

# Board Charter

NSX Limited  
(ABN 33 089 447 058)

Issued: September 2020





# Table of Contents

---

1.	Purpose of this Charter .....	3
2.	Governance Standards and Requirements .....	3
3.	Role, Functions and Responsibilities .....	3
4.	Board Composition and Governance .....	5
5.	Role of Directors and Officers .....	6
6.	Role of the Chair.....	7
7.	Role of the CEO/Managing Director.....	7
8.	Restrictions on the CEO/MD, Chair and Directors .....	8
9.	Role of the Company Secretary.....	8
10.	Reporting.....	9
11.	Review of this Charter .....	9
12.	Publication of this Charter .....	9
13.	Other Matters .....	9
	Annexure A: National Stock Exchange of Australia Limited – Summary of Charter.....	10
	Annexure B: Glossary.....	11



# 1. Purpose of this Charter

---

The Board charter sets out the role, composition, functions and responsibilities of the Board of NSX Limited (“NSXL”) within the governance structure of NSXL and its wholly owned entities.

The conduct of the Board is governed by the Constitution of NSX Limited.

# 2. Governance Standards and Requirements

---

The charter is reflective of the following governance standards:

- (a) The Constitution of NSX Limited;
- (b) The Corporations Act;
- (c) ASIC Regulatory Guides as varied from time to time;
- (d) 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
- (e) While NSXL is listed on ASX, the ASX Corporate Governance Council Principles and Recommendations (the fourth edition), the ASX Listing Rules and Guidance Notes; and
- (f) The policies and procedures as approved by the Board.

# 3. Role, Functions and Responsibilities

---

The Board of Directors is responsible for guiding and monitoring NSXL on behalf of shareholders by whom they are elected and to whom they are accountable.

The Board is responsible for, and has the authority, to determine all matters relating to the strategic direction, policies, practices, governance, establishing goals for management and the operation of NSXL.

The Board is responsible for promoting the success of the NSXL Group in its role as a market operator holding an Australian Market Licence (“AML”) and other business ventures that the Board and/or shareholders have agreed to pursue from time to time.

The monitoring and ultimate control of the business of NSXL is vested in the Board. The Board’s primary responsibility is to oversee the Company’s business activities, governance and management for the benefit of NSXL’s shareholders.

## Board Responsibilities and Functions:

- (a) reviewing and approving the strategic direction of the NSXL Group and monitoring management’s performance within that framework;
- (b) oversees and monitors organisational performance and the achievement of the NSXL Group’s strategic goals and objectives;
- (c) ensuring there are adequate resources available to meet NSXL Group objectives in particular but not limited to human, technological and financial resources;



- (d) appointing and removing the Chief Executive Officer or Managing Director and overseeing remuneration and succession plans for the senior executive team and assesses their performance;
- (e) approving and monitoring budgets, financial reporting and capital management;
- (f) oversees the effectiveness of management processes in place and approves major corporate initiatives;
- (g) monitors financial performance and liaising with the NSXL Group's external auditor;
- (h) approving and then monitoring the progress and implementation of business objectives and strategy.
- (i) ensuring and monitoring that adequate risk management policies and procedures exist and are being followed;
- (j) ensuring and monitoring that the NSXL Group has appropriate corporate governance structures in place including standards of ethical behaviour and a culture of corporate, environmental and social responsibility;
- (k) ensuring that the Board is and remains appropriately skilled to meet the changing needs of the company;
- (l) continuous disclosure reporting while NSXL is required to do so;
- (m) reporting to and communicating with shareholders in a timely and accurate fashion;
- (n) have no day to day operational involvement in the market operations, supervision or compliance activities of the market operated by NSXA where such role has been delegated to the NSXA Board;
- (o) however, the Board retains an overall oversight and approval responsibility for the recommendations made by either the delegated committees and of the Board of NSXA and management staff;
- (p) management of conflicts of interest from both commercial and regulatory perspectives;
- (q) enhancing and protecting the reputation of the NSXL Group;
- (r) and all other responsibilities, roles and functions as deemed appropriate for a Board to carry out.

## Delegations of the Board:

The Board will from time to time delegate responsibilities to the following committees, but retains oversight responsibility if the committee has been activated or authority delegated. If the Board has not activated a committee or authority by resolution, then the functions and responsibilities remain with the Board.

- (a) The Board has delegated authority for the operations and administration of the NSXL Group to the Chief Executive Officer or Managing Director;
- (b) The Board has delegated Audit review responsibilities to the Audit & Risk Committee;
- (c) The Board has delegated Nomination and Remuneration review responsibilities to the Remuneration & Nomination Committee;
- (d) The Board has delegated responsibilities to National Stock Exchange of Australia Limited as per the National Stock Exchange of Australia Board Charter;
- (e) Or other delegations as determined by the Board from time to time.



## 4. Board Composition and Governance

---

The NSXL Constitution provides for a minimum of three directors and a maximum of 11 directors. Where practicable, the Board has adopted a policy to have a majority of independent, non-executive, non-associated directors which is reflective of the National Stock Exchange of Australia Market Licence (“AML”) variation dated 26 February 2018 and the ASX Corporate Governance Principles and Recommendations.

### Independent Director definition<sup>1</sup>

A requirement of the ASX Corporate Governance Principles edition 4 is that the Board should maintain a majority of independent directors. Following on from the ASX definition of independent and the NSXA Australian Market Licence requirements with respect to Associates, the Board has approved that an *Independent Director* is defined as a non-executive director, not a member of management and who:

- (a) is not associated with a substantial shareholder of the company that holds 5% or more of the issued capital of NSX Limited (flow through of Market Licence Condition);
- (b) within the last three years has not been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment;
- (c) within the last three years has not been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided;
- (d) is not a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer has no material contractual relationship with the company or another group member other than as a director of the company;
- (e) has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director’s ability to act in the best interests of the company;
- (f) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director’s ability to act in the best interests of the company.

### Review of independence

A review of directors’ independence is undertaken by:

- (a) tabling of individual director interests at each and every Board meeting; and
- (b) an annual assessment at the time of the publication of the Annual Report to shareholders using defined criteria of independence and materiality consistent with the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations and the NSXA Australia Market Licence conditions as varied from time to time.

### Materiality

The Board has adopted AASB standard 101 and AASB 108 to determine levels of materiality. A relationship is presumed immaterial when it generates less than 5%, and presumed material when it generates more than 10%, of revenue or costs over a twelve-month period in the absence of evidence or convincing argument to the contrary. In considering such evidence or argument NSXL considers the strategic value and other material but not non-quantitative aspects of the relationship in question.

---

<sup>1</sup> See Annexure B: Glossary



The threshold for materiality for the purpose of assessing the materiality of relationships between a non-executive director and NSXL (other than as a director) will be judged according to the significance of the relationship to the director in the context of their activities as a whole.

## Disclosure

Membership of the Board shall be disclosed in the annual report including whether a director is independent or not independent.

## Advice

Each Director has the right to seek independent professional advice on matters relating to his position as a Director of NSXL at the NSXL's expense, subject to the prior approval of the Chair, which shall not be unreasonably withheld.

## Tenure Policy

The Board has adopted a tenure policy based on Article 18 of the Constitution.

Each Director shall retire by rotation in accordance with the formula provided in Article 18.2 of the constitution or as required by the Listing Rules of the market of which the NSXL is listed.

Each Director on retiring is eligible for re-election.

# 5. Role of Directors and Officers

---

Individual Directors should devote the necessary time to the tasks entrusted to them.

All Directors should consider the number and nature of their directorships and calls on their time from other commitments.

Directors and officers should be aware of their legal obligations.

## Australian Market Licence Supervision

The NSXL Group has one subsidiary company, NSXA, that holds a licence issued under the Corporations Act to operate a stock exchange. NSXA is governed by its respective board as appointed by the NSXL Board.

The NSXA provides oversight of the market operations, compliance and surveillance activities including relevant staff. The NSXA Board is responsible for, and the NSXL Board relies on the NSXA to perform, the functions of a Market Operator as summarised in the **Annexure** and in the NSXA Board Charter.

NSXL directors receive NSXA meeting minutes in the NSXL Board papers and any other NSXA Board papers on request, including those of the established and activated NSXA committees on request. Such documents to be redacted for any information where there is a potential or declared conflict of interest.



## 6. Role of the Chair

---

The roles of the Chair and Chief Executive Officer and Managing Director are to be strictly separated.

Ideally the Chair should be an independent non-executive director as defined in Section 4.

The Chair is responsible for:

- (a) the leadership of the Board, for the efficient organisation and conduct of the Board's functioning and for the briefing of all Directors in relation to issues arising at Board meetings.
- (b) The Chair is also responsible for overall shareholder communication, chairing shareholder meetings, arranging Board performance evaluation, and presides over meetings of the Board.
- (c) The Chair is responsible for leading and managing the Board in the discharge of its responsibilities and duties.
- (d) The Chair should facilitate the effective contribution of all Directors and promote constructive and respectful relations between directors and between the Board and management.
- (e) ensuring there are processes and procedures in place to evaluate the performance of the Board, its committees and individual directors;
- (f) facilitating effective discussions at Board meetings; and
- (g) ensuring effective communication with shareholders.

Any other position which the Chair may hold either within, or outside, the Company should not hinder the effective performance of the Chair in carrying out their role as Chair of NSXL. Should the Chair be absent from a meeting, the members of the Board present at the meeting have authority to choose one of their number to chair that particular meeting in accordance with the NSXL Constitution.

In exceptional circumstances the, the Chair may be required to act as executive Chair for a limited period of time. A Chair acting as Executive Chair for a limited period of time is not and is not deemed to be the CEO.

## 7. Role of the CEO/Managing Director

---

The roles of the Chair and Chief Executive Officer or Managing Director are to be strictly separated.

The responsibilities of the CEO/MD are:

- (a) reports to the Board;
- (b) implements the policy direction of the operations of the NSXL Group;
- (c) manages the efficient and effective operation and financial performance of the NSXL Group;
- (d) complies with reasonable directions given by the Board;
- (e) ensuring directors are provided with accurate and clear information in a timely manner to promote effective decision-making by the Board; and
- (f) ensuring all material matters affecting the NSXL Group are brought to the Board's attention in a timely fashion.



## 8. Restrictions on the CEO/MD, Chair and Directors

---

### Restrictions on Directors

NSXL values the experience and perspective brought to the board by board members who are involved with stakeholders of NSXL including listed companies, participant brokers and nominated advisers. The involvement by a Director with a listed company, a participant broker or nominated adviser of the NSXA Market is in no way perceived to diminish a director's ability to act as an independent director of NSXL. Any conflicts must be declared by directors as soon as possible. There may be flow through restrictions via conditions on the NSXA Australian Market Licence that from time to time are applicable to directors.

The Board members should adhere to the policies on managing conflict of interests at all times when dealing with matters of interest concerning the above stakeholders so as to not exhibit any undue bias or influence on staff relative to the commercial and regulatory environment that the NSXL operates in.

In the event of a conflict of interest or where a potential conflict of interest may arise, involved Directors will, unless the remaining Directors resolve otherwise, withdraw from deliberations concerning the matter.

Restrictions on Director's dealings in securities are set out in the NSXL Dealing Rules Policy and Procedures.

### Restrictions on the Chief Executive Officer or Managing Director

The Chief Executive Officer or Managing Director ("CEO/MD") may not sit on the board of a company that has its securities traded on NSX's markets or have an association with a Participant Broker or Nominated Adviser that participates in NSXA's Markets without the prior written consent of the Board.

The CEO/MD must adhere to any restrictions or conditions as required by the NSXA Market Licence variations and conditions as varied from time to time.

The CEO/MD must adhere to the policies on managing conflict of interests at all times. Consent by the Board of a declared conflict of interest does not absolve the Chief Executive Officer or Managing Director from declaring to the Board any future interest or change in an existing interest.

The CEO/MD should absent themselves from discussions or voting on issues dealing with the stakeholder that they are involved with.

Restrictions on the CEO/MD's dealings in securities are set out in the NSXL Dealing Policies and Procedures.

## 9. Role of the Company Secretary

---

The Company Secretary will be the Secretary of the Board.

The Company Secretary supports the effectiveness of the Board by monitoring that board policy and procedures are being followed, and by coordinating the timely completion and despatch of board agenda and briefing papers.

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.





## 10. Reporting

---

Proceedings of all meetings are minuted and signed by the Chair or the chair of the meeting.

Minutes of all Board meetings are circulated to directors and approved by the Board at the subsequent meeting.

Business arising from the previous minutes are reviewed.

A statement of director's interests is declared and incorporated into the minutes at each meeting.

## 11. Review of this Charter

---

The Board will review this charter annually to ensure it remains consistent with the Board's objectives and responsibilities.

Amendments to the Charter, other than updates for NSXL branding or position titles, are to be approved by the Board.

## 12. Publication of this Charter

---

Key features of the charter are to be outlined in the annual report to shareholders as required.

The charter is to be made available to shareholders of the NSXL Group upon request and on the NSXL Group website.

## 13. Other Matters

---

A number of operational matters relating to the Board such as meetings of directors, fees, "fit and proper" requirements, powers and duties of directors, share qualification, notification of interests, appointment and retirement, alternate directors, delegation and appointment of committees and election of directors are governed by the Constitution of NSXL which should be read in conjunction with this Charter.

It is expected that Directors and Management will review these documents and adhere to the policies contained therein.



# Annexure A: National Stock Exchange of Australia Limited – Summary of Charter

The NSXL Board expects the NSXA Board as a minimum to follow the guidelines as provided below.

<b>Directors and CEO or Managing Director</b>	<ul style="list-style-type: none"> <li>(a) Elected as per company constitution and usually comprised of the directors of NSX Limited who are eligible to be members unless otherwise required.</li> <li>(b) There should be a majority of directors that are not <i>associated</i> on the Board at all times.</li> </ul> <p>Refer to the NSXA Australian Market Licence conditions dated 26 February 2018</p>
<b>Primary Objective</b>	<ul style="list-style-type: none"> <li>(a) To ensure the company (as a holder of an Australian Markets Licence) develops and maintains a framework for the policies, rules and procedures governing the operation of the market.</li> <li>(b) To perform the functions of the exchange business as given below.</li> </ul>
<b>Functions</b>	<ul style="list-style-type: none"> <li>(a) To discharge the responsibilities and obligations of an Australian Markets Licencee as given the Australian Market Licence, licence conditions and variations from time to time and the Corporations Act.</li> <li>(b) To identify, monitor and manage conflicts of interest both commercial and regulatory.</li> <li>(c) Give cause to the production and maintenance of policies, rules and procedures as advised by the committees of the Exchange.</li> <li>(d) To create committees as required for the operation of the Exchange.</li> </ul>
<b>Meeting Frequency and Time</b>	<ul style="list-style-type: none"> <li>(a) To meet as required by the NSXA Board to undertake the business of the NSXA.</li> </ul>
<b>Minutes of meeting</b>	<ul style="list-style-type: none"> <li>(a) Prepared by NSXA Company Secretary.</li> <li>(b) To be provided to the NSXL Board in the Board papers (other supporting documents as required).</li> </ul>
<b>Reporting to</b>	<ul style="list-style-type: none"> <li>(a) NSXL Board</li> </ul>
<b>Committee Proceedings and Delegation</b>	<ul style="list-style-type: none"> <li>(a) NSXA may delegate its powers in relation to compliance, surveillance, enforcements, discipline as described by the NSXA Board Charter, NSXA constitution, Australian Market Licence and Corporations Act.</li> <li>(b) For this purpose, NSXA operates a Compliance Committee and a Listing &amp; Admissions Committee.</li> <li>(c) Minutes of committee meetings to be provided in the NSXA Board papers.</li> </ul>



## Annexure B: Glossary

---

**Associate** means the definition given in the NSXA Australian Market Licence and/or the definition given in the ASX listing rules 10.11 and ASX Listing rules Chapter 19 and the Corporations Act;

**Independent** means the definition given by the ASX Corporate Governance Principles edition 4 and as approved by the Board;