

Policy and Procedures for the provision of services by Directors and Related Parties

NSX Limited

(ABN 33 089 447 058)

National Stock Exchange of Australia Limited

(ABN 11 000 902 063)

Issued: December 2020





Table of Contents

Table of Contents	2
1. Introduction	3
2. Purpose and scope	3
3. Agreements to be approved by the Board.....	5
4. Loans to NSX.....	5
5. Services to be arm's length	5
6. Retention of the right to refuse	7



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 Corporations Act 2001;
- (d) ASIC Regulatory Guides as varied from time to time, in particular Regulatory Guide 172;
- (e) 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
- (f) While NSXL is listed on ASX, the ASX Corporate Governance Council Principles and Recommendations (the fourth edition) with respect to audit committees, the ASX Listing Rules and Guidance Notes.

2. Purpose and scope

Introduction

These procedures apply when a Director or Director Related Party provides services to NSX Limited (“**NSXL**”) or one of its subsidiaries such as the National Stock Exchange of Australia Ltd (“**NSXA**”).

Director’s are regarded as persons with influence within the Company².

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

² NSXA AML Licence dated 26 February 2018 Section 9 Persons of Influence



Where Directors or Director related entities may wish to provide services to the Company, the provision of those services should be tested on commercial grounds and in some cases Board approval may need to be sought.

Definition

A Director Related Party is a person or entity related to, or an associate of, a particular director (e.g. family member or company in which the director and/or his direct family has a substantial shareholding), or the director has significant control or influence over the company. A substantial shareholding in a company in this instance is as defined in the Corporations Act (2001) Cth.

Directors of NSXL and NSXA are required by the Corporations Act to disclose to the Board any material personal interests, including being a director of a company listed on the NSXA, participant or nominated adviser of NSXA, and shareholder in NSXL. Where appropriate to do so, the Board applies a materiality threshold when considering if the services under consideration that involve a relationship with a Director are material or not.

A relationship is considered immaterial when it generates less than 5% of group revenue and considered material when it generates more than 10% of group revenue during a 12 month period, in the absence of evidence or convincing argument to the contrary. When considering any such evidence or argument the Board may have regard to the strategic value, shareholder of the Director in NSXL and related companies and other material but non-quantitative factors about the relationship.

In reading these procedures specific reference should also be made to the relevant sections concerning directors' obligations the Company at law and relevant directors' conflict of interest handling arrangements, set out in the following documents:

- (a) Board Charter;
- (b) Constitution;
- (c) Code of Ethics and Conduct;
- (d) Conflicts Handling Policy and Procedures
- (e) Procedures for Dealing in Securities by Directors, Officers and Employees ("**Dealing Rules**")
- (f) Directors' Declaration of Interests Register;
- (g) Procedures for the maintenance of the Conflicts of Interest Register

Purpose

The purpose of these procedures are to provide guidelines to Directors, contractors and staff when consideration is being given to engaging a Director or Director related parties on a commercial basis to provide products and services.

This is to ensure the Board and relevant Director concerned will abide by the relevant provisions in the Constitution, meet their common law and statutory directors' duties and obligations owed to the Company.

Directors must act in the best interests of the company and its shareholders at all times. They must also exercise their powers and discharge their duties as directors in good faith and for a proper purpose. Directors must also not make improper use of their position to gain, directly or indirectly an advantage for themselves or any other person, or cause



detriment to the Company. While NSX Limited is listed on ASX there are extra requirements imposed under the Listing Rules on Directors that may be associated with a substantial shareholder.

This means, amongst other things, that Directors must be free of any interest, position or relationship that could, or could be perceived to, materially interfere with the independent exercise of their judgment as a director in the best interests of the Company.

Accordingly, before any agreement is entered into with an entity or individual for services that a Director has a relationship with these procedures must be strictly followed. Where the Director is conflicted or perceived to be conflicted by their relationship they are excluded from the decision making process and voting of the Board on the matter.

Any query about the application of these procedures should be directed to Head of Compliance.

3. Agreements to be approved by the Board

All services to be provided by a Director or a Director Related Party must be approved by the Board prior to engagement or commencement of the service.

Directors are required at every Board meeting to disclose their current interests. This information is recorded on the minutes of the meeting.

Where a Director discloses a material personal interest in relation to an item of business before the Board they must absent themselves from the meeting for that particular item if it is considered they have a material potential or actual conflict.

In this event, the conflicted Director cannot be part of Board deliberations on the matter they have a material interest in and cannot vote on the matter. They must not seek to unduly influence or interfere with the decision making process of the Board on the matter in which they have a material interest.

A conflicted Director must abstain from Board deliberations about the matter and cannot vote on the decision by the Board in which it has been determined they have an interest.

4. Loans to NSX

All proposed loans are to be discussed and formally approved by the Board and documented in the Board minutes before agreements are entered into. Loans should be reviewed by the non-conflicted Directors and voted on accordingly by them.

5. Services to be arm's length

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

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

Different requirements or agreements may be required depending on the service required as follows:



Director Level

Directors providing services to the Company and who wish to be recompensed must enter into a letter of engagement. The terms and conditions must be discussed and formally agreed at Board level. Review of the terms and conditions is performed by the Board and agreed by the Board.

Payment for extra services over and above that required as a Director the NSXL Constitution states that:

12.15 Subject to the Listing Rules, if a Director, being willing, is called on to perform extra services or to make any special exertions in going or residing abroad or otherwise for the Company, the Company may remunerate that Director by payment of a fixed sum determined by the Directors and that remuneration may be either in addition to or in substitution for that Director's share in the remuneration provided for in Article 12.13.

Directors must declare their relationship with a company or intended service provider. Directors are required to declare their current interests at the beginning of every board meeting. This is then recorded in the minutes of the meeting.

Directors and management have access to the Directors' Conflict of Interest Register for the purposes of reviewing the contents for possible conflicts of interests and identification of possible related parties.

Other conflict handling arrangements are in place to identify and monitor any possible, potential or apparent conflict of interest involving a Director.

Background checks and police checks are also to be performed in accordance with the NSXA Market Licence conditions.

Chief Executive Officer / Managing Director

The CEO/MD may or may not be paid a salary with agreement of the Board. If the CEO/MD is to be paid then this is on terms agreed with the Board. The CEO/MD is to be provided with a letter of engagement outlining the terms and conditions for employment that is approved by the NSX Board. Review of the terms of employment is undertaken by the Board and approved by the Board³.

Background checks and police checks are also to be performed in accordance with the NSXA Market Licence conditions.

If the CEO / MD is paid a salary then this needs to be disclosed and an announcement lodged with ASX while NSXL is listed on ASX.

Senior Manager (Head of Department) Level

Senior Managers are to be employed on salaries consistent with market conditions for equivalent work within the company. Managers are to be provided with a letter of engagement outlining the terms and conditions for employment that is approved by the Board and in line with the Employees Manual. Review of the terms of employment is undertaken by the CEO/MD and approved by the Board.

Background checks and police checks are also to be performed in accordance with the NSXA Market Licence conditions.

³ While NSXL is listed on the ASX extra requirements may be imposed on the form and benefits that may be entered into for CEO / MD remuneration.



Manager Level

Managers are to be employed on salaries consistent with market conditions for equivalent work within the company. Managers are to be provided with a letter of engagement outlining the terms and conditions for employment that is approved by the Board and in line with the Employees Manual. Review of the terms of employment is undertaken by the CEO/MD and approved by the Board.

Background checks and police checks are also to be performed in accordance with the NSXA Market Licence conditions.

General Staff Level

General Employees are to be employed on salaries consistent with market conditions for equivalent work within the company. General Employees are to be provided with a letter of engagement outlining the terms and conditions for employment that is approved by the Board and in line with the Employees Manual. Review of the terms of employment is undertaken by the CEO/MD and approved by the CEO/MD.

Background checks and police checks are also to be performed in accordance with the NSXA Market Licence conditions, if required.

Consultants and Members of Committees

Consultants are to be employed following the procedures outlined in the Employee Manual. This will usually include an interview process by the CEO/MD and/or directors. Background checks and police checks are also to be performed in accordance with the NSXA Market Licence conditions.

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

Background checks and police checks are also to be performed in accordance with the NSXA Market Licence conditions.

Service Companies

Companies offering services related to Director or Director related parties must declare their relationship. Background checks may be required.

6. Retention of the right to refuse

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

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

This right is required to ensure that the Directors can continue to fulfill their respective fiduciary duties and statutory obligations as directors under the Corporations Act to act in good faith and in the best interest of the company concerned at all times.