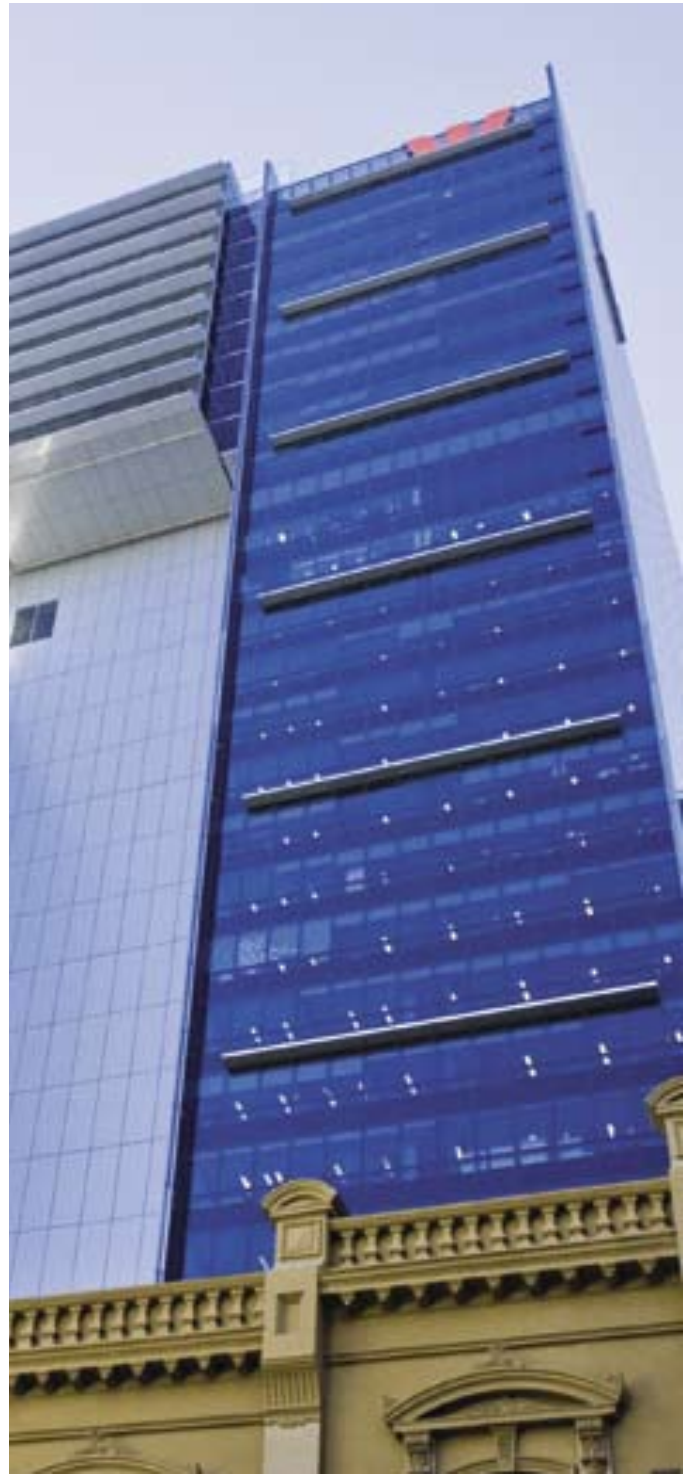


BT Margin Lending Application

February 2009

 BT Financial Group



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Applying for a BT Margin Loan

Before you apply for a BT Margin Loan, we recommend that you read our Margin Lending Made Easy brochure. This will provide you with a good understanding of how the product works. You can download this from our website www.bt.com.au or you can phone our BT Customer Relations Consultants on 1800 816 222 and request them to send one to you.

Detailed instructions on how to apply for a BT Margin Loan are contained from page 31 of this booklet. A checklist is also provided to help you in this process.

→ CHESS explanation

BT Securities Limited ('the Lender') has a legal responsibility to explain CHESS sponsorship to you. When you sign the Loan Application Form, you are acknowledging that this explanation has been given to you and that you understand this explanation. Please contact our Customer Relations Consultants on 1800 816 222 if you have any questions regarding CHESS sponsorship.

CHESS (Clearing House Electronic Subregister System) is a paperless system that electronically records share ownership. Rather than share certificates, ownership is recorded on an account in CHESS.

CHESS is operated by the ASX Settlement and Transfer Corporation Pty Ltd ('ASTC'). It operates under published rules known as ASTC Settlement rules ('ASTC rules') that all participants must abide by.

Any issuer sponsored holdings you provide as security for the borrower's loan will be converted by the Lender into a CHESS holding in the name of the relevant security provider, unless they are not eligible. Most subsequent share purchases will also be held in the same CHESS holding.

Sponsorship on CHESS

In order to maintain a share holding on CHESS the borrower (and the third party) must be sponsored. This is arranged by signing an agreement with a Sponsoring Participant. The Lender is a Sponsoring Participant. The Lender's sponsorship agreement forms part of the BT Margin Loan Facility Deed (the 'Facility Deed') and may also be a separate agreement. An explanation of the main points of the sponsorship agreement is set out below.

- The Facility Deed authorises the Lender to establish a CHESS holding in the name of the relevant security provider and control it on their behalf, acting on their instructions or via contract notes received from their broker.
- The Lender will convert existing shares to a CHESS holding, free of charge, and carry out the instructions of the relevant security provider relating to their shareholdings by sending the appropriate electronic message to CHESS and processing messages received from CHESS.
- Statements detailing any change to a CHESS shareholding in the name of the relevant security provider will be sent to them each month by the ASTC. If there is no change to their CHESS shareholding they will receive an annual statement.
- The Lender will only operate a CHESS account in accordance with the Facility Deed and will also abide by the ASTC Rules.

- The Facility Deed contains conditions and acknowledgements that are required under the ASTC Rules, including:
 - that the Australian Stock Exchange Limited and its subsidiaries are not responsible for regulating or supervising the relationship between the relevant security provider and the Lender
 - an acknowledgment that, for the benefit of the ASTC and companies in which shares are held, you will not make any claim against them that transfers effected under the ASTC by the Lender were not authorised by the relevant security provider
 - that the relevant security provider will not make a claim against the broker's National Guarantee Fund unless a transfer is also effected by a broker
 - that a responsible officer of the Lender has explained the sponsorship agreement to the relevant security provider before the Facility Deed was executed by them (this section contains that explanation)
 - the relevant security provider understood the intent and effect of the sponsorship before it executed the Facility Deed.

If the Lender is suspended from participating in CHESS under the ASTC, the relevant security provider has a right to request the ASTC to remove the holding from the CHESS sub-register or from the control of the Lender. In order to preserve the loan security, the Facility Deed requires the relevant security provider to exercise that right in a way that will preserve the loan security under the Facility Deed. Unless the Lender agrees otherwise, the relevant security provider appoints the Lender to sponsor only those securities of that security provider that are included in the loan portfolio (as defined in the Facility Deed). The relevant security provider may have more than one sponsor if they wish. Any other sponsors they appoint will not be able to sponsor the shares of that security provider held in your loan portfolio unless approved by the Lender.

Full sponsorship on CHESS – all shares held under this sponsorship are mortgaged to the Lender as security for the margin lending facility to the borrower under the Facility Deed, including those shares with a zero lending ratio. This means, for example, that the shares may be sold to meet a margin call or to pay the balance of the borrower's loan if an event of default occurs.

→ **Risk disclosure statement**

Risk disclosure statement

The following are some risks associated with being a borrower, guarantor, or provider of third party security for the BT Margin Loan Facility. *Any proposed borrower, guarantor or third party security provider should obtain independent professional advice, including from your solicitor and your financial adviser, before applying.*

1. Gearing can magnify the effect of both gains and falls in the value of an investment.
If money is borrowed from another source in order to provide the borrower's equity for a BT Margin Loan Facility, then this will increase the borrower's overall gearing level. The higher the overall gearing level, the greater the effect that a fall in the value of the investment will have on the borrower's financial situation. Any asset that is provided as security for that other loan, including by a security provider (such as security over a home or other assets) will also be at risk of being sold to repay the borrower's loan.
2. A margin call may be made in a number of situations, eg if the value of the supporting investment falls, BT Securities Limited (**'the Lender'**) changes its lending ratios or buffer or the borrower does not make the required interest payments.
3. Each of the borrower and the security provider gives the Lender and its authorised officers a power of attorney under which they can, among other things, sell some or all of borrower's and/or the security provider's portfolio in accordance with the terms of the BT Margin Loan Facility. The attorneys can exercise their powers at any time regardless of whether the borrower or the security provider are in default. The attorneys are not obliged to exercise their powers. However, if they do they may use any sale proceeds to pay some or all of the amount owed to the Lender. The attorneys selling some or all of a portfolio may result in a realised profit or loss on the investment and in a disruption to any tax planning and investment strategy. For example, if the borrower does not meet a margin call, the attorneys may sell some or all of the security provider's portfolio to repay some or all of the loan (even if the security provider does not know about the margin call).
4. The Lender may vary the lending ratio assigned to any security (including reducing it to zero) at any time. This reduction may result in a margin call or pending transactions not being completed.

- The lending ratio that is assigned to each security, and any change in that ratio, are not to be taken as recommendations by the Lender. The lending ratio is not based on an assessment of the suitability of the security to form part of a portfolio.
5. There is the risk that any dividends, distributions and additional tax refunds that the borrower anticipates may not be paid or their payment may not coincide with the time when interest payments must be made on the loan. For this reason, none of the borrower, the guarantor nor the security provider should rely on anticipated dividends, distributions and additional tax refunds as the sole source of income to meet interest payments or possible margin calls.
 6. All dividends, distributions, bonus issues, rights issues and other rights and entitlements defined as 'entitlements' in the BT Margin Loan Facility Deed (the **'Facility Deed'**) will be mortgaged to the Lender and neither the borrower nor the security provider will have access to them unless the Lender agrees. In addition, neither the borrower nor the security provider may be able to accept takeover offers or other offers related to their securities.
 7. In certain circumstances the loan will be in default (see clause 34 of the Facility Deed). None of the borrower, the guarantor or the security provider has control over many of these circumstances, such as a significant fall in the market, the delisting of a company, or the default by another person. If any default occurs, the Lender can demand immediate repayment of the loan, the guarantee and/or a portfolio can be sold without giving the borrower, the guarantor or the security provider notice in order to repay any outstanding loan balance.
 8. A fall in the value of the loan portfolio between the time that the borrower places an order with their broker and the time that settlement occurs may mean that the Lender is unable to settle the purchase for the borrower. This may result in fail fees being incurred by the borrower.
 9. The Lender can vary the interest rate applicable to the loan at any time, except on any amount for which the borrower has a fixed interest rate. Interest is calculated on the higher of the loan balance and \$20,000 even if there is less outstanding and will be charged for a minimum period of 2 months even if the loan is repaid earlier. Prepayments of interest will not be refunded in any circumstance, even if the borrower repays part or all of the loan.

→ **Risk disclosure statement**

10. The Lender's rights to recover money owing to it from the borrower are not limited to the loan portfolio. This means that if there is money still owing to the Lender after all of the security portfolio has been sold, then the Lender may seek to recover any deficiency from the borrower personally or under any guarantee of the borrower's obligations.
11. The Lender does not provide the borrower, the guarantor or security provider with financial, investment, taxation or legal advice regarding the Facility Deed, its suitability to the borrower's circumstances or how the borrower should invest the money it borrows under the Facility Deed. It has not considered whether the guarantor should guarantee the borrower's loan. It has not considered whether the security provider should provide third party security for the borrower's loan.
12. The borrower's financial adviser may receive a commission from the Lender during the term of the loan. The payment of that commission by the Lender is not an endorsement of any financial adviser and the Lender does not, in any circumstances, accept any responsibility for any statement, act or omission of any planner.
13. The Lender may open a margin call account on the borrower's behalf with the BT Cash Management Trust (the 'Trust') or another cash investment product which it selects, unless the borrower instructs the Lender otherwise. The Trust or other cash investment product may earn fees from any money invested in it. The Lender may in some cases advance money under the margin loan and invest it in the margin call account (see clause 2.2 of the Facility Deed). The margin call account will be part of the borrower's loan portfolio and will be mortgaged to the Lender. As with other investments in that loan portfolio, investment in the margin call account involves the risk of a fall in the value of the investment, and the Lender does not guarantee any return (including a return of capital) from the margin call account. If the borrower requests the Lender to do so, the Lender will send them a copy of the prospectus or other disclosure document for the Trust or other investment product used as the margin call account.
14. A security provider will be permitted to purchase securities using money advanced from the borrower's margin loan unless the borrower instructs us otherwise. The borrower will be liable for any amount advanced to a third party to settle a purchase made by the third party.

Guarantor and Third Party additional risk disclosure statement

The following are some additional risks associated with providing a guarantee or third party security for the BT Margin Loan Facility. As a third party, you will have no control over the loan, the loan portfolio, or any arrangements relating to the loan. You should obtain independent professional advice before providing that security.

1. The borrower may operate the loan without reference to you and therefore can increase or decrease the loan amount and/or your risks as guarantor or third party (as the case may be) without your knowledge or agreement.
2. The BT Margin Loan Facility between the Lender, the Nominee and the borrower can be changed at any time without contacting you.
3. You cannot cancel the guarantee or security (as the case may be) which you provide without the Lender's written agreement. The Lender will normally not agree to release you unless the borrower has repaid all money owing or, in the case of a third party, there is sufficient security available after your investments have been removed from the loan portfolio.
4. In the case of a third party, if the borrower agrees to use the loan to pay for a purchase of shares in your name, a fall in the value of the loan portfolio between the time that you place an order with your broker and the time that settlement occurs may mean that the Lender is unable to settle the purchase for you. This may result in fail fees being incurred by you. You must also consider how you might be affected by the loss of the investments you intend to offer as security.

By signing the power of attorney in the Loan Application Form you acknowledge that you have read, understood and accept these risks.

→ **Privacy disclosure and consent**

1. Privacy disclosure and consent

You being the person(s) whose names appear in this application as:

- (a) the proposed borrower and/or director(s) of the proposed borrower;
- (b) the proposed guarantor(s) and/or director(s) of the proposed guarantor(s) of the obligations of the proposed borrower; or
- (c) the proposed third party provider of a security of the proposed borrower's obligations,

give the following acknowledgements, consents and authorities in conjunction with and in relation to the application being made by the borrower for the BT Margin Loan Facility.

2. Notice of disclosure of credit information to a credit reporting agency

Under the Privacy Act, the Lender is allowed to give a credit reporting agency personal information about you. The information which may be given to an agency is covered by the Privacy Act and includes, to the extent applicable:

- (a) permitted information about you which will allow you to be identified;
- (b) details of any cheques drawn by you for an amount not less than \$100 which have been dishonoured more than once;
- (c) in specified circumstances, whether in the opinion of the Lender, you have committed a serious credit infringement;
- (d) where you are a proposed borrower:
 - (i) the fact that you have applied for credit and the amount of credit applied for;
 - (ii) the fact that the Lender is a current credit provider;
 - (iii) payments which are overdue for more than 60 days and for which collection action has commenced;
 - (iv) advice that payments are no longer overdue; and
 - (v) whether credit provided to you by the Lender has been paid or otherwise discharged;
- (e) where you are a proposed guarantor:
 - (i) the fact that you have offered to act as guarantor in respect of credit or an application for credit; and

- (ii) the fact that you have failed to pay an amount due by you as guarantor where, amongst other things:
 - (a) you have received notice of default by the borrower and have not paid for 60 days after that notice; and
 - (b) the Lender has, in addition to that notice, commenced action to recover the amount due from you; and

(f) where you are a proposed third party security provider:

- (i) the fact that you have offered to act as third party security provider in respect of credit or an application for credit; and
- (ii) the fact that the Lender has commenced enforcement action in respect of your security, or has otherwise dealt with any property, the subject of that security.

This information may be given before, during or after the assessment is made of whether to accept the application of the borrower.

3. Agreement that the Lender may obtain and provide credit reports and other information about your credit worthiness.

You agree to the Lender, for the purpose of assessing whether to provide credit to the borrower, or accept you, or the entity of which you are a director, as guarantor or third party security provider in respect of credit applied for, or provided to, the borrower:

- (a) obtaining from a credit reporting agency a credit report containing information about your personal credit worthiness;
- (b) obtaining a report about your commercial activities or commercial credit worthiness from any business which provides information about the commercial credit worthiness of persons, your accountant or any supplier to you; and
- (c) giving to and obtaining from any credit provider named in the Loan Application Form or in a credit report on you issued by a credit reporting agency, information about your credit arrangements for the purposes of:
 - (i) assessing the application of the borrower and/or the application by you, or the entity of which you are a director, to act as guarantor or third party security provider for the borrower;
 - (ii) notifying a failure by you to observe your obligations (if any) as borrower or guarantor or third party security provider (as applicable);

Privacy disclosure and consent

- (iii) allowing another credit provider to ascertain the status of your obligations to the Lender where you are in default with one or more other credit providers; and
- (iv) generally assessing your credit worthiness.

You understand the information exchanged can include any information about your personal and/or commercial credit worthiness, credit standing, credit history or credit capacity which the Privacy Act allows credit providers to give to or receive from each other.

You agree that if the Lender approves the borrower's application for the BT Margin Loan Facility, the Facility Deed remains in force until the BT Margin Loan Facility ceases.

4. Other privacy consents and acknowledgments

You agree that:

- The Lender, BT (Queensland) Pty Limited (the 'Nominee'), Westpac Banking Corporation ('Westpac') and any company which is related to the Lender, the Nominee and Westpac (including, without limitation, any nominee or authorised officer of the Lender, the Nominee or Westpac) (together, the 'BT Financial Group');
- where you are not the borrower — the borrower and any officer or employee of the borrower (where it is a company);
- any guarantor (or any other guarantor) or proposed guarantor of the BT Margin Loan Facility whether or not named in the Loan Application Form and any representative, financial adviser or broker of that guarantor;
- any third party security provider (or any other third party security provider) or proposed third party security provider of the BT Margin Loan Facility whether or not named in the Loan Application Form and any representative, financial adviser or broker of that third party security provider;
- where you are not the borrower — the broker of the borrower and any employee of that broker;
- your broker or financial adviser and any employee of that broker or financial adviser;
- any person you have appointed as your representative for the BT Margin Loan Facility;
- any person through whom the borrower has applied, or by whom the borrower is introduced, to the Lender (eg financial adviser, broker or accountant);
- ASTC and any person appointed by the Lender as the sponsor of your participant sponsored holding on CHESS in relation to securities;

- any organisation acquiring an interest in the BT Margin Loan Facility or Securities or involved in managing the Lender's or the Nominee's corporate risk and funding functions (for example organisations involved in securitisation); and
- any payment systems operators and participants in the payment system,

(each referred to as a 'Recipient') may exchange with each other any personal information about you including:

- any information provided by or about you in the Loan Application Form or any other margin lending documents;
- any other personal information you provide to any Recipient or which any Recipient otherwise lawfully obtains about you;
- any transaction details or transaction history arising out of your arrangements with any Recipient;
- where the Privacy Act allows, or provided you agree, any information referred to in sections 2 and 3 above.

You agree that if the Lender or the Nominee engages anyone (a 'Service Provider') to do something on its behalf (for example a mailing house, a debt collection agency, auditor or a solicitor), then the Lender and/or the Nominee and the Service Provider may exchange with each other any personal information referred to above and any other personal information the Service Provider lawfully obtains about you in the course of acting on the Lender's and/or the Nominee's behalf.

You agree that any personal information referred to above may be used by any Recipient and Service Provider for any purpose related to the BT Margin Lending Facility to which this application relates and to carry out any associated payments, transactions, administration and account servicing. In addition, such information can be used to assess any application you make for a different product or service, for planning, product development and research purposes and to seek your feedback on the Lender's products and services.

BT Financial Group may give any personal information about you to entities other than the Recipients and the Service Providers referred to above where it is required or allowed by law or where you have otherwise consented (including in other sections of this Loan Application Form).

You understand that:

- if you fail to provide any information requested in any margin lending documents, or do not agree to any of the possible exchanges or uses of such information as set out above, the Loan Application Form of the borrower may not be accepted by the Lender; and
- you can access most personal information that the Lender and the Nominee and their related companies hold about you by contacting the Lender on 1800 816 222 or by writing to us at the address listed inside the back cover of this BT Margin Loan Application Booklet. Sometimes that access will not be possible, in which case you will be told why.

5. Marketing Consent

The Lender and members of the Westpac Group may contact you from time to time with various product offers and special promotions. This may happen via mail, email or telephone. If you do not wish to receive material about Westpac Group's products and services, please contact the Lender on 1800 816 222 or write to us at the address inside the back cover of this BT Margin Loan Application Booklet.

→ BT Margin Loan Facility Deed

Important

This section contains the terms of your BT Margin Loan Facility and, if you are to provide security for another person, the terms of your mortgage. Please read it and retain it in a safe place for future reference.

When you sign the Loan Application Form, you are confirming that you have read, understood and accepted the terms contained in this section.

This deed is between each of you, BT Securities Limited ABN 84 000 720 114 ('the Lender') and BT (Queensland) Pty Limited ABN 49 009 818 875 ('the Nominee').

If you are applying to be a borrower, this deed incorporates four distinct legal concepts:

- a loan to you by the Lender;
- a mortgage given by you to the Lender;
- the nominee arrangements with the Nominee and the appointment of the Lender as your attorney; and
- the appointment of the Lender or someone approved by the Lender as your CHESS sponsor.

If you are applying to be a third party security provider, this deed incorporates three distinct legal concepts:

- a mortgage given by you to the Lender to secure the obligations of the borrower;
- the nominee arrangements with the Nominee and the appointment of the Lender and the Nominee as your attorney; and
- the appointment of the Lender or someone approved by the Lender as your CHESS sponsor.

This deed will be executed by the Lender as your attorney. Once the Lender signs this deed, it is binding on you, the Lender and the Nominee. The date the Lender signs is the commencement date of this deed.

Section A – Loan Facility

This section applies to the borrower only, and not to any third party security provider.

The loan

1. **How much the borrower can borrow**
 - 1.1 All loans made to the borrower under this deed are made at the Lender's absolute discretion, and the Lender is not required to lend for any reason. The Lender is not liable for any amount incurred as a result of the Lender not lending.
 - 1.2 The borrower can borrow as many times as they wish, as long as the *loan balance* never exceeds the *loan limit*.
 - 1.3 The *loan limit* is the total of:
 - (a) the market value of each *security* in the *loan portfolio*; multiplied by
 - (b) the percentage lending ratio the Lender assigns to that *security*.
 - 1.4 The market value of each *security* and each percentage lending ratio is determined by the Lender in its absolute discretion and can be changed by the Lender, at any time.

Borrowing money

2. **Borrowing**
 - 2.1 If the borrower wants a loan, they must give sufficient notice to the Lender:
 - (a) when they want the money (this must be a *business day*);
 - (b) how much they want to borrow (subject to any minimum amount the Lender specifies); and
 - (c) where and to whom the money is to be paid (if not to the *borrower* or a third party for the acquisition of *securities* then only with the Lender's consent).
 - 2.2 (a) If the borrower does not use all of a loan to fund the purchase of *securities*, the Lender may open a *margin call account* in the Lender's or the Nominee's name. The borrower directs the Lender and the Nominee to do everything necessary to open and maintain the *margin call account*. The borrower will be the beneficial owner of any balance in the *margin call account*, subject to the Lender's rights under this deed. The *margin call account* may, in the Lender's discretion, be an interest bearing account.

- (b) The borrower authorises and directs the Lender, the Nominee and their officers and employees to deposit into the *margin call account* any part of a loan which the borrower does not use immediately to purchase *securities*.
- (c) If the borrower has prepaid any interest and the amount against which that interest has been prepaid exceeds the *total amount owing* at any time, the borrower authorises the Lender to lend to the borrower that excess under clause 1 and deposit that excess into the *margin call account*.
- (d) The Lender may deposit any credit balance in the *loan account* into the *margin call account*.
- (e) The borrower may deposit their own funds into the *margin call account* at any time.
- (f) The Lender is not obliged to withdraw any amount from the *margin call account*, even if the borrower requests it, but the Lender may:
 - (i) fund the purchase of *securities* by the borrower or a third party;
 - (ii) meet a margin call;
 - (iii) pay or prepay interest under this deed; or
 - (iv) pay any of the *total amount owing*, from that *account*.

3. Borrowing to purchase listed securities

- 3.1 The borrower cannot instruct the Lender or the Nominee to purchase *listed securities* for the borrower or a third party. However, the borrower or a third party can instruct a *broker* to purchase *listed securities* and provide to the Lender a copy of the *contract note* for settlement.
- 3.2 The Lender will assume (unless the Lender agrees to the contrary) that a buy *contract note* received from any *broker* which indicates that the borrower or a third party is the buyer is evidence of the borrower's request:
 - (a) for a loan under clause 1 to be paid to the *broker* to settle the *contract note*; and
 - (b) for the Lender to register (or cause to be registered) the *securities* in the buyer's Participant Sponsored Holding or in the Nominee's name as required by the Lender.

4. Borrowing to apply for unlisted securities, entitlements and new issues

- 4.1 If the Lender receives an instruction under clause 2.1 in relation to unlisted *securities*, *entitlements* or new issues, the buyer of the *securities* (whether the borrower or a third party) is taken to declare that each applicant has read the relevant prospectus or other offer document and agrees to be bound by the conditions of the offer.
- 4.2 The Lender may in its discretion decide whether the unlisted *securities*, *entitlements* or new issues are to be applied for in the applicant's or the Nominee's name.
- 4.3 If the application is unsuccessful for any reason, the refunded application money will be used to repay the *loan balance* when it is received.

Repaying the loan

5. Repayments

- 5.1 Subject to the other provisions of this deed, the borrower may repay all or any of the *total amount owing* at any time, and the borrower must pay the *total amount owing* on the day the Lender specifies by notice.
- 5.2 If the borrower repays more than the *total amount owing*, the Lender is not required to pay the borrower interest on the excess.

Margin calls

6. What is a margin call?

- 6.1 If at any time the *loan balance* exceeds the *loan limit* by more than the *buffer*, the borrower must do one or more of the following:
 - (a) arrange for extra *securities* acceptable to the Lender to form part of the *loan portfolio*;
 - (b) repay some or all of the *loan balance*; or
 - (c) arrange to sell or redeem some or all of the *loan portfolio* (with the proceeds used to reduce the *loan balance*),
 so that the *loan balance* no longer exceeds the *loan limit*. This is a **margin call**, and must be satisfied by 12 noon on the *business day* after it occurs.
- 6.2 The borrower is responsible for monitoring whether the *loan balance* exceeds the *loan limit* by more than the *buffer* at any time, and ensuring that a margin call does not occur. The Lender may, but is not obliged to, notify the borrower if a margin call occurs. If a margin call is not satisfied by the time specified in clause 6.1, the Lender may, **without any notice to any of you**, take any action it thinks fit (including as set out in clause 6.1 (a) to (c)).

→ **BT Margin Loan
Facility Deed**

(inclusive)) to ensure that the *loan balance* does not exceed the *loan limit* at that time.

Interest

7. Interest charges

7.1 The borrower must pay interest to the Lender on the *loan balance* from and including the day on which the Lender first makes a loan.

7.2 Interest accrues each day at the interest rate that the Lender specifies from time to time, and is calculated on the *loan balance* at the end of that day using a 365 day year. However, if the *loan balance* is less than \$20,000 on any day interest will be calculated on an amount of \$20,000.

7.3 If any person notifies the borrower, whether before or after the date of this deed, of an interest rate which is different from that specified by the Lender, the borrower may notify the Lender of that different rate, and the Lender may (but is not obliged to) specify that notified rate as the applicable interest rate under this clause 7. That different rate will only apply on and from the date the Lender specifies that it is the applicable rate.

7.4 Unless the borrower pays interest on the loan in advance, interest is due on the last day of each calendar month.

7.5 If the borrower does not pay the Lender any interest on the due date (including under clause 39.5), the Lender may capitalise that interest to form part of the *loan balance*.

8. Prepayment of interest

8.1 If the borrower and the Lender agree, the borrower may pay interest in advance on any agreed date. Any interest prepaid is not refundable, even if the borrower repays the *loan balance* early.

8.2 If you ask, and the Lender agrees, then you may pay interest on any other basis, terms and conditions, which may include a fixed interest rate.

Section B – The mortgage

This section applies to both the borrower and each third party security provider

9. What is mortgaged?

9.1 To secure payment of the *total amount owing*, you mortgage to the Lender all your interest in *your loan portfolio*.

9.2 Your mortgage in clause 9.1 takes effect over *securities* at the following times:

- (a) for a *security* in clause 12.1(a)(i) – when the Lender has made an entry in its *securities*

register to record the *security* as forming part of *your loan portfolio*;

- (b) for a *security* in clause 12.1(a)(ii) – when the Lender pays money to another lender in order to refinance a loan to the borrower by that lender;

- (c) for a *security* in clause 12.1(a)(iii) – when that *security* is acquired; and

- (d) for any *entitlement* (including an *entitlement* which is also a *security*) – when you acquire any interest in the *entitlement*.

9.3 Before the time referred to in clause 9.2(a), any of your *securities* that are in the Lender’s possession are held as bailee for you.

9.4 The amount recoverable at any time by the Lender under the mortgage under this clause 10 is limited to the greater of:

- (a) \$1,000; and
- (b) the market value of *your loan portfolio* at that time.

9.5 The total amount recoverable from a third party under this deed, including under the mortgage from that third party under this Section B, may not exceed the amount recovered from the enforcement of this deed and that mortgage at the time of enforcement.

10. How this mortgage affects you and the loan portfolio

10.1 You must:

- (a) pay when due all amounts which may become payable on *your loan portfolio*; and
- (b) promptly deliver to the Lender, on request, copies of notices that relate to any proposed resolutions or meetings of any company or trust whose *securities* or *entitlements* are included in *your loan portfolio*.

10.2 Until the borrower has fully paid the *total amount owing*, you are not entitled to bring an action relating to:

- (a) any of the *loan portfolio*; or
- (b) any payment from, or arising out of the *insolvency* of, any issuer of *securities* or *entitlements* that are part of the *loan portfolio*, or of any co-borrower or third party; or
- (c) any of the Lender’ rights under this deed or a *collateral security*,

and you must not create or allow to exist any other interest (including a *security interest*) over any *securities* or *entitlements* which form part of *your loan portfolio*.

- 10.3 If a claim is successfully made that a *disposition* in connection with the *total amount owing* is void or voidable under laws relating to *insolvency* or for any other reason, then each of the Lender and the Nominee is entitled to its rights under this deed as if the *disposition* had never occurred. If the Lender or the Nominee asks, you must do everything necessary to restore any *security interest* from you which it held immediately before the *disposition*.
- 10.4 Neither the Lender nor the Nominee need take any action whatsoever in relation to the *loan portfolio*, and need not:
- (a) enforce the payments under *securities* or *entitlements* in the *loan portfolio*;
 - (b) vote at any meeting;
 - (c) sell the *loan portfolio*, even if it may depreciate, or has depreciated, in value;
 - (d) marshal or appropriate in your favour; or
 - (e) deliver to you any notices or other correspondence.
- 10.5 This deed does not merge with or adversely affect, and is not adversely affected by:
- (a) another *security interest* or right or remedy to which the Lender is entitled at any time; or
 - (b) a judgment or order that the Lender obtains against you or any other person.
- 10.6 The rights of the Lender under this deed against a third party, and that third party's liabilities under this deed, are not affected by any act or omission by the Lender or by anything else under law or otherwise, including:
- (a) the fact that the Lender varies or replaces any arrangement under which the *total amount owing* is expressed to be owing, such as by increasing the *loan limit* or extending the term of the borrower's loan;
 - (b) the fact that the Lender releases the borrower or another third party or gives them a concession, such as more time to pay;
 - (c) the fact that the Lender releases, loses the benefit of or does not obtain any *security interest*;
 - (d) the fact that the Lender does not register any *security interest* which could be registered;
 - (e) the fact that the Lender releases any person who guarantees any of the borrower's obligations;
 - (f) the fact that the obligations of any person who guarantees any of the borrower's obligations may not be enforceable;
 - (g) the fact that any person who was intended to guarantee any of the borrower's obligations does not do so or does not do so effectively;
 - (h) the variation of the terms of this deed; or
 - (i) the death, mental or physical disability or *insolvency* of any person including any of you.
- 10.7 This deed binds each person who signs it even if another person who was intended to sign does not sign it or is not bound by it.
- 10.8 This deed is a continuing *security* and is not discharged by any one payment.
- 11. Further assurances**
- If at any time the Lender asks you to execute any document or do any act or thing (including transferring to or depositing with it (or the Nominee) further *securities* to be held as part of *your loan portfolio*, free of any other *security interest*), you must comply with that request.
- Section C – Loan Portfolio**
- This section applies both to borrower and each third party security provider**
- The loan portfolio**
- 12. What is the loan portfolio?**
- 12.1 *Your loan portfolio* comprises:
- (a) those *securities* in which you have any interest:
 - (i) for which the Lender (in its absolute discretion), after the date of this deed, makes entries in its *securities register* to record the *securities* as forming part of *your loan portfolio*; or
 - (ii) which you have requested the Lender to include in *your loan portfolio* in connection with refinancing, after the date of this deed, of a loan the borrower has with another Lender; or
 - (iii) which are acquired after the date of this deed;
 - (b) any *entitlements*; and
 - (c) the proceeds of any sale of those *securities*, including the release of any cash cover or other *security*.
- The *loan portfolio* comprises all *your loan portfolios*.

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13. How the loan portfolio is held

- 13.1 *Listed securities* in the *loan portfolio* will normally be held in a Participant Sponsored Holding in accordance with clauses 23 to 29, if so specified by the Lender. However, *listed securities* in the *loan portfolio* may be held by the Nominee in accordance with clause 22, if so specified by the Lender.
- 13.2 Holdings in the *loan portfolio* evidenced by a certificate will be held by the Lender, unless they are converted to a Participant Sponsored Holding or transferred to the Nominee.
- 13.3 Unlisted *securities* in the *loan portfolio* will normally be held by the Nominee in accordance with clause 22. However, unlisted *securities* in the *loan portfolio* may be held other than by the Nominee subject to the *securities register* recording the Lender's *security interest*, if so specified by the Lender.
- 13.4 The Lender and the Nominee acknowledge that, subject to the terms of this agreement you are absolutely entitled to *your loan portfolio*.
- ### 14. Sale of listed securities
- 14.1 You cannot instruct the Lender or the Nominee to sell *listed securities* for you. However, you can instruct a *broker* to sell those *listed securities* and to provide the Lender with a copy of the *contract note* for settlement.
- 14.2 The Lender and the Nominee will assume (unless the Lender agrees otherwise) that a sell *contract note* received from any *broker* is evidence of your request to:
- (a) deliver the *securities* being sold to the *broker*; and
 - (b) use the proceeds of the sale to repay part or all of the *total amount owing*.

15. Redemption of unlisted securities

- 15.1 If you want to redeem unlisted *securities* which form part of *your loan portfolio*, you must:
- (a) if the Nominee is the registered holder, give the Nominee satisfactory notice as to:
 - (i) when you want the *securities* redeemed (this must be a *business day*);
 - (ii) which *securities* you wish to redeem; and
 - (iii) how many *securities* or their dollar value you wish to redeem (subject to any minimum amount the Nominee specifies); and

- (b) if you are the registered holder, provide the Lender with a completed and signed request in the form required by the *security issuer*.

- 15.2 On receiving your instructions, the Nominee and the Lender may redeem or otherwise deal with *your loan portfolio*, and apply the proceeds to pay or repay part or all of the *total amount owing*.

16. Release of securities

- 16.1 If you want any of *your loan portfolio* to be released from the mortgage, you must:
- (a) give satisfactory notice to the Lender as to:
 - (i) when you want *your loan portfolio* released (this must be a *business day*);
 - (ii) which part of *your loan portfolio* you want released;
 - (iii) how many *securities* or *entitlements* or the dollar value you want released (subject to any minimum amount the Lender specifies); and
 - (iv) where the *securities* or *entitlements* are to be delivered; and
 - (b) sign and deliver to the Nominee any transfer forms required by the Nominee if it is the registered holder.
- 16.2 On receiving your instructions, or if at any time the Lender or the Nominee wish to release any of *your loan portfolio*, you direct the Lender or the Nominee to:
- (a) if the Nominee is the registered holder, transfer the *securities* or *entitlements* or cause them to be transferred; or
 - (b) if you are the registered holder of the *securities*:
 - (i) return relevant certificates to you or your *representative*;
 - (ii) cause the *securities* or *entitlements* to be released from your Participant Sponsored Holding; and/or
 - (iii) remove any restriction arranged by it preventing the redemption or sale of the *securities* or *entitlements*,
 and you must allow the *securities* or *entitlements* to be transferred to you.

17. Securities of a third party

The Lender and the Nominee may deal with *securities* or *entitlements* of a person that form part of the *loan portfolio* and:

- (a) they do not need to obtain the consent of any other person or notify any such other person before or after doing this;
- (b) they may apply the proceeds of any dealing to repay part or all of the *total amount owing*; and
- (c) this may affect the *loan limit*.

18. Conditions of sale, redemption and release of securities

You direct the Lender to comply with an instruction from you under clauses 15 or 16 only if it is satisfied that:

- (a) you have met all your obligations under this deed; and
- (b) if all of the *loan portfolio* is affected, the *total amount owing* has been or will be repaid; or
- (c) if some of the *loan portfolio* is affected, the *total amount owing* will not exceed the remaining *loan limit*.

19. Takeovers

If you want to accept a takeover offer in respect of *securities* in your *loan portfolio* you must obtain the Lender's prior written consent.

20. Corporate action

In the event of a *corporate action* in respect of an issuer of *securities* forming any of the *loan portfolio*, you direct the Lender to transfer the legal title in those *securities* to the Nominee at your cost before the *corporate action* takes effect.

21. Options

21.1 If you wish to sell options in relation to any *securities* which are or will be in your *loan portfolio*, you must obtain the Lender's prior written consent.

21.2 You authorise the Lender to:

- (a) give instructions to any *broker* in relation to your options to the same extent that you are able to do so, including:
 - (i) to close out an open position;
 - (ii) to transfer an open position to an *account* with another *broker* or to a different *account* with the same *broker*;
 - (iii) to accept a transfer of an open position from an *account* (which may not be in your name) with another *broker* in order to close out (wholly or partly) an open position;

(iv) as to payment of any amounts by a *broker* or clearing house in relation to options; and

(v) to reject your directions;

(b) lodge *securities* forming part of your *loan portfolio* with *ACH* if required by either your *broker* or the *ACH*;

(c) make any payment which is required or which the Lender considers necessary or desirable in relation to any options;

(d) take any action in relation to the *loan account* or your *loan portfolio* to satisfy any obligation or liability in relation to options; and

(e) provide any information in relation to the *loan account* to any *broker* in relation to options, and to obtain from any *broker* any information the Lender requires in relation to your *account* with the *broker* or any options.

The nominee arrangement

22. What the Lender and Nominee can do

22.1 The Nominee (under the global nominee deed), or any other person the Lender determines from time to time, acts as your nominee if the Lender specifies. If the Lender determines that another person act as your nominee, that other person will so act on terms approved by the Lender, and the Lender may execute on your behalf as your attorney any documents it thinks appropriate in relation to the appointment of the new nominee.

22.2 If the Nominee holds *securities* that form part or all of your *loan portfolio* as your nominee, you direct the Nominee to do, or to refrain from doing, anything it determines including:

- (a) arranging the deposit of documents of title for all the *securities* it holds with the Lender;
- (b) appointing the Lender and any officer or employee of the Lender as its attorney for the purposes of perfecting or exercising its rights or powers; and
- (c) applying any money held by it as your nominee in or towards the satisfaction of any amount that you owe to the Lender or the Nominee.

CHES sponsorship

23. Appointment of the Lender as your sponsor

23.1 You appoint the Lender as your Sponsoring Participant for relevant *securities* that form part of your *loan portfolio*.

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23.2 The regulatory regime which applies to the Lender is the *Act*. The Lender is holder of an Australian Financial Services Licence, No. 233722 under the *Act*. You can obtain information as to the status of the Lender from the Australian Securities and Investments Commission.

23.3 The CHESS Holdings to which this *sponsorship agreement* relates are those held under the Holder Identification Numbers (HINs) specified by you for existing Holdings (where you have transferred those Holdings to be governed by this deed) or the HINs notified by the Lender to you (where new Holdings have been established for you by the Lender under CHESS or where you have requested the Lender to arrange the issue of a new HIN).

24. Your acknowledgements

You acknowledge as follows.

24.1 Before you executed this deed, an explanation of the effect of this *sponsorship agreement* was provided to you by the Lender (this explanation is contained in the 'CHESS explanation' section on page 2) and you understood the effect of this *sponsorship agreement*.

24.2 In the event of your death or bankruptcy, a Holder Record Lock will be applied to all your Participant Sponsored Holdings in accordance with the *settlement rules*, unless your legally appointed *representative* or trustee elects to remove your Participant Sponsored Holdings from the CHESS Subregister.

24.3 In the event of your death, this *sponsorship agreement* shall remain in operation, in respect of the legally appointed *representative* authorised to administer your estate, for a period of up to three calendar months after the removal of a Holder Record Lock applied pursuant to clause 24.2, unless your legally appointed *representative* elects to remove your Participant Sponsored Holdings from the CHESS Subregister.

24.4 If the Lender is not a Market Participant of ASX, neither ASX nor any related party of ASX has any responsibility for supervising or regulating the relationship between you and the Lender, other than in relation to the *settlement rules* relating to this *sponsorship agreement*.

24.5 If a Transfer is taken to be effected by the Lender under Section 9 of the *settlement rules* and the Source Holding for the Transfer is a Participant Sponsored Holding under this *sponsorship agreement*, then:

- (a) you may not assert or claim against ASTC or the relevant Issuer that the Transfer was not

effected by the Lender or that the Lender is not authorised by you to effect the Transfer; and

- (b) unless the Transfer is also taken to have been effected by a Market Participant of ASX or a Clearing Participant of ACH, you have no claim arising out of the Transfer against the National Guarantee Fund under Part 7.5, Division 4 of the Corporations Regulations.

Joint Holdings

Where this *sponsorship agreement* applies to a joint Participant Sponsored Holding, you acknowledge:

24.6 that in the event of the death of one of the Holders, the Lender will transfer all Holdings under the joint Holder Record into new Holdings under a new Holder Record in the name of the surviving Holder(s), and that this *sponsorship agreement* will remain valid for the new Holdings under the new Holder Record; and

24.7 that in the event of the bankruptcy of one of the Holders the Lender will:

- (a) establish a new Holder Record in the name of the bankrupt Holder, transfer the interest of the bankrupt Holder into new Holdings under the new Holder Record and request that ASTC apply a Holder Record Lock to all Holdings under that Holder Record, unless the legally appointed *representative* of the bankrupt Holder elects to remove those Holdings from the CHESS Subregister; and
- (b) establish a new Holder Record in the name(s) of the remaining Holder(s) and Transfer the interest(s) of the remaining Holder(s) into new Holdings under the new Holder Record.

24.8 that in the event of an even number of *securities* for taxation purposes each Holder will beneficially hold an equal number of *securities*;

24.9 that in the event of an odd number of *securities*, Holder 1 on the application form is nominated as the default beneficiary for taxation purposes of the additional security; and

24.10 that you may advise us in writing at any time of an alternate holding portion of *securities* to that outlined in clause 24.8 or 24.9.

25. The Lender's Rights

25.1 Where you authorise the Lender to buy *securities*, you will pay for those *securities* within three *business days* of the date of purchase.

- 25.2 Subject to Clause 25.3, the Lender is not obliged to transfer *securities* into your Participant Sponsored Holding until payment is received.
- 25.3 Where a contract for the purchase of *securities* remains unpaid, after the Lender has made a demand on you to pay for the *securities*, you direct the Lender to (in its discretion) sell those *securities* that are the subject of that contract at your risk and expense and that expense will include brokerage and stamp duty.
- 25.4 Where the Lender claims that you have not paid an amount lawfully owed to it, you direct the Lender to (in its discretion) refuse to comply with your Withdrawal Instructions, but only to the extent necessary to retain *securities* of the minimum value held in a Participant Sponsored Holding (where the minimum value is equal to 120% of the current market value of the amount claimed).
- 26. Your Rights**
- 26.1 Subject to clauses 25.3 and 25.4, the Lender will initiate any Transfer, Conversion or other action necessary to give effect to Withdrawal Instructions within two (2) *business days* of the date of the receipt of the Withdrawal Instructions.
- 26.2 In the event that the Lender breaches any of the provisions of this *sponsorship agreement*, you may refer that breach to any regulatory authority, including ASIC and ASTC.
- 26.3 In the event that the Lender is suspended from CHES participation, subject to the assertion of an interest in Securities controlled by the Lender, by the liquidator, receiver, administrator or trustee of the Lender:
- (a) you have the right, within twenty (20) *business days* of ASTC giving Notice of Suspension, to give notice to ASTC requesting that any of your Participant Sponsored Holdings be removed either:
 - (i) from the CHES Subregister; or
 - (ii) from the control of the Lender to the control of another Participant with whom you have entered a valid Sponsorship Agreement pursuant to Rule 12.19.10 of the *settlement rules*; or
 - (b) where you do not give notice under clause 26.3(a), ASTC may effect a change of Controlling Participant under Rule 12.19.11 of the *settlement rules* and you will be deemed to have entered into a new Sponsorship Agreement with the substitute Participant on the same terms as the existing *sponsorship agreement*. In these circumstances, the new Participant must enter into a Sponsorship Agreement with you within ten (10) *business days* of the change of Controlling Participant.
- 27. Claims for compensation**
- 27.1 You may lodge a complaint against the Lender or any claim for compensation with ASTC.
- 27.2 Subject to clause 27.3, the Lender has no compensation arrangements in place for Participant Sponsored Holders.
- 27.3 The Lender is required to lodge, and has lodged, a Sponsorship Bond with the ASTC. You may be entitled to make a claim to ASTC under the Sponsorship Bond. The ability of the Lender to satisfy the claim will depend upon the Lender's financial circumstances.
- 27.4 As the Lender is not a Market Participant of ASX or a Clearing Participant of ACH, if the Lender breaches a provision of this *sponsorship agreement*, you are not entitled to make a claim on the National Guarantee Fund for compensation.
- 28. Change of Controlling Participant**
- 28.1 If you receive a Participant Change Notice from the Lender at least 20 *business days* prior to the date proposed in the Participant Change Notice for the change of Controlling Participant, you are under no obligation to agree to the change of Controlling Participant, and may choose to do any of the things set out in clauses 28.2 or 28.3.
- 28.2 You may choose to terminate this *sponsorship agreement* by giving Withdrawal Instructions under the *settlement rules* to the Lender, indicating whether you wish to:
- (a) transfer your Participant Sponsored Holding to another Controlling Participant; or
 - (b) transfer your Participant Sponsored Holding to one or more Issuer Sponsored Holdings.
- 28.3 If you do not take any action to terminate this *sponsorship agreement* in accordance with clause 28.2 above, and do not give any other instructions to the Lender which would indicate that you do not agree to the change of Controlling Participant then, on the Effective Date, this *sponsorship agreement* will have been taken to be novated to the new Controlling Participant and will be binding on all parties as if, on the Effective Date:
- (a) the new Controlling Participant is a party to the Agreement in substitution for the Lender;

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- (b) any rights of the Lender are transferred to the new Controlling Participant; and
 - (c) you release the Lender from any obligations arising on or after the Effective Date.
- 28.4 The novation in clause 28.3 will not take effect until you have received a notice from the new Controlling Participant confirming that the new Controlling Participant consents to acting as the Controlling Participant for you. The Effective Date may as a result be later than the date set out in the Participant Change Notice.
- 28.5 You will be taken to have consented to the events referred to in clause 28.4 by doing any act which is consistent with the novation of this *sponsorship agreement* to the new Controlling Participant (for example by giving an instruction to the new Controlling Participant), on or after the Effective Date, and such consent will be taken to be given as of the Effective Date.
- 28.6 This *sponsorship agreement* continues for the benefit of the Lender in respect of any rights and obligations accruing before the Effective Date and, to the extent that any law or provision of any agreement makes the novation in clause 28.3 not binding or effective on the Effective Date, then this *sponsorship agreement* will continue for the benefit of the Lender until such time as the novation is effective, and the Lender will hold the benefit of this *sponsorship agreement* on trust for the new Controlling Participant.
- 28.7 Nothing in this clause 28 will prevent the completion of CHES transactions by the Lender where the obligation to complete those transactions arises before the Effective Date and this *sponsorship agreement* will continue to apply to the completion of those transactions, notwithstanding the novation of this *sponsorship agreement* to the new Controlling Participant under this clause 28.
- 29. Other Provisions**
- 29.1 A Holder Record Lock applied to *your loan portfolio* would have the following effects:
- (a) it will prevent Participant Transfers or Conversions from your Participant Sponsored Holding;
 - (b) it will prevent acceptance of a buyback or an off-market takeover offer;
 - (c) it will prevent withdrawal of acceptance of a buyback or an off-market takeover offer;
 - (d) it will prevent change of Controlling Participant;
 - (e) it will allow Participant Transfers and Conversions into your Participant Sponsored Holdings; and
 - (f) it will allow all registry or offeror initiated movements.
- 29.2 You direct the Lender to, in its absolute discretion, permit *securities* which you have provided under this deed to be held in Participant Sponsored Holdings of which a person other than the Lender is the Sponsoring Participant. If the Lender does so, without limiting the Lender's other rights, you authorise the Lender to give instructions to the Sponsoring Participant in relation to your Participant Sponsored Holdings to the same extent that you are able to do so, including directing the Sponsoring Participant to take any action which the Lender could have taken if it was the Sponsoring Participant of your Participant Sponsored Holdings.
- 29.3 You direct the Lender to sell, transfer or convert to or from a CHES Subregister, the *CHES approved securities* (or cause the Sponsoring Participant, if the *securities* are sponsored by another person), so long as:
- (a) it acts in accordance with the *settlement rules*;
 - (b) it has received instructions from you (or from another Participant or anyone else authorised on your behalf); or
 - (c) it is exercising its rights under this deed.
- 29.4 If the Lender receives instructions from another Participant that appear to be from you, the Lender need not check the authority of the Participant to provide such instructions.
- 29.5 You direct the Lender to refuse to act on any instruction given by you, another Participant or anyone else, if:
- (a) any amount is due by you in connection with this deed;
 - (b) following the instruction would mean that the *total amount owing* would exceed the *loan limit*;
 - (c) following the instruction is contrary to the provisions of this deed; or
 - (d) the Lender does not have sufficient *securities* to implement the instruction.
- 29.6 You must seek the Lender's written consent before you reserve or release *securities* into or out of a Subposition, or agree to do so (if you indeed have such a power to do so under the *settlement rules* or otherwise).

- 29.7 If the Lender believes that a Subposition would protect its *security interest*, then it may do (or require you to do) all things necessary to have *securities* reserved in a Subposition on any terms that it specifies.
- 29.8 Where the Lender elects to replace the Sponsoring Participant of the *securities* in your Participant Sponsored Holdings, the Lender may execute on your behalf a CHES Sponsorship Agreement substantially in the same terms as clause 23 to 29 (inclusive), and any other documents the Lender considers appropriate to give effect to the change of Sponsoring Participant.
- 29.9 By entering into this deed, you direct the Lender and the Nominee to convert or transfer any *CHES approved securities* to *securities* which are held in a Participant Sponsored Holding at the discretion of the Lender.
- 29.10 If you have given your tax file number, Australian Business Number or exemption code to the Lender, then you authorise the Lender to disclose that tax file number, Australian Business Number or exemption code (as the case may be) to its related bodies corporate and *ASTC* for any purpose relating to the *securities* or their dividends, distributions or other benefits.

Section D – Declarations and Undertakings

This section applies both to borrower and each third party security provider

Declarations and undertakings you make

30. General declarations and undertakings

You declare and undertake that:

- (a) you are able to enter into this deed and each *collateral security* to which you are expressed to be a party and give it full force and effect;
- (b) no *default* subsists; and
- (c) any *securities* or *entitlements* which are, or which are to be, mortgaged to the Lender are and will be free of any other *security interest*.
- (d) neither the Lender nor the Nominee has provided taxation advice to you, and you should seek and rely on your own professional taxation advice prior to making any decisions in respect of your loan portfolio.
- (e) you are an Australian resident for taxation purposes.

- (f) You are not entering into or acting in respect of rights or obligations under this deed in course of carrying on a business at or through a permanent establishment outside of Australia within the meaning of section 6(1) of the Income Tax Assessment Act 1936.

31. Trustee declarations and undertakings

If you are a trustee of a trust and are executing this deed in that capacity:

- (a) you declare that:
 - (i) you are the only trustee of the trust, the trust has been properly constituted and the trust deed is valid and enforceable;
 - (ii) you have given the Lender complete and up-to-date copies of the trust deed and other documents relating to the trust which contain all the terms of the trust;
 - (iii) you have the power to sign this deed, perform your obligations under it, and allow it to be enforced;
 - (iv) you have signed this deed in your personal capacity and as trustee, and for the benefit of the beneficiaries of the trust; and
 - (v) any *securities* and *entitlements* which are to be mortgaged under this deed are the property of the trust; and
- (b) you agree to:
 - (i) not do anything as trustee of the trust which may adversely affect your obligations to the Lender; and
 - (ii) ensure that the trust is not terminated, you do not retire or cease to act as trustee of the trust and are not replaced or removed, no new trustee is appointed and the terms of the trust deed are not otherwise varied.

32. Repetition

Each of the declarations and undertakings made in clauses 30 and 31 continues after you sign this deed. You must tell the Lender at any time if anything happens which would make any declaration incorrect.

33. Indemnities you give

- 33.1 You indemnify the Nominee on demand against any *losses* it suffers or incurs in relation to acting as your nominee, except when such *losses* are

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caused by the fraud or gross negligence of the Nominee.

33.2 You indemnify the Lender and the Nominee on demand against any losses suffered or incurred as a consequence of:

- (a) the Lender and the Nominee entering into and performing their obligations as your or another person's Sponsoring Participant in connection with this deed;
- (b) a *collateral security* or the *settlement rules*;
- (c) any action or *default* by you or another person under or in relation to the CHESSE Sponsorship arrangement outlined in this deed or a *collateral security* (or another CHESSE Sponsorship arrangement on corresponding terms); and
- (d) any action or *default* by you or the sponsor of your Participant Sponsored Holding (if a person other than the Lender).
- (e) the Lender acting in good faith on any notice of instruction referred to in clause 33.3.

33.3 You or your *representative* may give notices or instructions to the Lender by telephone, fax or other electronic means, and the Lender is authorised to act on those notices or instructions. However, the Lender may elect not to act on a notice or instruction until confirmed in writing. The Lender is entitled to assume that any notice or instruction is from the person it purports to be from, even though it may be invalid for any reason, including fraud or forgery. The Lender is not obliged to investigate the validity of any notice or instruction, and will not be liable for any action or omission to act as a consequence of an invalid notice or instruction.

33.4 These indemnities are continuing obligations, independent of your other obligations under this deed. They continue after the Lender releases the *loan portfolio* from the mortgage in this deed. It is not necessary for the Lender or the Nominee to incur any expense before either of them act to enforce the indemnities you have given them.

Section E – Default

This section applies both to borrower and each third party security provider

34. What is a default?

34.1 A *default* occurs if:

- (a) any of you do not pay on time any part of the *total amount owing*;
- (b) any of you breach any obligation in connection with a *relevant document*;
- (c) any declaration made in connection with a *relevant document* is incorrect or misleading or any of you give or someone else gives the Lender incorrect or misleading information in connection with a *relevant document*;
- (d) any of you are *insolvent* or steps are taken to that effect or, if any of you are a natural person, any of you die; or
- (e) if any *security* forming part of the *loan portfolio* consists of an interest in an *account*:
 - (i) any breach or *default* occurs of the duties and obligations of the administrator or trustee under the relevant trust deed, rules and anything else that applies to the trust (together, the 'plan');
 - (ii) any event occurs which results in the termination of the plan or the vesting of trust assets held under the plan;
 - (iii) the administrator or trustee under the plan is removed from office; or
 - (iv) any event of *default* occurs under the relevant *management agreement*; or
- (f) at any time the *loan balance* is more than 90% of the market value of the *loan portfolio* (as determined by the Lender in its absolute discretion).

34.2 A default also occurs if

- (a) the S&P/ASX 300 (or another index the Lender considers appropriate) maintained by ASX falls by more than:
 - (i) 10% on or during any *trading day*;
 - (ii) 10% in aggregate on or during any two consecutive *trading days*; or
 - (iii) 15% in aggregate on or during any three consecutive *trading days*;
- (b) any of the *loan portfolio* that was quoted on any official list of the ASX ceases to be so quoted;

- (c) in the Lender's opinion an adverse circumstance has occurred in relation to the sponsor or sponsorship of any of your Participant Sponsored Holdings (if the sponsor is someone other than the Lender), including the *insolvency* of the sponsor, or any steps being taken which may lead to the *insolvency* of the sponsor, or the breach by the sponsor of any agreement with the Lender; or
- (d) the Lender reasonably believes that there has been a material adverse change in the ability of any of you to comply with obligations in connection with a *relevant document*.

35. What can happen then?

- 35.1 If a *default* occurs, and without limiting the Lender's other rights:
- (a) the Lender may direct the borrower to pay all or part of the *total amount owing* immediately to the Lender; and
 - (b) you direct the Lender (in its discretion) to sell, appropriate or otherwise deal with any or all of the *loan portfolio* as if it was the owner of the *loan portfolio*.
- 35.2 If the Lender decides to sell or otherwise deal with part or all of the *loan portfolio* under clause 35.1(b), any prospective or actual purchaser is not required to know the reasons why the Lender is selling or dealing with the *loan portfolio*.
- 35.3 The Lender need not give you any notice or demand or allow time to elapse before exercising a right under this deed or conferred by law (including a right to sell or otherwise deal) unless the notice, demand or lapse of time is required by law and cannot be excluded.
- 35.4 If law requires that a period of notice must be given or a lapse of time must occur or be permitted before a right under this deed or conferred by law may be exercised, then when a period of notice or lapse of time may be stipulated or fixed by this deed, one day is stipulated and fixed as that period of notice or lapse of time.

Section F – General

This section applies both to borrower and each third party security provider

36. Power of attorney

- 36.1 You appoint the Lender (and each person they appoint from time to time) separately as your attorneys. If an attorney asks, you must formally

approve anything they do under clause 36.2. You may not revoke these appointments.

36.2 An attorney may:

- (a) do anything which you may lawfully authorise an attorney to do in connection with the *loan portfolio*, property to become part of the *loan portfolio* or this deed (including selling or otherwise dealing with assets and applying amounts to repay any of the *total amount owing*);
- (b) delegate their powers (including this power) and revoke a delegation;
- (c) exercise their powers even if this involves a conflict of duty or they have a personal interest in doing so; and
- (d) exercise their powers regardless of whether a *default* subsists.

36.3 Without limiting clause 36.2, an attorney may execute any document or do any act in connection with:

- (a) any notification to a *securities* registry or issuer, or CHESS, of any matter, including registration details, address for payments and any application for duplicate certificates or other documents;
- (b) any document in relation to any conversion, transfer, redemption or replacement of *securities*;
- (c) any document which relates to any *securities* or *entitlements* in the *loan portfolio* or that are otherwise related to this deed;
- (d) any direction to the Nominee as nominee under this deed;
- (e) any instructions under clause 21.2(a); or
- (f) any instructions to a sponsor of your Participant Sponsored Holding.

36.4 You indemnify each attorney on demand against any loss, costs, duties and other amounts they incur as attorney.

37. The Lender and the Nominee's rights and liabilities

- 37.1 You direct the Lender or the Nominee to exercise a right or remedy, do any thing or give or refuse its consent in any way under this deed that it considers appropriate (including by imposing conditions), and it does not have to give you reasons why it acts in any way.
- 37.2 If the Lender or the Nominee does not exercise a right or remedy fully or at a given time, it can still exercise it later.

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- 37.3 The Lender's and the Nominee's rights and remedies under this deed are in addition to other rights and remedies provided by law. The Lender or the Nominee may enforce its rights and remedies in any order that it chooses.
- 37.4 Neither the Lender nor the Nominee is required to do any act or thing unless expressly required under this deed, or to exercise any right, power or remedy, and they are not liable for any cost or loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising a right or remedy, or doing or not doing, or any delay in doing, any act or thing, whether or not caused by its negligence.
- 37.5 You irrevocably authorise each of the Lender and the Nominee to contact and communicate with the issuer, trustee or administrator of any *securities* or *entitlements* in your *loan portfolio*, to request and receive from each such person any information relevant to these *securities* or *entitlements*, and otherwise deal with each such person as if the Lender or the Nominee was the owner of such *securities* or *entitlements*.
- 37.6 The Lender makes no warranties, either express or implied, as to the merchantability, fitness for a particular purpose, or otherwise (including as to accuracy, currency, availability, completeness or quality) with respect to the goods or services supplied under this deed.
- 37.7 The Lender's or the Nominee's liability under this deed shall in any event be limited to the re-supply of the *service* or any other good or service supplied under this deed.
- 38. Payments**
- 38.1 Any payment by you under this deed must be made by bank cheque or in immediately available funds to any *account* in Australia nominated by the Lender, in full, without withholding, deduction, set-off or counterclaim.
- 38.2 The Lender may set-off any money you owe under this deed against any amount the Lender owes to you (whether under this deed or otherwise), and may apply any amount in any *account* you have with the Lender (including, in the case of the borrower, the *loan account*) to satisfy any amount any of you owe to the Lender under this deed.
- 38.3 The Lender may immediately pay any amounts that are required from you under or in connection with this deed, without further authority from you or (if you are not the borrower) the borrower, and those amounts will form part of the *total amount owing*.
- The Lender may debit such amounts to the *loan balance* at any time.
- 38.4 If the law requires you to make a deduction or withholding (such as for taxes) from any amount you pay the Lender, then:
- you must comply with that law and give the Lender receipts to show that you have done so; and
 - you must pay the Lender additional amounts so that the Lender receives the amount it would have received had no deductions or withholdings been required.
- 38.5 The Lender or the Nominee may use:
- any payment received from you under this deed; or
 - any cash received as a result of *entitlements* derived from the *loan portfolio*; or
 - proceeds from the sale, acquisition, redemption of or other dealing with, any of the *loan portfolio*,
- to reduce the *total amount owing* in any order that it chooses.
- 38.6 If, at the time the Lender receives any amount in respect of the *total amount owing* which is not then due for payment, the Lender may retain that amount and use it to pay the *total amount owing* when it becomes due for payment.
- 39. Costs and stamp duty; overdue interest and other fees**
- 39.1 You must pay, on demand, the Lender's and the Nominee's costs and expenses for anything that is done under this deed, including:
- the negotiation, stamping, registration, variation or discharge of a *relevant document*;
 - the drawing, execution and service of any demand or notice given to you or any other person by the Lender;
 - your performance of, or *default* under, a *relevant document* (including a *default*);
 - the exercise or attempted exercise by the Lender of any right, power, authority or remedy conferred on the Lender (or its agent) under a *relevant document*; and
 - the Nominee's usual fees for acting as your nominee, and its costs for so acting.
- 39.2 When the Lender asks, you must pay it for all duties payable by any of you, the Lender or the Nominee in connection with:

- (a) a *relevant document*, the *loan account* or the *loan portfolio*;
 - (b) any transaction contemplated in a *relevant document* (including the acquisition of any interest in the *loan portfolio*); and
 - (c) any instruments entered into as a result of a *relevant document*.
- 39.3 The Lender may charge you fees from time to time which it considers appropriate in connection with this deed or the provision of any services in connection with this deed (including in relation to options under clause 21 and for online services). the Lender may vary any fees at any time.
- 39.4 The Lender may debit the *loan account* with all fees, costs and duties that any of you are required to pay.
- 39.5 You must pay the Lender monthly or, if earlier, on demand, interest calculated on any amount that is unpaid by you when due under this deed at an interest rate that is equal to 2% per annum plus the Lender's current standard variable (monthly) interest rate for margin loans from time to time (or, if there is no such rate, the rate the Lender specifies from time to time), from the due date until payment.
- 40. Notices and other communications**
- 40.1 Subject to clause 33.4, notices, consents and other communications to the Lender or the Nominee in connection with a *relevant document* must be in writing under this clause, unless the Lender or the Nominee otherwise determines in its discretion. Subject to law, any notice, demand or communication by the Lender or the Nominee may be given in any manner the Lender considers appropriate.
- 40.2 If you are a company, all communications must be executed in accordance with the *Act* or signed by an authorised signatory of the company. You must provide specimen signatures of all authorised signatories.
- 40.3 Communications may be:
- (a) left at the address last notified, in which case they are taken to be received three *business days* after they are posted;
 - (b) sent by prepaid, certified or registered post to the address last notified, in which case they are taken to have been received on the day that they are left at that address;
 - (c) sent by fax to the fax number last notified, in which case, they are taken to be received at the time the transmitting machine produces a report that indicates that the communication was sent to the recipient's fax machine; or
 - (d) by other means (including electronically) at the discretion of the Lender, in which case they are deemed to have been received instantaneously unless the sender's machine receives a delivery failure report.
- 40.4 Communications given by or to the Lender or the Nominee in connection with this deed may be given to or by your *representative* (as the case may be). Such communications shall be treated as if they were to or from you.
- 40.5 Each of the Lender and the Nominee may rely on any document, instruction or other communication (including any electronic transmission) believed by it to be genuine and correct, including from or purporting to be from you or your *representative*. Neither the Lender nor the Nominee will be liable to any person for so relying. You indemnify the Lender and the Nominee against any loss or cost either of them incurs as a consequence of accepting a notice or purported notice or instruction from you or your *representative*.
- 40.6 We shall be entitled to rely on and you agree that you are bound by any communication which includes your *security identifications* without any inquiry on our part as to the authority or identity of the purported sender of that communication. You agree not to contest the validity or enforceability of communications between you and us in any legal proceedings between the parties. In the event of a dispute, the transaction log of all communications received from you will be conclusive evidence of the instructions contained in them.
- 40.7 You consent to the receipt of confirmations (including *contract notes*) by electronic means including by email. If you wish to receive such confirmations in paper form, you must notify us in writing.
- 40.8 You must not disclose or share your *security identifications* with anyone, unless disclosure is reasonably required in the circumstances. You are entirely responsible for the use of any *security identifications* and for retaining its security.
- 40.9 We make no representation or warranty as to the security of data stored on either our web server or on the web servers of parties engaged by us to provide all or part of the services contemplated by this deed.
- 40.10 On becoming aware of a breach of security, you must immediately notify us and suspend the use of all communications of the type to which the

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breach of security pertains until we are satisfied that appropriate steps have been taken to ensure the security of such communications with you.

41. The Lender's certificate

The Lender may give you a certificate about a matter or an amount in connection with this deed. The certificate is sufficient evidence of the matter or amount, unless proved to be incorrect.

42. Assignment

42.1 The Lender or the Nominee may assign its rights under this deed without giving you notice.

42.2 You may not assign your rights under this deed without the Lender's written consent.

43. Joint and several liability

Each borrower is liable for all obligations of:

- (a) the borrower under this deed both separately and jointly with any one or more of the other persons named as a borrower in that borrower's application for a margin loan (and 'you' is read accordingly); and
- (b) each third party under this deed, and must procure compliance by each third party of its obligations under this deed.

44. Variation of the loan

The Lender may vary the provisions of this deed. If it does, the mortgage provisions in clauses 9 to 21 of this deed cover the varied arrangements.

45. Termination

45.1 The borrower or the Lender may give 5 *business days* written notice of termination of this deed.

45.2 If the borrower gives a notice of termination at any time within 2 months after the execution of this deed, the borrower will be liable for additional interest calculated on an amount of \$20,000 for the period from the date of termination until 2 months after that date.

45.3 On the fifth *business day* after a notice of termination is given, the borrower must repay the *total amount owing*.

45.4 This deed will only terminate when notice has been given and you have repaid the *total amount owing*, provided that your obligations under clauses 14 to 21 continue until there is a final discharge of the mortgages under clause 9. If you are not the borrower, your obligations under this deed will terminate when there is a final discharge of your mortgage under clause 9.

45.5 Termination of this deed in any manner shall not release you from liability to the Lender, the Nominee

or any other person with respect to matters effected prior to such termination whether or not claims relating to such matters shall have been made before or after such termination.

46. Commission

If you have used a financial adviser or *broker* in relation to this deed, that person, or a person connected to that financial adviser or *broker*, may be entitled to receive commissions or other benefits from the Lender during the term of this deed. Payment of any such commission or the giving of benefits is not an endorsement of that financial adviser or *broker* by the Lender.

47. Consumer Credit Code

47.1 This clause 47 applies to the extent that any consumer credit legislation applies to this deed.

47.2 If:

- (a) that legislation would otherwise make a provision of this deed illegal, void or unenforceable; or
- (b) a provision of this deed would otherwise contravene a requirement of that legislation or impose an obligation or liability which is prohibited by that legislation,

this deed is to be read as if that provision were varied to the extent necessary to comply with that legislation or, if necessary, omitted.

47.3 If that legislation is inconsistent with this deed, that legislation overrides this deed to the extent of the inconsistency.

48. Anti Money Laundering and Counter-Terrorism Financing Act 2006

- (a) The Lender is bound by laws relating to the prevention of money laundering and the financing of terrorism, including the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and the Anti-Money Laundering and Counter-Terrorism Financing Rules Instruments (AML/CTF laws) and has adopted an AML/CTF program in accordance with the requirements of the AML/CTF laws and the various guidelines and publications produced by the Australian Transaction Reports and Analysis Centre (the AML/CTF Program).
- (b) You cannot open a BT Margin Loan account unless you have provided sufficient identification and that identification has been verified in accordance with the AML/CTF Program and AML/CTF laws.

- (c) By opening and using a BT Margin Loan account, you agree that:
- (i) you do not acquire the Lender's products or services under an assumed name.
 - (ii) any products or services the Lender provides will not be used in relation to any criminal activities or any activities which breach laws or sanctions.
 - (iii) if the Lender asks, you will provide the Lender with additional information it reasonably requires for the purposes of AML/CTF laws.
 - (iv) the Lender may obtain information about you from third parties if the Lender believes this is necessary to comply with AML/CTF laws.
 - (v) the Lender may disclose information which it holds about you or your conduct to its related bodies corporate.
- (d) In order to comply with AML/CTF laws the Lender may be required to take action, including:
- (i) delaying or refusing a request for products or services.
 - (ii) monitoring your conduct in relation to the provision of the product or services; or
 - (iii) disclosing information that the Lender holds about you or your conduct to its service providers, relevant regulators of AML/CTF laws, or other parties (whether in or outside of Australia) and if the Lender does so it may be obliged not to inform you of this, and
- (e) The Lender is not liable for any loss, claim, liability or expense you suffer or incur (including consequential loss) as a result of the Lender taking any action referred to above and you indemnify the Lender for any loss, claim, liability or expense it may suffer or incur (including consequential loss) from exercising any right under this clause or from any breach by you of your agreement in this clause.

Information

49. Information

The Lender and the Nominee may from time to time provide you with information relating to this deed, the *loan portfolio* or other matters, including information received from the issuer of, or administrator for, any *securities* or *entitlements* in the *loan portfolio*. Neither the Lender nor the Nominee will be liable for, and you must independently verify the accuracy of any such information or documents.

Applicable law

50. Applicable law

This deed is governed by the laws in force in New South Wales. You, the Lender and the Nominee submit to the non-exclusive jurisdiction of the courts of New South Wales and courts of appeal from them.

51. Computer facilities

- 51.1 You acknowledge that the *service* may malfunction or become temporarily unavailable due to computer malfunction or network congestion. We will have in place reasonable procedures to avoid unintended interruption of the *service*.
- 51.2 We will have the right to suspend the *service* at any time to perform certain administrative tasks and scheduled maintenance and if, in our opinion, some serious threat is posed to any part of the system supporting the *service*.
- 51.3 We will have the right, in our sole discretion, to immediately suspend or terminate your access to and use of the *service* if you:
- (a) use or in our reasonable opinion appear to use the *service* in a manner reasonably deemed inappropriate or unreasonable by us;
 - (b) deliberately or recklessly disrupt the *service*, cause congestion or impede others from using the *service*, or attempt to do so;
 - (c) use your internet access to menace, create a nuisance or harass others or attempt to do so;
 - (d) make any denial-of-service attacks on us or any other users or networks relating to us or attempt to do so;
 - (e) use your Internet access to unlawfully obtain access to networks used or operated by us or attempt to do so; or
 - (f) provide us with personal details, including (without limitation) name, address, bank account, email address and phone number,

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which we consider, in our reasonable opinion, not to be bona fide.

Meaning of words and Interpretation

52. Meaning of words

account, in connection with an interest you have in a trust which is not a unit trust, means an *account* established and maintained by the trustee or administrator of the trust in your name or in the name of the Nominee on your behalf which evidences the value and nature of your interest in that trust.

ACH means the Australian Clearing House Pty Ltd.

Act means the Corporations Act 2001 (Cth).

ASTC means the ASX Settlement and Transfer Corporation Pty Limited.

ASX means Australian Stock Exchange Limited.

broker means a person admitted as a Market Participant under the ASX Market Rules and, where the context requires, a person admitted as a Clearing Participant under the *ACH* Clearing Rules.

buffer means an amount determined by the Lender from time to time at its absolute discretion.

business day means a day on which banks and are open for business in Sydney and the ASX is open for trading and settlement.

CHESS approved securities means *securities* that have been converted to the CHESS system of registration.

collateral security means a *security interest* given by you (other than the *security interest* in this deed) in connection with this deed.

contract note means a notification of trade or a request for trade that is acceptable to the Lender.

corporate action in relation to any corporation means any act, matter or thing (whether voluntary or not) which affects or might affect the ownership of, the rights in, or distributions under, the *securities* of that corporation, including any compulsory acquisition of those *securities* (including following a takeover of the relevant corporation) or a return of capital on those *securities*.

default has the meaning set out in clause 34.1 and 34.2.

disposition means a payment, obligation, settlement, transaction, conveyance or transfer.

electronic communication means any notice or instruction given by facsimile transmission, electronic mail or electronic data interchange (including over the

World Wide Web or any other electronic form of communication approved by us from time to time).

entitlements means any new annuity, commodity, dividend, bonus, money, obligation or *security* of whatever nature that may at any time be:

(a) transferred, allotted or paid; or

(b) transferable, allotable or payable,

to you, the Lender or the Nominee (or to anyone else on their behalf) in connection with the *loan portfolio*.

A person is *insolvent* or in *insolvency* if they are *insolvent*, are an *insolvent* under administration or have a controller appointed (each as defined in the *Act*), bankrupt, in receivership, in receivership and management, in liquidation, in provisional liquidation, under administration, wound up, subject to any arrangement, assignment or composition or protected from any creditors under any statute.

listed means *listed* by ASX unless otherwise agreed by the Lender.

loan account means the *account* or accounts the Lender establishes in the borrower's name recording all transactions in connection with this deed.

loan balance means, at any time, the difference between all amounts credited and all amounts debited to the *loan account* at that time and, except for the purposes of clause 7, including any amount that the Lender is obliged to lend to the borrower but has not yet made available to the borrower. When this amount is to be calculated for the end of a day, it includes all debits and credits assigned up to and including that day.

loan limit is the amount calculated in accordance with the formula in clause 1.3.

loan portfolio has the meaning given in clause 12.

loss includes any expense, costs, increased costs, liability, claims, damages, fees, taxes duties, penalties, interest, legal costs (on a full indemnity basis), judgment, consequential, punitive, special or indirect loss (including loss of profits and revenue).

management agreement means any agreement between the Lender and any administrator or trustee of any trust in connection with which you or the Nominee hold an *account*.

margin call account means an *account* or investment in the name of the Lender or the Nominee with a cash management trust or other cash investment product (including one of which the Lender or a related body corporate is the trustee, administrator or issuer) selected by the Lender.

relevant document means this deed, a *management agreement* or a *collateral security*.

representative means the person you nominate to the Lender in writing from time to time to give or receive communications and instructions in connection with this deed.

security or *securities* means:

- (a) any share, stock, investment contract, or other interest in the capital of a corporation or collective securities investment vehicle, including depositary shares or receipts, or any warrant, option (exchange-traded or otherwise) or other derivative in relation to part or all of such an interest;
- (b) any debenture, bond, bill of exchange, promissory note, evidence of indebtedness, certificate of deposit, or other fixed or floating rate instruments or investments of any kind;
- (c) an interest in a trust, which is not a unit trust, represented by your *account*;
- (d) a unit in any trust; or
- (e) any other property, including money on deposit, that BTS, in its absolute discretion, agrees to be within this definition

securities register means the record (in whatever form) designated by the Lender from time to time as its *securities register*, but not any other record recording the *securities* or any intention in relation to the *securities*.

security identifications mean your internet user identification, password and telephone identification which must be used to access the *service* via the internet or telephone (as the case may be) or which must be used in providing your instructions or any other communications to us.

security interest means any *security* for the payment of money or performance of obligations (including a mortgage, charge, lien, pledge, trust or power), or any guarantee or indemnity.

settlement rules means the *ASTC Settlement Rules*.

sponsorship agreement means clauses 23 to 29.

total amount owing means, at any time, the *loan balance* at that time, plus all interest charges, fees and other amounts which any of you must pay under this deed (including under clause 38) but which have not been debited to the *loan account* at that time.

trading day means a day on which the *ASX* is open for trading of *securities* in Sydney or Melbourne.

your loan portfolio has the meaning given in clause 12.

Terms which are not otherwise defined have the meanings given to them in the *settlement rules*.

53. Interpretation

The singular includes the plural and vice versa. A reference to:

- (a) a document includes any variation or replacement of it;
- (b) any thing includes the whole and each part of it; and
- (c) a person includes an individual, a body corporate, an unincorporated association and an authority, and their respective successors and assigns.

'Borrower' means the person or persons named in the application for a margin loan as borrower.

'Including' or such does not limit the matter referred to.

'Third Party' means the person who provides a *security interest* for the borrower's obligations under this deed.

'You' means the borrower or any third party, as the context requires.

→ Guarantee and Indemnity

Important

This deed is between you and BT Securities Limited ABN 84 000 720 114 (**'the Lender'**) with BT (Queensland) Pty Limited ABN 49 009 818 875 (**'the Nominee'**).

This deed incorporates a guarantee given by you to the Lender for the obligations of the *borrower* and an indemnity given by you to the Lender.

This deed will be executed by the Lender, as your attorney, under the power of attorney that you grant in its favour.

Once the Lender signs this deed, it is binding on you.

By becoming a *guarantor* to a BT Margin Loan you are giving a personal guarantee that the *borrower* will repay the loan and comply with the *borrower's* other obligations in relation to the BT Margin Loan. You also accept certain obligations yourself.

1. Acknowledgement

You acknowledge that:

- (a) you have received a copy of each document comprising the *facility*;
- (b) you (or the directors if the *guarantor* is a company) have read and understood the terms of the *facility*;
- (c) you have made your own enquires, and satisfied yourself, as to the financial condition of the *borrower* and its ability to perform its obligations under the *facility*;
- (d) the Lender has no duty at any time to give you any information relating to the financial condition or other affairs of the *borrower* (including notice of any *default* by the *borrower*) or *anyone* else; and
- (e) any *security* held by the Lender from you secures payment by you of the *total amount owing* under this deed.

2. What you guarantee

2.1 You unconditionally and irrevocably guarantee due and punctual payment to the Lender of the *total amount owing*. If the *borrower* does not pay the *total amount owing* on time and in accordance with any arrangement under which it is expressed to be owing, then you agree to pay the *total amount owing* to the Lender on demand from the Lender (whether or not the Lender has made demand on the *borrower*).

A demand may be made at any time and from time to time. This guarantee is a continuing obligation and extends to all of the *total amount owing*.

2.2 The *total amount owing* can increase without your consent. The Lender does not need to tell you if the amount increases or otherwise changes. You should contact the *borrower* if you want information about the *total amount owing* or any changes to it.

2.3 As a separate undertaking, you unconditionally and irrevocably indemnify the Lender against, and you must pay the Lender on demand for, liability, loss or costs it suffers or incurs if:

- (a) the *borrower* does not, is not obliged to, or is unable to, pay the Lender the *total amount owing* in accordance with any arrangement under which it is expressed to be owing;
- (b) you are not obliged to pay the Lender an amount under clause 2.1; or
- (c) a payment you or the *borrower* makes to the Lender is recovered or recoverable by any person (such as a trustee in bankruptcy, liquidator or controller (as defined in the Corporations Act 2001 (Cth))).

The amount of that loss will equal the amount the Lender would otherwise have been entitled to recover under your guarantee.

3. Extent of the guarantee

The guarantee is for the full amount of the *total amount owing* at any time (notwithstanding that amounts may have been repaid and redrawn by the *borrower* under the *facility*).

4. Payments

Payments of amounts due to the Lender under this deed must be made by bank cheque or by immediately available funds to any account in Australia nominated by the Lender in full without setting off amounts the Lender owes you, and without counter-claiming amounts from the Lender.

5. Costs, overdue interest and fees

- 5.1 You must pay, on demand, the Lender's costs and expenses for anything that is done under this deed, including the negotiation, stamping, registration, variation or discharge of this deed.
- 5.2 When the Lender asks, you must pay it for all duties payable by any of you, the Lender or the Nominee in connection with this deed.
- 5.3 You must pay the Lender monthly or, if earlier, on demand, interest calculated on any amount that is unpaid by you when due under this deed at an interest rate that is equal to 2% per annum plus the Lender's current standard variable (monthly) interest rate for margin loans from time to time (or, if there is no such rate, the rate the Lender specifies from time to time), from the due date until payment.

6. Continuing guarantee

- 6.1 Your obligations under this deed are continuing and, except where the Lender agrees in writing, irrevocable.
- 6.2 Even though the Lender receives payments from, or makes arrangements with, *anyone* you are still liable for the *total amount owing* now and in the future.

7. Insolvency

- 7.1 If *anyone* becomes *insolvent* and the Lender receives or recovers money in relation to the *total amount owing* in the *insolvency* or from *anyone*, it may set aside that money in a suspense account.
- 7.2 It need not use that money to pay the *total amount owing* until it has received enough in respect of the *total amount owing* to pay all of the *total amount owing*. Until that happens, you are fully liable for the *total amount owing* as if the Lender had not received the money set aside.
- 7.3 You will not make a claim or lodge a proof in any *insolvency* of the *borrower* until the *total amount owing* has been paid and satisfied in full.

8. Appropriation

Any money paid to the Lender to reduce the *borrower's* debts to the Lender (including the *total amount owing*) may be used to pay off any part of the *borrower's* debts to the Lender which the Lender chooses.

9. Variation of guaranteed obligations

This deed applies automatically to all dealings between the Lender and the *borrower* in relation to the *total amount owing* whether or not:

- (a) those dealings increase your liability; or
- (b) the Lender notifies you or obtains your consent for any act, matter or thing.

10. Nature of Liability

- 10.1 Your liability under this deed is unconditional. It is not affected by anything which otherwise might release you from all or part of your obligations, including if:
- (a) the Lender does not or is slow to exercise any of its *security* or rights against *anyone*;
 - (b) the Lender makes any arrangement, transaction or compromise with *anyone*, including one which varies, takes away or limits its *security* or rights, or its freedom to exercise them;
 - (c) the Lender gives *anyone* a full or partial discharge or release, time to pay or any other concession;

- (d) the *facility*, or any other agreement or guarantee, is temporarily or permanently unenforceable, is not taken by the Lender, is lost, is not signed by *anyone* or is not binding on *anyone* intended to give a guarantee or *security* (including any of you) or any mortgage provided to the Lender is not or ceases to be first ranking;
- (e) *anyone* dies, becomes *insolvent* or incapacitated, or goes into some form of *insolvency*;
- (f) all or any part of any document or agreement held by the Lender at any time or of any right, obligation, power or remedy changes, ceases or is transferred;
- (g) the Lender exercises or delays or refrains from exercising or enforcing any document or agreement or any right, power or remedy conferred on it by law or by any document or agreement;
- (h) the Lender or any other person fails to notify you of any *default* by *anyone* under any document or agreement or other circumstance;
- (i) the Lender obtains a judgment against *anyone* for the payment of any of the *total amount owing*;
- (j) any change in any circumstance (including in the members or constitution of any person);
- (k) any increase in the *total amount owing* for any reason (including as a result of anything referred to above); or
- (l) *anyone* has a claim against the Lender.

10.2 Your liability under this deed is that of principal debtor.

11. Refund of payments

- 11.1 If, for some reason (for example, a law about *insolvency*, trusts or directors' duties) in relation to the *total amount owing*, the Lender refunds or gives up any money which it recovers in any way, you owe the Lender all the money that you would have owed if the amount refunded or given up had never been paid to or received by the Lender.
- 11.2 You will do everything you can to restore to the Lender any rights against you or your property which the Lender had before it received the money which it later had to refund or give up.

→ Guarantee and Indemnity

12. Indemnity

12.1 If for any reason (for example, lack of capacity or authority, *insolvency*, illegality or inadequate or improper execution or stamping) at any time:

- (a) the Lender has no legal right to recover the *total amount owing*;
- (b) the *borrower* is not bound by obligations (or what would have been obligations) that otherwise would have otherwise arisen under the *facility*; or
- (c) the *borrower* does not owe an amount which would otherwise have been included in the *total amount owing*,

the amount will be taken to be part of the *total amount owing*. You will pay to the Lender as a principal and independent obligation whenever the Lender demands. This applies even if the Lender knew or should have known of the problem, and even if, because of the problem, the *borrower* could never have been required to pay the Lender the amount as a principal and independent obligation.

13. Other security

13.1 Any other *security* for all or part of the *total amount owing* is independent of this deed.

13.2 Nothing affecting any *security* will affect the *guarantor's* liability under this deed. The Lender can enforce this deed and any *security* in any order it wishes, or can choose not to enforce any *security* at all.

13.3 Until the *total amount owing* is paid in full:

- (a) you cannot claim the benefit of, or any subrogation in respect of, and have no right to, any *security*, interest or guarantee which the Lender holds in relation to the *total amount owing*;
- (b) the Lender is not obliged to marshal or appropriate in your favour or to exercise, apply or recover any *security*, interest, guarantee, document or agreement held by the Lender at any time or any of the funds or assets that the Lender is entitled to receive or has a claim on;
- (c) except as directed by the Lender (which direction may be subject to conditions), you cannot directly or indirectly prove in, claim or receive the benefit of, any distribution, dividend or payment in the *insolvency* of the *borrower* or any *security provider* without the consent of the Lender; and

- (d) you cannot have or claim any right of contribution or indemnity from the *borrower* or any *security provider*.

14. Reliance

The Lender is not required to do anything in relation to, or tell you anything concerning, the *borrower's* financial and business condition and affairs or its transactions with the Lender.

15. Notices

15.1 Notices, consents and other communications to the Lender in connection with a *relevant document* must be in writing under this clause, unless the Lender otherwise determines in its discretion. Subject to law, any notice, demand or communication by the Lender may be given in any manner the Lender considers appropriate.

15.2 If you are a company, all communications must be executed in accordance with the Corporations Act 2001 (Cth) or signed by an authorised signatory of the company. You must provide specimen signatures of all authorised signatories.

15.3 Communications may be:

- (a) left at the address last notified, in which case they are taken to be received three *business days* after they are posted;
- (b) sent by prepaid, certified or registered post to the address last notified, in which case they are taken to have been received on the day that they are left at that address;
- (c) sent by fax to the fax number last notified, in which case, they are taken to be received at the time the transmitting machine produces a report that indicates that the communication was sent to the recipient's fax machine; or
- (d) by other means (including electronically) at the discretion of the Lender, in which case they are deemed to have been received instantaneously unless the sender's machine receives a delivery failure report.

16. Multiple guarantors

16.1 If there is more than one *guarantor*, the terms of this deed apply to each of you individually and to all of you as a group. Each of you is individually liable for the full amount of the *total amount owing* even if one or more of the others:

- (a) has not signed this deed or is not bound by it; or
- (b) in the future stops being liable (for example, because the Lender releases that person).

16.2 The Lender can demand and recover payment from one or more of you without demanding it from the others.

17. Assignment

17.1 The Lender may assign its rights under this deed without giving you notice.

17.2 You may not assign your rights under this deed without the Lender's written consent.

18. Consideration

You acknowledge that you incur your obligations and give rights under this deed for valuable consideration from the Lender.

19. The Lender's certificate

The Lender may give you a certificate about a matter or an amount in connection with this deed (including as to the *total amount owing*). The certificate is sufficient evidence of the matter or amount, unless proved to be incorrect.

20. Set Off

The Lender may set-off any money you owe under this deed against any amount the Lender owes to you (whether under this deed or otherwise), and may apply any amount in any account you have with the Lender to satisfy any amount any of you owe to the Lender under this deed.

21. Anti Money Laundering and Counter-Terrorism Financing Act 2006

- (a) The Lender is bound by laws relating to the prevention of money laundering and the financing of terrorism, including the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and the Anti-Money Laundering and Counter-Terrorism Financing Rules Instruments (AML/CTF laws) and has adopted an AML/CTF program in accordance with the requirements of the AML/CTF laws and the various guidelines and publications produced by the Australian Transaction Reports and Analysis Centre (the AML/CTF Program).
- (b) You cannot open a BT Margin Loan account unless you have provided sufficient identification and that identification has been verified in accordance with the AML/CTF Program and AML/CTF laws.
- (c) By opening and using a BT Margin Loan account, you agree that:
 - (i) you do not acquire the Lender's products or services under an assumed name.

- (ii) any products or services the Lender provides will not be used in relation to any criminal activities or any activities which breach laws or sanctions.
- (iii) if the Lender asks, you will provide the Lender with additional information it reasonably requires for the purposes of AML/CTF laws.
- (iv) the Lender may obtain information about you from third parties if the Lender believes this is necessary to comply with AML/CTF laws.
- (v) the Lender may disclose information which it holds about you or your conduct to its related bodies corporate.

(d) In order to comply with AML/CTF laws the Lender may be required to take action, including:

- (i) delaying or refusing a request for products or services.
- (ii) monitoring your conduct in relation to the provision of the product or services; or
- (ii) disclosing information that the Lender holds about you or your conduct to its service providers, relevant regulators of AML/CTF laws, or other parties (whether in or outside of Australia) and if the Lender does so it may be obliged not to inform you of this, and

(e) The Lender is not liable for any loss, claim, liability or expense you suffer or incur (including consequential loss) as a result of the Lender taking any action referred to above and you indemnify the Lender for any loss, claim, liability or expense it may suffer or incur (including consequential loss) from exercising any right under this clause or from any breach by you of your agreement in this clause.

22. Applicable Law

This deed is governed by the laws in force in New South Wales. You, the Lender and the Nominee submit to the non-exclusive jurisdiction of the courts of New South Wales and courts of appeal from them.

→ Guarantee and Indemnity

23. Meaning of Words

anyone means *guarantor*, *borrower* or any *security provider*.

borrower means each person named in the Loan Application Form as *borrower*. If there are more than one, *borrower* means each of them separately and every two or more of them jointly. *Borrower* includes their successors and assignees.

business day means a day on which banks are open for business in Sydney and the ASX is open for trading and settlement.

default has the same meaning given in the BT Margin Loan Facility Deed.

facility means the loan transactions and arrangements evidenced by the deed entitled 'BT Margin Loan Facility Deed' or any other document, deed, or agreement entered into between the *borrower*, the Lender and/or the Nominee in relation to the BT Margin Loan Facility provided by the Lender to the *borrower*.

guarantor means each person named in the Loan Application Form as *guarantor*. If there are more than one, *guarantor* means each of them separately and every two or more of them jointly. *Guarantor* includes their successors and assignees.

a person is *insolvent* or in *insolvency* if they are *insolvent*, are an *insolvent* under administration or have a controller appointed (each as defined in the Corporation Act 2001 (Cth)), bankrupt, in receivership, in receivership and management, in liquidation, in provisional liquidation, under administration, wound up, subject to any arrangement, assignment or composition or protected from any creditors under any statute.

'*relevant document*' means this deed, the BT Margin Lending Facility Deed, a management agreement or a collateral security.

'*security*', and '*security interest*' have the same meanings given in the BT Margin Loan Facility Deed.

security provider means *borrower* or Third party.

total amount owing means, at any time, all amounts that at that time for any reason are owing, payable or both (whether contingently, presently or otherwise) by the *borrower* to the Lender or the Nominee in connection with the *facility*. It includes money by way of principal, interest, fees, costs, indemnity, charges, duties and expenses, and payment of liquidated or unliquidated damages under or in connection with the *facility*, and it also includes money that the *borrower* would have been liable to pay but for its *insolvency*.

24. Interpretation

The singular includes the plural and vice versa. A reference to:

- (a) a document includes any variation or replacement of it;
- (b) any thing includes the whole and each part of it;
- (c) a person includes an individual, a body corporate, an unincorporated association and an authority, and their respective successors and assigns.

'Including' or such does not limit the matter referred to.

'Third party' means the person who provides a *security interest* for the *borrower's* obligations under the BT Margin Loan Facility Deed.

'You' means the *guarantor*.



BT5912-1208jc

Directory

If you are a direct investor

- Call our BT Customer Relations Consultants on 1800 816 222, or
- Email us at client.marginlending@btfinancialgroup.com

If you are a financial adviser

- Call BT Adviser Relations on 1800 671 409, or
- Email us at adviser.marginlending@btfinancialgroup.com
- Phone lines are available Monday to Friday from 8.00am to 6.30pm (AEST)
- Facsimile (02) 9274 5782
- Internet www.bt.com.au
- Postal address GPO Box 3917 Sydney NSW 2001