variations; and
- (g) While NSXL is listed on ASX, the ASX Corporate Governance Council Principles and Recommendations (the fourth edition), the ASX Listing Rules and Guidance Notes.

2. Purpose and scope

Introduction

The purpose of these procedures is to ensure that the Directors, Senior managers or Heads of Department, committee members, contractors and staff are of good fame and character who may be involved in decisions with respect to

¹ Subsection 792A of the Corporations Act (2001) Cth



compliance and surveillance. These persons are known as persons of influence performing a role in a position of influence. The tests of this requirement are given in the Australian Market Licence held by NSXA².

These procedures are intended for all employees and are relevant to both permanent and temporary members of staff (including officers, senior managers, heads of department, consultants, advisers and contractors).

Regulatory Requirements

These procedures set out the agreed actions entered into between NSXL and NSXA with ASIC in August 2017 as set out in ASIC Report 538. They also set out in the NSXA Australian Market Licence dated 26 February 2018 Section 9. Nothing in these procedures permits you to do anything or omit to do anything that is not in accordance with Australian law, regulation or contrary to the express agreed actions entered into by NSXA with ASIC as set out in ASIC Report 538 and the NSXA Australian Market Licence conditions Section 9 dated 26 February 2018.

ASIC Notification

ASIC must be notified of any proposed Director nominee before they may be appointed as a director by the Board or by way of a resolution to make the appointment at a general meeting, and have no objection about such appointment, as agreed and set out in the relevant parts of ASIC Report 538 and the NSXA Australian Market Licence conditions Section 9 dated 26 February 2018.

For Directors appointed or re-appointed to the Board of NSXL, the Board of NSXA must take all steps to ensure that the Director meets the tests and inform ASIC. This obligation is also an ongoing obligation.

For Directors and Senior Managers to be appointed or re-appointed to positions with influence on NSXA, the Board of NSXA must take all steps to provide ASIC with the required information and await ASICs no-objection before appointment can proceed.

Failure to comply

Failure to follow these procedures may potentially place the Company at risk of breaching its Australian market licence obligations under the Corporations Act. This may result in NSXA having its licence suspended, conditions put on it, or the licence to operate the NSXA market revoked.

Where there is any query about the operation of this policy or procedure guidance no action should be instigated but instead guidance immediately sought from the Head of Compliance.

² They are summarised in **Annexure A**



3. Persons of influence

Agreed general selection criteria for persons to be appointed to a position of influence.

NSXL and NSXA have agreed³ with ASIC that they will ensure that all directors, other officers of the company including secretaries, senior managers, heads of department and any other representatives also considered persons of influence operating a role in a position of influence will each meet the following general selection criteria, by being:

- (a) of good repute, and
- (b) sufficiently experienced to ensure the sound and prudent management of the Company.

The specific factors considered when assessing if the above general selection criteria is met are set out below and in Annexure A. These factors must all be considered and able to be demonstrably met before a person can be nominated as a director of or appointed as a secretary, senior manager, head of department or representative in a position of influence.

It has also agreed with ASIC that the above general selection criteria and the specific factors that determine if it has been met, will be reviewed regularly, including when a person changes from one key position to another. Responsibility for conducting such reviews and compliance with this policy and procedures rests with the Head of Compliance and the Chief Executive Officer/MD.

Position of Influence

For the purposes of this document a position deemed a “position of influence” in NSXL or NSXA for the purposes of this document includes senior positions that influence the ability of NSXA to comply with its market licence obligations⁴.

Positions of influence roles include the following:

- (a) directors of NSXL or NSXA;
- (b) other officers of NSXL or NSXA⁵;
- (c) Company Secretary;
- (d) Senior Managers or Heads of Departments – including but not limited to the areas of Admissions, Market Operations, Compliance and Surveillance; or
- (e) Any other positions as determined from time to time.

Any new position created must be assessed to determine whether or not the role and responsibilities involved could meet the above “position of influence” criteria.

³ See the NSXA Australian Market Licence (“AML”) conditions dated 26 February 2018 Section 9

⁴ s792A of the Corporations Act

⁵ An officer of the company as defined under the Corporations Act



The CEO/MD will decide whether or not a new position is to be classified as a “position of influence” and the requisite selection process for such positions will then apply to the role. If required, the COE/MD will consult with the Head of Compliance and others as required in deciding if a role is to be deemed a position of influence or not.

The approval of the CEO/MD is required before any person, other than a nominated director or company secretary, can be appointed to a new persons of influence role or an existing employee moved to such position. The Chief Executive Officer/MD will decide if Board approval is also required for appointment.

4. Director Nominee Appointment Processes

Mandatory Prior Notification to ASIC Required

Board appointments cannot be made unless and until ASIC is satisfied that the director nominee is suitable by, amongst other things, being capable of ensuring the market licence obligations of the NSXA can be adhered to.

Accordingly, NSXL and NSXA are required to notify ASIC of any proposed director nominees:

- (a) Minimum of 28 days prior to their appointment as a casual vacancy; or
- (b) Minimum of 28 days prior to consideration of a resolution to make such appointment or re-appointment at a general meeting.

For the NSXA Board, head of department and senior manager appointments or re-appointments, just notification is not sufficient and the NSXA Board must await a no-objection clearance notice from ASIC before the appointment is confirmed.

ASIC must be given sufficient notification and time to enable it to conduct its own checks about any person nominated as a future director of NSXL or NSXA in order to assess if the person proposed meets its expectations for filling such a role. Expectations include the ability to focus on the best interests of the NSXA market as well as the wider Australian market.⁶

What constitutes sufficient time will depend on the circumstances in each case, including the background, experience and qualifications of the nominee director. Where any of these may involve overseas elements, then ASIC is to be notified of the nominee director proposed as soon as possible to facilitate their checks which may take longer in this event.

NSXL and NSXA will provide reasonable assistance to ASIC when informing it about persons nominated to be appointed or re-appointed as directors of NSXL and NSXA.

5. Selection Criteria for Persons of Influence Positions (including director nominees)

Factors that must be considered when assessing if a person is suitable to be in a position deemed that of a “person of influence” in NSXL or NSXA, at the time of appointment and on an ongoing basis, include, but are not limited to the following factors:

⁶ See ASIC Report 538 paragraph 30 at page 10



(a) Good fame and character

This includes the attributes of diligence, honesty and judgement and ensuring that the person is not fined, suspended, disqualified, convicted of an offence under sub-section 206B(1) of the Corporations Act, or an overseas equivalent or subject to any other sanction by Government or a regulatory or professional body (sub-section 853C(3) of the Corporations Act). Validation of these selection factors required by own checks being conducted by NSXL and NSXA – it should be noted that undertakings from applicants, although they should be obtained, in this respect are not sufficient.

(b) Appropriate educational experience and financial market experience

This factor includes appropriate knowledge and skills to demonstrate professional competence required in the role concerned. For example, a senior manager with responsibility for a specific area should have appropriate knowledge and experience in the area they have responsibility for, and directors should have the requisite experience to fulfil their duties.

(c) Understanding Australian law and market rules

Directors must ensure they properly and fully understand (and will comply with) their own legal obligations as a director of an Australian company and the corresponding duty of due diligence and acting in the best interests of NSXL and NSXA that they owe, as well as the legal and corporate governance obligations of NSXL and NSXA.

(d) Financial soundness

This includes determining whether they have been unable to fulfil any financial obligations or have been the subject to bankruptcy.

(e) Conflict of interest handling

Adequate arrangements to be considered to manage or avoid, where appropriate conflicts of interest that would affect their ability to properly perform their role. In this regard, NSXL and NSXA are required to carefully consider potential director appointees and members of internal management committees (including Listing and Admissions Committee members and Compliance Committee members) to ensure that any perceived, actual or apparent conflict of interest arising from their roles and relationships with other entities (such as issuers and their advisers, and majority shareholders) are managed in a manner that meets the market licence obligations of NSXA.

(f) Unsuitable Conduct and involvement

Consideration must be given to any prior conduct or involvement in events or that may have taken place overseas and that of the person's connection with any person who may not be considered suitable for the person in the role to have (including in particular any reputational risk posed potentially by such conduct, event or association to NSXL, the integrity of the NSXA market and the wider Australian market).

(g) Effectively fulfil their responsibilities

Ability to effectively undertake and fulfil their responsibilities, including participating in meetings and decision making. This means taking into account the person's availability and commitment to performing the role (including having regard to the context of any other roles or expectations on the person's time), their physical location and any language barriers. If required, arrangements to ensure language barriers can be overcome and will not hinder the effective and efficient operation of the business. Importantly, the person must be accessible and able to communicate clearly with their colleagues during normal interactions and short notice.



6. Approval by Board of new Directors

The Board must be provided with details and information on how any proposed nominated director has met the person of influence selection criteria above, and where necessary may also wish to meet the proposed appointee in person. This would be the case where there could be language barriers to overcome so the Board may satisfy itself as to the effectiveness of the arrangements proposed to deal with this situation.

Where the Board is satisfied that the nominated director has met the persons of influence selection criteria and that the proposed director appointment would not place the NSXA at risk of breaching its licence obligations, then ASIC must be notified of the director nomination. The requirement to notify ASIC also applies where a nominated director is to be appointed or re-appointed by resolution at a general meeting.

An appointment to the NSXA Board cannot take place until ASIC has completed its own checks, and formally advised the NSXA Board that ASIC has no objection to the proposed appointment or re-appointment of the person nominated as director would not place NSXA at risk of breaching its licence obligations.

7. Required Documentation

Documentation required in any persons of influence appointment includes:

All documentation required in support of the persons of influence position including the factors set out above at section 5.

- (a) Current Curriculum Vitae;
- (b) Completed AFP Police Check Authorisation form;
- (c) Bankruptcy checks and the like to assess financial soundness;
- (d) Subsection 206B(1) of the Corporations Act checks and/or any overseas equivalent checks required to be carried out;
- (e) Subsection 853C(3) of the Corporations Act checks ;
- (f) Copies of educational qualifications;
- (g) Consent to act as a director;
- (h) Disclosure of conflicts of interest;
- (i) Acknowledgement of Conflict Handling Arrangements;
- (j) Acknowledgement of Confidentiality of Information and Dealing in Securities;
- (k) Any other documentation that may be required to meet the selection factors.

8. ASIC database Checks

Where applicable, the following ASIC database checks should be completed online. Printouts of the checks performed should be filed with the applicant's documentation. Not all searches may be applicable to each applicant.

- (a) Professional Register;
- (b) Non-AFS Authorised representatives register;



- (c) AFS Authorised representatives register;
- (d) AFS Licence register;
- (e) Banned & Disqualified persons and companies register;
- (f) Enforceable undertakings register;
- (g) Summary prosecutions of companies and directors register.

If a listing is displayed that indicates that the proposed appointee has been banned or disqualified by ASIC or involved in an event or displayed inappropriate conduct then the person is unlikely to be a suitable person to fill a person of influence position. Where they are a nominated director then ASIC is unlikely to issue a no-objection advice on their appointment.

9. Lodgement of forms with ASIC

Notification

The package of information is to be sent to ASIC which includes copies of the results of NSXA's analysis as to the proposed candidate. This package is similar for both persons of influence and directors.

On no-objection

Once a new director has been appointed in accordance with these procedures, then an ASIC form 484 Change to Company Details must be lodged with ASIC by the Company Secretary. In addition, a formal notification of the appointment by the Company Secretary must be lodged on the ASIC MECs Portal for Australian Market Licencees.

10. Lodgement of forms with ASX

While NSXL is a listed entity with ASX then the required disclosures are to be lodged with ASX. The Company Secretary is authorised by the Board to lodge the initial director interest appendix with ASX for newly appointed directors.

The Board should also consider providing an announcement concerning the new Board member to the market at the same time.

Directors are also required to lodge with the Company Secretary changes of interest forms for lodgement with ASX and, if applicable, initial substantial shareholder form.



Annexure A: Persons of Influence

The Australian Market Licence regime and in particular the NSXA market licence conditions dated 26 February 2018 at Section 9 specify that persons of influence have to undergo comprehensive checks and assessment of their suitability before appointment.

Where conflicts cannot be adequately managed through controls and disclosure, the licensee must avoid the conflict or refrain from the activity. This may be where the conflict of interest materially risks undermining the actual or perceived integrity of the operator's market⁷.

Category test factors of suitability for a person with influence

FACTOR	DESCRIPTION
a Good fame and character	<p>This factor includes the attributes of diligence, honesty and judgement and ensuring that the person is not fined, suspended, disqualified, convicted of an offence under sub-section 206B (1) of the Corporations Act (or an overseas equivalent) or subject to any other sanction by Government or a regulatory or professional body (sub-section 853C (3) of the Corporations Act).</p> <p>NSX should validate this through its own checks rather than rely on undertakings.</p>
b Appropriate educational experience and financial market experience	<p>This factor includes appropriate knowledge and skills to demonstrate professional competence required in the role concerned.</p> <p>For example, a senior manager with responsibility for a specific area should have appropriate knowledge and experience in the area they have responsibility for, and directors should have the requisite experience to fulfil their duties.</p>
c Understanding Australian law and market rules	<p>Directors must ensure they properly and fully understand (and will comply with) their own legal obligations as a director of an Australian company and the corresponding duty of due diligence that they owe, as well as the legal and corporate governance obligations of NSXL and NSX.</p>
d Financial soundness	<p>This includes determining whether they have been unable to fulfil any financial obligations or have been the subject to bankruptcy</p>
e Conflict of interest handling	<p>Adequate arrangements to be considered to manage or avoid, where appropriate, conflicts of interest that would affect their ability to properly perform their role. In this regard, NSXL and NSX are required to carefully consider potential director appointees and members of internal management committees to ensure that any actual or apparent conflict of</p>

⁷ ASIC Regulatory Guide 172 RG 172.121



FACTOR	DESCRIPTION
f Unsuitable conduct association	interest arising from their roles and relationships with other entities (such as issuers and their advisers, and majority stakeholders) are managed in a manner that meets the market licence obligations.
g Effectively fulfil their responsibilities	Ability to effectively undertake and fulfil their responsibilities, including participating in meetings and decision making. This should take into account the person's availability and commitment to performing the role (including having regard to the context of any other roles or expectations on the person's time), their physical location and any language barriers. If required, arrangements to ensure language barriers can be overcome and will not hinder the effective and efficient operation of the business. Importantly, the person must be accessible and able to communicate clearly with their colleagues during normal interactions and short notice.