



# **DvP Settlement of Capital Raisings by AMO-Listed Issuers**

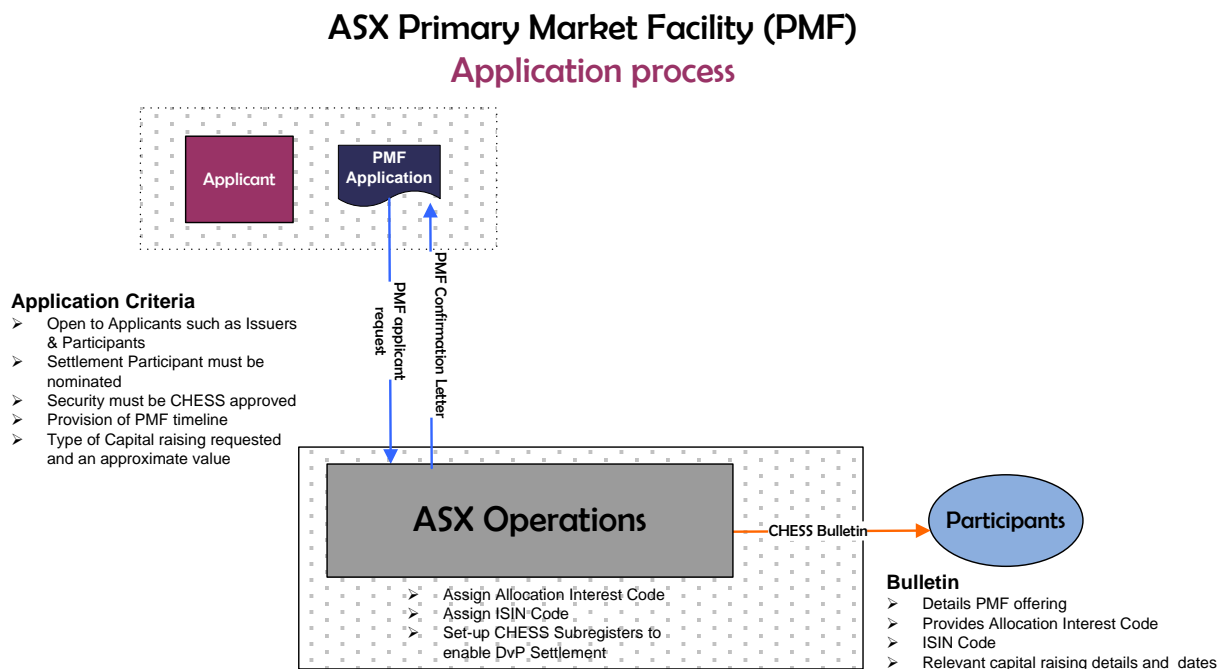
**August 2011**

## Arrangements for use of the CHES Primary Market Facility

ASX has put in place arrangements for AMO-listed Issuers to use the ASX Primary Market Facility (PMF). The PMF enables AMO-listed Issuers to use DvP settlement for certain capital raisings. AMO-listed Issuers must apply to ASX Settlement to use the PMF for capital raisings. The application process, procedures and fees that apply to use of the PMF by AMO-listed Issuers are referred to in this document. The fees payable by Issuers for using the PMF are the same irrespective of whether they are ASX-listed or AMO-listed.

### Overview of PMF Process

The diagram below represents the PMF Application and associated setup process



### PMF Procedures

An AMO-listed Issuer (Applicant) that wishes to apply to use the PMF for a capital raising should follow the procedures set out below:

1. The prospective Applicant contacts ASX Settlement with regard to PMF Application  
*Note:* This is suggested for first time applicants
2. Applicant completes a PMF Application and lodges with ASX Settlement.

*Note:* There is no prescribed lead time for this, but ASX Corporate Actions & Depository staff will address this at the time of lodgement.

It is suggested that the Applicant consult with ASX's Corporate Actions & Depository staff (contact details are at the end of this letter) particularly for first time applicants. This is particularly important for free form questions in Parts B & C where the extent of details required may not be fully understood. For example Part B, Question 1 requires that applicants provide detail outlining the:

- a. Type of capital raising
- b. Value of capital raising

- c. Proposed cut-off date for PMF transactions
- d. Proposed security transformation date

*Refer to Appendix 1 for the PMF Application Form and Appendix 2 for the PMF Application Guidance*

3. Applicant executes and submits a Deed Poll to ASX Settlement. This deed poll confirms that the Applicant issuer is bound by the ASX Settlement Operating Rules.

*Refer to Appendix 3*

4. The Corporate Actions & Depository team within ASX Clearing & Settlement Operations, will provide ongoing assistance as part of the lodgement process as well as during the DvP settlement timeline.
5. PMF Application approval

The Corporate Actions & Depository team notifies the Applicant via a letter. Assuming acceptance, this letter will confirm the dates and PMF fees relating to the capital raising.

*Refer to Appendix 4 for a sample confirmation letter and Appendix 6 for the current schedule of fees.*

**Note:** *The PMF processing fee is usually charged to the Issuer, including the DvP Settlement messages relating to the PMF capital raising. No fees are charged to the Approved Listing Market Operators for use of the ASX PMF by Issuers. The same fees are applicable to Issuers for use of the ASX PMF, irrespective of the Approved Listing Market Operator's market on which they are listed.*

*On occasion, the PMF processing fee may be billed to another entity, for example the Applicant based on instructions received by the Corporate Actions & Depository team from a duly authorised person.*

6. ASX Operations creates the appropriate structures to facilitate DvP transaction processing of the PMF offering:
  - Set-up allocation interest code and ISIN for the PMF capital raising;
  - Set-up CHESS subregisters
  - Assign registrar to subregister
7. An ASX Participant Bulletin is disseminated detailing the PMF offering.

*Refer to Appendix 5 for a sample*

8. DvP transaction processing commences as per the PMF offering timetable
9. The registrar transforms the allocation interests (PMF securities) into the Issuer's new securities for each holding and reconciles the issued capital.

**Note:** An Applicant may be an Issuer, Issuer's Agent, Registry or an ASX Participant.

## List of Appendices

The attached appendices as noted within the procedures above are listed below for your reference:

- Appendix 1: PMF Application Form;
- Appendix 2: PMF Application Guidance;
- Appendix 3: Form of Deed Poll;
- Appendix 4: Sample PMF Confirmation Letter;
- Appendix 5: Sample ASX Participant Bulletin; and
- Appendix 6: Current PMF Fee Schedule

### Key Contact for PMF Applicants

The Corporate Actions & Depository team within ASX Clearing & Settlement Operations is the area that will work with the Applicant throughout the process. Contacts are:

Steven Ball – Team Leader, 02 9227 0820  
Luke Griffiths - Senior Officer, 02 9227 0287  
Lisa Banh – Officer, 02 9227 0838

## Appendix 1: PMF Application

### APPLICATION FOR THE ADMISSION OF A CLASS OF BATCH INSTRUCTIONS IN DvP BATCH SETTLEMENT

To: ASX Settlement Pty Limited ("ASX Settlement")  
Level 5, 20 Bridge Street  
SYDNEY, NSW 2000

Fax: (02) 9227 0264  
Tel: (02) 9227 0820

#### **PART A - Applicant's Details**

Name of the Entity: .....

.....

Business Name (if applicable): .....

Australian Company Number (if applicable): .....

Australian Registered Business Number (if applicable): .....

Registered Business Address: .....

.....

Mailing Address: .....

.....

Facsimile Number: .....

Contact Name: .....

Contact Telephone Number: .....

**PART B - The Class of Batch Instructions to be Admitted to DvP Batch Settlement**

1. Please provide a description of the class or classes of Batch Instructions to be included in DvP Batch Settlement (including details of counterparties, etc.).
  
2. Are the Participants that will be parties to the class or classes of Batch Instructions aware that there is no National Guarantee Fund (“NGF”) coverage for the Batch Instructions? Yes / No
  
3. It is a condition of admission to DvP Batch Settlement that if the Batch Instructions do not receive the benefit of NGF coverage, that parties to the Batch Instructions are aware of this fact. Accordingly, if you answered ‘no’ to Question #2 above, please explain how it is proposed to advise those parties that the Batch Instructions will not receive the benefit of NGF coverage.
  
4. Please describe the measures, which you have put in place to reduce the risk of default by the counterparties to the Batch Instruction.
  
5. If the Batch Instructions, the subject of this application, are not “one off” (e.g., IPO related instructions), then ASIC should be advised of the details of the Batch Instructions to be included in DvP Batch Settlement. This is necessary as ASIC may form an opinion about whether the Batch Instructions should be the subject of an investor protection regime. Accordingly, have you advised ASIC of details of the Batch Instructions to be included in DvP Batch Settlement? Yes / No
  
- Does ASIC require that the Batch Instructions be the subject of some kind of investor protection regime? Yes / No
  
- Please provide a copy of all correspondence with ASIC, which supports your answer to Question #5 above.
  
6. If ASIC does require the Batch Instructions to be the subject of an investor protection regime, please attach evidence that the proposed investor protection regime is acceptable to ASIC.

<b>PART C – General Settlement Participant</b>			
7.	Does the inclusion of the Batch Instructions in DvP Batch Settlement mean that the Entity needs to be either a General Settlement Participant or communicate details of the Batch Instructions to be included in DvP Batch Settlement?		
8.	<p>If the Entity needs to be a General Settlement Participant:</p> <p>(a) is the Entity a General Settlement Participant ; or</p> <p>(b) attach your application to be admitted as a General Settlement Participant.</p>		
9.	<p>If the Entity does not need to be a General Settlement Participant but is required to communicate details of the Batch Instructions, please provide details of:</p> <p>(a) how it is proposed this communication will be effected; and</p> <p>(b) through whom the communication will be made (e.g., the particular Participant).</p>		
10.	What is the proposed date of commencement for the Batch Instructions to settle in DvP Batch Settlement?		
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;"> <p>.....</p> <p>.....</p> <p style="text-align: center;">Name</p> <p>.....</p> <p style="text-align: center;">Title</p> </td> <td style="width: 50%; border: none;"> <p style="text-align: right;">Signature</p> <p>.....</p> <p style="text-align: right;">Date</p> </td> </tr> </table>		<p>.....</p> <p>.....</p> <p style="text-align: center;">Name</p> <p>.....</p> <p style="text-align: center;">Title</p>	<p style="text-align: right;">Signature</p> <p>.....</p> <p style="text-align: right;">Date</p>
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**PRIVACY COLLECTION STATEMENT:** As part of this application, ASX Settlement requires you to submit personal information about your employees, principles, agents and service providers. This information is required to enable ASX Settlement to assess whether the applicant will meet the obligations required pursuant to ASX Settlement Operating Rules for admission of class or classes of Batch Instructions in DvP Batch Settlement. Failure to provide this information in whole or in part may mean that ASX Settlement is unable to assess whether the applicant will satisfy the obligations for use of DvP Batch Settlement pursuant to the ASX Settlement Operating Rules.

ASX Settlement does not use or disclose this information for other purposes without the individual’s consent or unless permitted to do so under the *Privacy Act 1988* (Cth).

This information may be disclosed to the National Adjudicatory Tribunal, ASX, the ASX Appeals Tribunal, or the Australian Securities and Investments Commission in the event that action is taken against you pursuant to the *Corporations Act 2001* (Cth) or the ASX Settlement Operating Rules.

Enquiries concerning access to personal information can be directed to the ASX Chief Privacy Officer at PO Box H224, Australia Square, NSW 1215.

## Appendix 2: PMF Application Guidance



ASX Settlement Pty Limited  
ABN 49 008 504 532  
Level 4  
20 Bridge Street  
Sydney NSW 2000

PO Box H227  
Australia Square  
NSW 1215

Telephone 61 2 9227 0820  
Facsimile 61 2 9227 0265  
Internet <http://www.asx.com.au>

### Guide to Completing the Admission of a Class of Batch Instructions in DvP Batch Settlement Application Form

#### 1. Introduction

In accordance with ASX Settlement Operating Rule 10.4.1, ASX Settlement Pty Limited (“ASX Settlement”), has the right to determine if new classes of Batch Instructions are eligible for DvP Batch Settlement.

In determining whether a class of Batch Instructions is eligible, ASX Settlement must have regard to the following:

- a) that the applicant is able to communicate reliably with CHESS (if this is necessary);
- b) the ability of ASX Settlement to distinguish these additional Batch Instructions from Batch Instructions which receive coverage from the National Guarantee Fund (“NGF”);
- c) evidence that the inclusion of the additional Batch Instructions will not adversely affect NGF coverage;
- d) evidence that the Participants who are parties to the additional Batch Instructions have advised clients who wish to have these Batch Instructions settled in DvP Batch Settlement, that there is no NGF coverage;

that if the applicant needs to be a General Settlement Participant, it is a General Settlement Participant, or appoints a General Settlement Participant to act on its behalf; and

- e) evidence that ASIC has been told of the application and evidence that:
  - it does not require an investor protection regime in respect of the additional Batch Instructions; or
  - if it does require an investor protection regime, that the investor protection regime proposed by the applicant is acceptable to ASIC.

#### 2. What Details ASX Settlement Expects to Receive in the Application Form

##### PART A – Applicant’s Details

Name of the Entity: In the case of an initial public offering (“IPO”), a decision will need to be made as to who is the appropriate entity to fill out the application. For example, it may be the Issuer who wishes to use DvP Batch Settlement, or it may be the underwriter. The appropriate entity to complete the form is the entity that actually wishes to use DvP Batch Settlement.

## **PART B – The Class of Batch Instructions to be Admitted to DVP Batch Settlement**

Point #1: The description of the class of Batch Instructions to be included in DvP Batch Settlement should include:

- a) details of the counterparties to the Batch Instructions;
- b) whether the parties to the Batch Instructions are all presently Participants or will be required to become Participants in the future; and
- c) the source of the Batch Instructions (e.g., the settlement of the deliverable share futures contracts).

Point #2: In the past when ASIC originally considered if additional instructions should be included in daily settlement, ASIC raised concern that sufficient notification was provided to indicate that those additional instructions would be excluded from NGF coverage. Specifically, they required that parties to those additional instructions (and their clients) did not automatically assume, that because the instruction was included in settlement, it received the protection of NGF. ASIC determined that it was therefore necessary for parties to a non-NGF instruction for settlement understood that if there was a default the non-defaulting party would not be able to look to NGF for completion of the instruction.

Points #3 & #4: These points relate to ensuring that the integrity of CHES is not compromised as a result of the inclusion of the additional Batch Instructions in DvP Batch Settlement. For example, a Participant with a payment obligation arising out of the additional Batch Instruction may not have made arrangements with its bank to ensure that it could meet that increased payment obligation. As a result, the Participant may default on its payment obligations not only in relation to the “additional” Batch Instructions but also in relation to other Batch Instructions. Therefore, it is important that the applicant be able to demonstrate that default is unlikely.

Points #5 & #6: –Again in the original discussions with ASIC, they also wanted to ensure that from an investor protection point of view, they had some involvement in vetting any application for inclusion of additional instructions in settlement. In particular, ASIC wished to ensure that there was an acceptable investor protection regime in place, if they felt that such a regime was required.

## **PART C – General Settlement Participant**

Part C requires details of how it is proposed that the additional Batch Instructions will settle in DvP Batch Settlement. There are two possibilities:

- a) that the applicant entity is a General Settlement Participant that provides details of the additional Batch Instructions to be settled in DvP Batch Settlement to the various counterparties; or
- b) the applicant communicates details of the additional Batch Instructions either to ASX Settlement, or to the parties to the additional Batch Instructions.

In relation to Point #b above, the communication could be in hard copy form or in electronic format. Details should be included.

These questions will assist ASX Settlement in identifying what risks (if any) are associated with these additional Batch Instructions.

## Appendix 3: Form of Deed Poll

Application to process an Allocation Component of an Offer of Approved Financial Products as a class of transactions in DvP Settlement  
Deed Poll

**Date:**

**This Deed Poll is made as a deed poll by:** Name:  
ABN:  
Registered Office:  
**(“Applicant”)**

**In favour of:** ASX Settlement Pty Limited (**“ASX Settlement”**)

- Background:**
1. The Applicant has made available forms of application for an Offer of Financial Products;
  2. The Approved Listing Market Operator has given the Applicant approval for quotation of that class of Financial Products;
  3. The Applicant wishes to apply to/has obtained approval by [delete as appropriate] ASX Settlement to act as Issuer in relation to that class of Financial Products and to have the class of Financial Products approved under the ASX Settlement operating rules (as “Approved Financial Products”);
  4. The Applicant wishes to apply to ASX Settlement to process an Allocation Component of the Offer of Financial Products as a class of transactions in DvP Settlement;
  5. The Applicant makes this Deed Poll in connection with its application.

**This Deed Poll witnesses** as follows:

Unless defined in this Deed Poll, capitalised terms have the meaning given to them in the operating rules of ASX Settlement Pty Limited.

The Applicant:

- (a) represents and warrants to ASX Settlement that the information the Applicant has provided or will provide to ASX Settlement in connection with its application including, without limitation, information in its application form and any annexures to its application form, is true and correct;
- (b) acknowledges that ASX Settlement will rely on the information provided in considering its application and acknowledges that any wilful omission or misstatement on a material point in or in connection with its application may lead to rejection of the application or, if the application is approved, subsequent revocation of approval of the application and/or cessation of the provision of services to the Applicant;
- (c) undertakes and agrees to be bound by the operating rules of ASX Settlement (as at the date hereof and as amended from time to time) and to observe and perform the obligations, conditions and other requirements that apply to an Issuer under those operating rules including, without limitation, the rules relating to the processing of Allocation Components of an Offer of Approved Financial Products and the processing of Allocation Interests in DvP Settlement.

**EXECUTED AS A DEED POLL by:**

in accordance with section 127(1) of the  
*Corporations Act 2001* (Cth)

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Signature of director/company secretary

\_\_\_\_\_  
Name (print)

\_\_\_\_\_  
Name (print)

## Appendix 4: Sample PMF Confirmation Letter



ASX Settlement Pty Limited  
ABN 49 008 504 532  
Level 4  
20 Bridge Street  
Sydney NSW 2000

PO Box H227  
Australia Square  
NSW 1215

Telephone 61 2 9227 0820  
Facsimile 61 2 9227 0265  
Internet <http://www.asx.com.au>

07 April 2011

Mr Joe Citizen  
ABC Securities Australia Pty Ltd  
Level 1,  
1 George Street  
Sydney NSW 2000

By Email JoeC@abc.com

Dear Joe

### SilverLode Limited – DvP Settlement of Placement

I refer to the application dated 06 April 2011 requesting inclusion of the Silverlode Limited offer in scheduled Delivery versus Payment (“DvP”) Settlement through CHESS.

ASX Settlement Pty Limited (“ASX Settlement”) is the holder of an Australian CS facility licence granted under the *Corporations Act 2001* (Cth) provides a Settlement Facility. The ASX Settlement Operating Rules (“Rules”) are the operating rules of that Settlement Facility. It is under these Rules that ASX Settlement is responsible for making decisions regarding the inclusion of transactions in DvP Settlement.

In this case, ASX Settlement has accepted the application made. Please note, this in no way implies that admission to the official list or approval for quotation of the associated Financial Products will be granted by ASX Limited (“ASX”).

### Details of the Offer

The transaction to be settled in CHESS involves a Placement of 12,000,000 fully paid ordinary shares. The settlement date for this offer will be Monday, 11 April 2011. This date may be negotiable and will be subject to agreement by both ASX Settlement and the Company.

I note that ABC Securities Australia Pty Ltd will act as Settlement Agent for the transaction under CHESS User Identification Code 00000.

### Fees and Charges

The base fee for inclusion of this transaction in DvP Settlement through CHESS will be \$5,000 (+GST) in accordance with the ASX Settlement schedule of fees.

In addition, mandatory use of the transaction basis ‘I’ (standing for “IPO Transaction”) will direct all CHESS message costs to the Company, rather than Participants. Please advise your client of both the base fee and message charges accordingly.

### Additional Information

A draft ASX Settlement Bulletin will be forwarded to the Settlement Agent shortly for review and comment. There is scope for inclusion of specific additional information or comments.

### Contact Details

Please feel free to contact me on (02) 9227 0838 should you have any queries.

Yours sincerely,



Lisa Banh  
Corporate Actions and Depository Officer  
Clearing and Settlement Operations

## Appendix 5: Sample Participant Bulletin



### ASX Settlement Bulletin

**Date:** 4 January, 2011

#### Key topics

1. The proposed timetable of events;
2. ASX Code: XXXXXX
3. Contact details; and
4. Other related matters.

#### Reading List

Client Advisers  
 Compliance Managers  
 ASX Settlement Participants  
 Operations Managers (back office)  
 Share Registries  
 ASX Clear Participants

#### Authorised by

TIM HOGBEN

#### ASX Contact

Steven Ball

#### Telephone

(02) 9227 0820

ASX Settlement Pty Ltd  
 ABN 49 008 504 532  
 Exchange Centre  
 20 Bridge Street  
 Sydney NSW 2000  
 PO Box H227  
 Australia Square NSW 1215  
 Telephone 1800 814 051  
 Facsimile 61 2 9227 0265  
 Internet: <http://www.asx.com.au>  
 DX 10234 Stock Exchange Sydney

No responsibility is accepted for any inaccuracies contained in the matter published.

## PARTICIPANT BULLETIN

### SilverLode LIMITED – DvP SETTLEMENT OF CONDITIONAL PLACEMENT

This Bulletin is being issued to provide Participants with further information on the DvP Settlement service extended to support the conditional placement by SilverLode Limited and includes:

1. the proposed timetable of events;
2. contact details; and
3. other related matters.

ISIN	AU0000XXXXXX
22 January 2011	Deadline for all parties to transmit Dual Entry Settlement Instructions to effect CHES DvP Settlement between the two parties <sup>1</sup>
<b>25 January 2010<sup>†</sup></b>	<b>Settlement Date</b>
27 January 2011	XXXXXX holdings to be transformed to CSV by <registry>, Melbourne.
Settlement Agent:	ABC Securities Limited (PID 00000)
Contact:	Joe Citizen
Ph:	(02) 0000 0000
Fax:	(02) 0000 0000
Email:	<a href="mailto:joec@abc.com">joec@abc.com</a>

#### CHES Charges

The CHES tariffs for processing individual transactions will not apply to Participants in the processing of XXXXXX where the Transaction Basis "I" (IPO) is used in CHES messages.

Participants should be aware that transactions do not receive the benefit of central counterparty backing. Therefore, if there were a default the non-defaulting party would not be able to look to ASX Clear for completion of the transaction.

<sup>1</sup> An existing market convention states that transactions should be matched before 4 pm on S-1. Unmatched transactions after this time may be matched up until 9.30 am on S without prior agreement with the counterparty. Any transactions remaining should only be matched in the last hour with agreement with the counterparty.

<sup>†</sup> The CHES Subregister will close at 7.00pm

## Appendix 6: PMF Fee Schedule

Issue Size	Fee
From Nil to \$50m	Minimum fee of \$5,000
From \$50m to \$250m	Ad Valorem fee of 0.01% (1 basis point)
Any amount greater than \$250m	Capped fee of \$25,000

These fees are subject to change by ASX Settlement.