




**Australian Market Licence (National Stock Exchange of Australia Limited)
Variation Notice 2018 (No. 1)**

Corporations Act 2001

I, Greg Yanco, Australian Securities and Investments Commission make this variation under subsection 796A(1) of the *Corporations Act 2001* (the **Act**).

Dated 26/2/18

Signed 
as a delegate of the Minister under s1101J of the Act

1. Name of variation

This is the *Australian Market Licence (National Stock Exchange of Australia Limited) Variation Notice 2018 (No. 1)*.

2. Commencement

This notice takes effect on the day it is made.

3. Variation

The Schedule varies the *Australian Market Licence (Stock Exchange of Newcastle Limited) 2002* (as varied by the *Australian Market Licence (Stock Exchange of Newcastle Limited) Variation Notice 2004 (No.1)* and *Australian Market Licence (Stock Exchange of Newcastle Limited) Variation Notice 2006 (No.1)*).

Schedule	Variation
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[1] Section 3

omit the section, substitute

3 Definitions

In this Licence unless the contrary intention appears, terms defined in the Act have the same meaning in this Licence and:

Act means the *Corporations Act 2001*.

associate has the meaning given by section 9 the Act.

associated entity has the meaning given by section 9 of the Act.

CS facility licensee has the meaning given by section 761A of the Act.

Division 3 arrangements has the meaning given by section 880B of the Act.

fidelity fund has the meaning given by section 880B of the Act.

holding company has the meaning given by section 9 of the Act.

licensed CS facility has the meaning given by section 761A of the Act.

market means the financial market NSXA is authorised to operate under this Licence.

NSXA means National Stock Exchange of Australia Limited (ACN 000 902 063).

operating rules has the meaning given by section 761A of the Act.

participant means a person who is allowed to directly participate in the market under the market's operating rules.

security has the meaning given by section 761A of the Act.

voting power has the same meaning as in section 610 of the Act.

[2] Section 4

omit the section, substitute

4 Grant of licence

NSXA is granted a licence to operate a financial market through which Participants may make or accept offers to acquire or dispose of any of the following financial products:

- (a) securities; and
- (b) financial products mentioned in paragraph 764A(1)(b) of the Act; and
- (c) a debenture, stock or bond issued or proposed to be issued by a government.

[3] Section 5

omit the section

[4] **Section 6**

omit the section, substitute

5 Clearing and settlement arrangements

- (1) NSXA must have operating rules that specify how transactions effected through the market will be cleared and settled.
- (2) For transactions effected through the market that will be cleared and settled through a licensed CS facility, NSXA must have clearing and settlement arrangements with a CS facility licensee approved for the purpose by the Minister.
- (3) For each transaction effected through the market that will not be cleared and settled through a licensed CS facility, NSXA must:
 - (a) notify each party to the transaction of the identity of the other party to the transaction; and
 - (b) have operating rules that provide for the transaction to be settled by the parties to the transaction.
- (4) Each time the clearing and settlement arrangements for transactions effected through the market change, and before any orders which may result in transactions subject to the changed arrangements are accepted by the market, NSXA must:
 - (a) notify each participant, in writing, of the changed clearing and settlement arrangements; and
 - (b) take reasonable steps to ensure each participant immediately notifies each client of the participant, in writing, of the changed clearing and settlement arrangements.

[5] **Section 7**

renumber to section 6, and substitute the words "Stock Exchange of Newcastle Limited" in (1) with

"NSXA"

[6] **Section 7, 8, and 9**

Insert three new sections after renumbered section 6

7 Conditions which must be satisfied before NSXA permits quotation and trading of a new class of financial product

- (1) NSXA must not permit any new class of financial product to be admitted to quotation under the NSXA operating rules or quoted and traded on the market, unless all of the following are satisfied in relation to that class of financial product:
 - (a) the documents and information referred to in subsections (2) to (5) are given to ASIC, dated not more than 30 days before being given to ASIC;

- (b) ASIC has confirmed to NSXA in writing that the conditions set out in subsections (2) to (6) are satisfied; and
 - (c) 14 days have elapsed after the confirmation mentioned in paragraph (b) was given.
- (2) For each new class of financial product proposed to be admitted to quotation under the NSXA operating rules and quoted and traded on the market, NSXA must give to ASIC copies of NSXA board resolutions attesting to the following:
- (a) that NSXA's governance framework is adequate for the purposes of testing of technology systems that will be used to support quotation and trading of that class of financial product;
 - (b) that NSXA's testing of its technology systems that will be used to support the quotation and trading of that class of financial product was adequate and appropriate including without limitation, that NSXA tested all necessary external connections which NSXA needs to have in place to support the quotation and trading of that class of financial product, according to the governance framework; and
 - (c) that NSXA's technology systems are operationally ready to permit that class of financial product proposed to be quoted and traded on the market.
- (3) For each new class of financial product proposed to be admitted to quotation under the NSXA operating rules and quoted and traded on the market, NSXA must confirm to ASIC in writing that it has employed or engaged all necessary people in all positions so that it has sufficient human resources to operate the market properly including by supporting quotation and trading of that class of financial product, in accordance with its obligations under section 792A(d) of the Act.
- (4) For each new class of financial product proposed to be admitted to quotation under the NSXA operating rules and quoted and traded on the market, NSXA must give to ASIC a written confirmation by a person approved by ASIC and engaged on terms and conditions acceptable to ASIC, including as to the scope of the person's work:
- (a) of the adequacy of NSXA's current Division 3 arrangements; and
 - (b) the minimum amount of cover required for Division 3 arrangements, taking into account that class of financial product;
- (5) For each new class of financial product proposed to be admitted to quotation under the NSXA operating rules and quoted and traded on the market that will be cleared and settled through a licensed CS facility, NSXA must give to ASIC:
- (a) written confirmation that NSXA has an agreement in place with a CS facility licensee approved by the Minister for the clearing and settlement of that class of financial product;
 - (b) a copy of the agreement(s) NSXA has entered into with the CS facility licensee and any third party service provider to enable the clearing and settlement of that class of financial product;

(c) written confirmation that the licensee has systems and procedures in place to manage the clearing and settlement of that class of financial product.

(6) For each new class of financial product proposed to be admitted to quotation under the NSXA operating rules and quoted and traded on the market, ASIC must be satisfied that NSXA is operationally ready to support the quotation and trading of that class of financial products.

8 Notification to ASIC of material change in shareholders

(1) If NSXA becomes aware that a person proposes to have, or proposes to cease to have, more than 5% of the voting power in NSXA or in a holding company of NSXA, NSXA must give written notice to ASIC of this as soon as practicable after becoming aware.

9 Persons of influence

(1) NSXA must ensure that a person is not appointed or re-appointed as a director, secretary, senior manager or a decision-maker in respect of admission and compliance decisions (whether acting as an individual or as part of a body) of NSXA unless all of the following are satisfied in respect of that person:

- (a) NSXA has provided to ASIC the documents and information referred to in subsection (2)(b) in respect of the person;
- (b) the person meets the requirements of subsections (3), (6) and (7) as applicable; and
- (c) a period of 28 days has elapsed from that time that ASIC notifies NSXA in writing that the documents and information referred to in paragraph (2)(b) have been provided to the satisfaction of ASIC, and ASIC has not objected to the person's appointment or re-appointment on the basis of the person's competence, experience, knowledge, skills and capacity to undertake the role.

(2) For each person nominated for appointment or re-appointment as a director, secretary, senior manager or a decision-maker in respect of admission and compliance decisions (whether acting as an individual or as part of a body) of NSXA, NSXA must:

- (a) undertake appropriate checks of the person's character, integrity, qualifications, experience, knowledge and skills; and
- (b) provide to ASIC:
 - (i) documents evidencing the person's:
 - A. qualifications, experience, knowledge and skills relevant to the position and the business of operating a financial market, including, without limitation, understanding of the core principles and expectations of Australian law and market rules, and experience in complying with applicable Australian law and market rules or the laws and rules of a jurisdiction with similar legal framework and application to Australia; and

- B. ability and capacity to fulfil the responsibilities of the position;
and
- (ii) any potentially adverse or concerning information about the person revealed by the checks referred to in paragraph (a).
- (3) NSXA must at all times ensure that each person that is a director, secretary, senior manager or a decision-maker in respect of admission and compliance decisions (whether acting as an individual or as part of a body) of NSXA has:
- (a) adequate qualifications, experience, knowledge and skills relevant to their position and the business of operating a financial market, including, without limitation, understanding of the core principles and expectations of Australian law and market rules, and experience in complying with applicable Australian law and market rules or the laws and rules of a jurisdiction with similar legal framework and application to Australia; and
 - (b) ability and capacity to fulfil the responsibilities of their position.
- (4) In relation to a director of NSXA, the experience and knowledge referred to in paragraph (3)(a) must include:
- (a) adequate public company experience which demonstrates that the person is capable of satisfying reporting and public company obligations; and
 - (b) adequate understanding of directors' duties under Australian law and experience with complying with directors' duties under Australian law or such laws of a jurisdiction with similar legal framework and application to Australia.
- (5) NSXA must at all times ensure a majority of its directors, including the Chairperson, are not associates of any person that holds or has a beneficial interest in 5% or more of the voting shares in NSXA or an associated entity of NSXA (other than by reason of being a director of a holding company of NSXA).
- (6) NSXA must at all times ensure that each person that is a director of NSXA is not an employee, director, secretary or senior manager of, or does not otherwise have a material personal or financial interest in, a body that:
- (a) provides corporate advisory services to entities listed on, or seeking to list on, the market; or
 - (b) is a participant of the market.
- (7) From no later than 26 June 2018, NSXA must at all times ensure that each person that is a secretary, senior manager or a decision-maker in respect of admission and compliance decisions (whether acting as an individual or as part of a body, and including a director who acts in this capacity) of NSXA:
- (a) is not an associate of any person that holds or has a beneficial interest in 5% or more of the voting shares in NSXA or an associated entity of NSXA; and
 - (b) is not an employee, director, secretary or senior manager of, or does not otherwise have a material personal or financial interest in, a body that:

- (i) provides corporate advisory services to entities listed on, or seeking to list on, the market; or
 - (ii) is a participant of the market; or
 - (iii) is listed on the market.
- (8) For each person nominated for appointment or re-appointment as a director, secretary, senior manager or a member of a decision-making body of a holding company of NSXA, NSXA must:
- (a) undertake appropriate checks of the person's character, integrity, qualifications, experience, knowledge and skills, including, without limitation, understanding of the core principles and expectations of Australian law and market rules, and experience in complying with applicable Australian law and market rules or the laws and rules of a jurisdiction with similar legal framework and application to Australia; and
 - (b) provide to ASIC:
 - (i) documents evidencing the person's:
 - A. qualifications, experience, knowledge and skills relevant to the position and the business of operating a financial market, including, without limitation, understanding of the core principles and expectations of Australian law and market rules, and experience in complying with applicable Australian law and market rules or the laws and rules of a jurisdiction with similar legal framework and application to Australia; and
 - B. ability and capacity to fulfil the responsibilities of the position; and
 - (ii) any potentially adverse or concerning information about the person revealed by the checks referred to in paragraph (a).
- (9) In relation to a director of a holding company of NSXA, the experience and knowledge referred to in subsections (8)(a) and (8)(b)(i)(A) should include:
- (i) adequate public company experience which demonstrates that the person is capable of satisfying reporting and public company obligations; and
 - (ii) adequate understanding of directors' duties under Australian law and experience with complying with directors' duties under Australian law or such laws of a jurisdiction with similar legal framework and application to Australia.
- (10) NSXA must take all reasonable steps to ensure that:
- (a) a majority of the directors of a holding company of NSXA, including the Chairperson, are not associates of any person that holds or has a beneficial interest in 5% or more of the voting shares in NSXA or an associated entity of NSXA; and

(b) a director of a holding company of NSXA is not an employee, director, secretary or senior manager of, or does not otherwise have a material personal or financial interest in, a body that:

- (i) provides corporate advisory services to entities listed on, or seeking to list on, the market; or
- (ii) is a participant of the market.

(11) NSXA must notify ASIC as soon as practicable after becoming aware of any potentially adverse or concerning information relating to the competence, fame, character or integrity of a director, secretary, senior manager or a decision-maker in respect of admission and compliance decisions (whether acting as an individual or as part of a body) of NSXA or a holding company of NSXA.