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# Constitution

of

**Australian Settlements Limited**

**ABN 14 087 822 491**

a company limited by shares

## 1 Preliminary

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### Definitions

- 1.1 The following words have these meanings in this Constitution unless the contrary intention appears.

**Alternate Director** means a person appointed as an alternate director under Article 11.6.

**APRA** means the Australian Prudential Regulation Authority.

**Article** means an article of this Constitution.

**Auditor** means the auditor of the Company appointed by the Directors from time to time.

**Building Society** means a registered company which, prior to 1 July 1999, was a building society as that term was defined under section 3 of the Financial Institutions Code.

**Company** means Australian Settlements Limited (ABN 14 087 822 491).

**Constitution** means this Constitution as amended from time to time, and a reference to a particular Article has a corresponding meaning.

**Controlling Interest** means the interest of a person other than an Ordinary Member, where that person:

- (i) controls the composition of an Ordinary Member's board of directors or other managing body; or
- (ii) is in a position to cast or control the casting of more than one half of the maximum number of votes that might be cast at a general meeting of the voting members of that Ordinary Member; or
- (iii) holds more than one half of the issued capital of that Ordinary Member (excluding any part of that issued capital that carries no right to vote at general meetings of that Ordinary Member).

**Director** means a person holding office as a director of the Company, and where appropriate includes an Alternate Director.

**Directors** means all or some of the Directors acting as a board.

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**Executive Director** means a person appointed as an executive director under Article 11.30.

**Managing Director** means a person appointed as a managing director under Article 11.30.

**Market Value** means the market value of Ordinary Shares or Non-voting Shares, as determined in accordance with Article 5.11.

**Member** means a person entered in the Register as a holder of shares in the capital of the Company, and includes an Ordinary Member, the holder of a System Participation Share and a Non-voting Member.

**Non-voting Member** means the holder of a Non-voting Share in the Company.

**Non-voting Share** means the Non-voting Share referred to in Article 2.12.

**Ordinary Member** means the holder of an Ordinary Share in the Company.

**Ordinary Share** means the Ordinary Share referred to in Article 2.6.

**Other Institution** means any corporation, co-operative, unincorporated association (including non-profit associations such as government bodies and public authorities), registered organisation, life assurance company, pooled development fund, partnership or any other form of institution which is not a Building Society, but does not include a natural person.

**Part** means a part of this Constitution.

**Prescribed Interest Rate** means the rate determined by the Directors for the purpose of this Constitution, and in the absence of a determination means 16%.

**Register** means the register of Members of the Company under the Corporations Law and if appropriate includes a branch register.

**Registered Office** means the registered office of the Company.

**Representative** means a person appointed to represent a corporate Member at a general meeting of the Company in accordance with the Corporations Law.

**Secretary** means a person appointed under Article 12.1 as secretary of the Company; and where appropriate includes an acting secretary and a person appointed by the Directors to perform all or any of the duties of a secretary of the Company.

**Section** means a section of the Corporations Law.

**Settlement System** means the settlement system, whether electronic or otherwise, managed and operated by the Company to provide to Members and non-Members services for the processing, clearing and settlement of paper transactions, automatic teller machine transactions,

point of sale transactions, direct entry transactions and other financial transactions for the transfer of funds and interchange of financial data and includes without limitation the system for real time gross settlement;

**Settlement System By-Laws** means such rules, regulations and by-laws as may be prescribed by the Directors from time to time under Article 10.8 for the use and operation of or participation by Members and non-Members in the Settlement System;

**System Participant** means a Building Society or Other Institution which uses and participates in the Settlement System and has agreed to comply with the Settlement System By-Laws.

**System Participation Share** means a System Participation Share issued under Article 2.18 or prior to the adoption of this constitution.

**Votes** means the votes conferred upon each Ordinary Member pursuant to Article 2.9(c).

**Voting Rights** mean the sum of the Votes that may be exercised by Ordinary Members from time to time.

## Interpretation

- 1.2 In this Constitution unless the contrary intention appears:
- (a) words importing any gender include all other genders;
  - (b) the word “person” includes a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association or an authority;
  - (c) the singular includes the plural and vice versa;
  - (d) a reference to a law includes regulations and instruments made under the law;
  - (e) a reference to a law or a provision of a law includes amendments, re-enactments or replacements of that law or the provision, whether by the State or the Commonwealth of Australia or otherwise;
  - (f) a power, an authority or a discretion reposed in a Director, the Directors, the Company in general meeting or a Member may be exercised at any time and from time to time; and
  - (g) a reference to an amount paid on a share includes an amount credited as paid on that share.
- 1.3 Unless the contrary intention appears in this Constitution, an expression has, in a provision of this Constitution that deals with a matter dealt with by a particular provision of the Corporations Law, the same meaning as in that provision of the Corporations Law.
- 1.4 Headings are inserted for convenience and are not to affect the interpretation of this Constitution.

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1.5 This Constitution is divided into Parts as indicated by its contents.

**Replaceable rules not to apply**

1.6 The provisions of the Corporations Law that apply as replaceable rules are displaced by this Constitution and accordingly do not apply to the Company, unless a contrary intention is expressed in any particular Article.

## **2 Share capital and variation of rights**

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**Directors to issue shares**

- 2.1 Subject to the Corporations Law, this Constitution and any special rights conferred on the holders of any shares or class of shares:
- (a) the issue of shares in the Company is under the control of the Directors and the Directors may issue or dispose of shares to such persons at such times and on such terms and conditions and having attached to them such preferred, deferred or other special rights or such restrictions, whether with regard to dividend, voting, return of capital or otherwise as the Directors think fit;
  - (b) the Directors may grant to any person an option over shares or pre-emptive rights during such time and for such consideration as they think fit; and
  - (c) the Directors have the right to settle the manner in which fractions of a share, however arising, are to be dealt with.

**Variation of rights**

- 2.2 If the share capital is divided into different classes of shares, the rights attached to a class, unless otherwise provided by the terms of issue of the shares of that class, may be varied or cancelled in any way with:
- (a) the consent in writing of the holders of at least three-quarters of the issued shares of that class; or
  - (b) the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
- 2.3 The rights conferred on the holders of the shares of any class are not to be taken as varied by the issue of further shares ranking equally with the first-mentioned shares unless otherwise:
- (a) expressly provided by the terms of issue of the first-mentioned shares; or
  - (b) required by the Corporations Law.
- 2.4 The provisions of this Constitution relating to general meetings apply so far as they are capable of application and with the necessary changes to every separate meeting of the holders of a class of shares except that:

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- (a) a quorum is constituted by at least two persons who, between them, hold or represent one-third of the issued shares of the class (unless only one person holds a share of the class, in which case that person constitutes a quorum); and
  - (b) any holder of shares of the class, present in person or by proxy, or attorney or Representative, may demand a poll.

### **Ordinary Members**

- 2.5 Building Societies and Other Institutions are entitled, subject to the approval of the Board, to become Ordinary Members of the Company.
- 2.6 The Directors may, in their absolute discretion, issue Ordinary Shares to Building Societies and Other Institutions (hereinafter, each a “new applicant”) which apply for such shares. In determining the number of Ordinary Shares to be issued to a new applicant, the Directors may have regard to such proportion as the estimated value of the assets of each new applicant at the time of application bears to the estimated total value of the assets of all existing Ordinary Members. The Directors may not issue shares if the consequence would be that at the time of issue the majority of shares would not be held by Building Societies.
- 2.7 Notwithstanding Article 2.6, an Ordinary Member is not entitled to hold more than 25% of the Ordinary Shares on issue (or such lesser percentage of Ordinary Shares as the Australian Taxation Office may from time to time permit for a co-operative).
- 2.8 Any Ordinary Shares which the Directors elect to issue under Article 2.6 must be issued within 3 months of the date of the application for the Ordinary Shares.
- 2.9 An Ordinary Member is entitled:
  - (a) to participate in and use the Settlement System provided the Ordinary Member complies at all times with the Settlement System By-Laws;
  - (b) to receive copies of any reports required to be provided to Members under the Corporations Law;
  - (c) to notice of, attend, speak at and vote at all meetings of the Company and, subject to Article 2.10, is entitled to one Vote on a show of hands and to one Vote for every Ordinary Share held on every poll;
  - (d) participate in dividends (if any) declared on the class of Ordinary Shares and as provided in this Constitution; and
  - (e) in a winding up of the Company, to repayment of the capital paid on every Ordinary Share held by that Ordinary Member and to participate in the division of any surplus assets or profits of the Company and in this regard to rank equally with all other shareholders which are entitled, under this Constitution, to participate in the division of such surplus assets and profits; and

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- (f) to such other rights and privileges as may be provided for in this Constitution.

### **Limitations on Voting Rights of Ordinary Members**

- 2.10 An Ordinary Member and any associate of the Ordinary Member is not entitled to exercise more than 10% of the Voting Rights except if there are fewer than 10 Ordinary Members in the Company at the relevant time, in which case an Ordinary Member or any associate of the Ordinary Member is entitled to exercise no more than an equal proportion of the Voting Rights.

### **Non-voting Members**

- 2.11 Building Societies and Other Institutions are entitled, subject to the approval of the Directors, to become Non-voting Members of the Company.
- 2.12 The Directors may only issue Non-voting Shares to a Building Society or Other Institution if the Building Society or Other Institution is an Ordinary Member of the Company.
- 2.13 A Non-voting Member is not entitled to:
- (a) receive any notice of, attend, speak or vote at any meetings of the Company; and
  - (b) any other rights whatsoever except for such rights as are set out in Article 2.14 below.
- 2.14 A Non-voting Member is entitled:
- (a) to participate in dividends (if any) declared on the class of Non-voting Shares and as provided in this Constitution; and
  - (b) in a winding up of the Company, to repayment of the capital paid on every Non-voting Share held by that Non-voting Member and to participate in the division of any surplus assets or profits of the Company and in this regard to rank equally with all other shareholders which are entitled, under this Constitution, to participate in the division of such surplus assets or profits.
- 2.15 Articles 2.13 and 2.14 do not effect any rights a Non-voting Member may have as an Ordinary Member or System Participant.

### **System Participants**

- 2.16 A Building Society or Other Institution which desires to use and participate in the Settlement System and is willing to comply with the Settlement System By-Laws is entitled, subject to the approval of the Directors, to make application to become a System Participant.
- 2.17 A Building Society or Other Institution is not entitled to be a System Participant unless it:
- (a) is the holder of a System Participation Share; or
  - (b) enters into a contract with the Company under which it agrees to comply with the Settlement System By-Laws.

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- 2.18 An applicant under Article 2.16 may, at the discretion of the Directors, be issued with a System Participation Share. No System Participant is entitled to hold more than 1 System Participation Share.
- 2.19 Upon approval by the Directors of an application under Article 2.16 and compliance with Article 2.17, the Building Society or Other Institution becomes a System Participant.
- 2.20 A System Participant is not entitled to:
- (a) receive any notice of, attend, speak or vote at any meetings of the Company;
  - (b) participate in any dividends;
  - (c) transfer a System Participation Share; and
  - (d) any other rights whatsoever except for such rights as are set out in Article 2.21 below.
- 2.21 A System Participant is entitled:
- (a) to participate in and use the Settlement System provided the System Participant complies at all times with the Settlement System By-Laws; and
  - (b) where the System Participant is the holder of a System Participation Share, in a winding up of the Company, to \$1.00, being repayment of the capital paid on the System Participation Share, in priority to all other classes of shares in the Company but shall not, and shall not be entitled to, participate in any surplus assets or profits of the Company.
- 2.22 Articles 2.20 and 2.21 do not affect any rights a System Participant may have as an Ordinary Member or Non-voting Member.

### **Redemption of System Participation Shares**

- 2.23 Subject to the Corporations Law, each System Participation Share is redeemable at any time at the option of the Company:
- (a) if the System Participant is in breach of any of the Settlement System By-Laws; or
  - (b) if the Company ceases for any reason whatsoever to operate the Settlement System; or
  - (c) if the Company determines to redeem all System Participation Shares for the time being outstanding; or
  - (d) if the System Participant requests the Company in writing to redeem the System Participation Share.
- 2.24 The Company must whenever it is about to redeem any System Participation Share give to the System Participant notice, of not less than 3 business days, of its intention so to do stating the time and place of redemption, and at the expiration of such notice the amount payable on redemption shall be paid. At the time and place so fixed, the



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System Participant to whom notice has been given must surrender to the Company the certificate of its System Participation Share to be redeemed, and the Company must pay to it the amount payable in respect of such share.

- 2.25 The requirements referred to in Article 2.24 to give not less than 3 business days notice of the Company's intention to redeem any System Participation Share shall not in any way prejudice any rights on the part of the Company to (pursuant to any provision in the Settlement System By-Laws) immediately suspend the System Participant's access to, use of and participation in the Settlement System.
- 2.26 Upon the expiration of the notice referred to in Article 2.24, the System Participation Shares in respect of which notice has been given are deemed to have been redeemed by the Company and surrendered.
- 2.27 Failure by a System Participant to surrender a certificate upon redemption shall not prejudice or affect the redemption of its System Participation Share but the amount payable to the System Participant upon redemption must immediately be paid by the Company into a bank or Building Society account established for the purpose of holding such moneys and be held by the Company in trust for that System Participant and be paid to it forthwith after the certificate (or if it has been lost or misplaced, satisfactory evidence of such fact and an indemnity and release in favour of the Company in respect thereof) is delivered to the Company, payment of such moneys into such bank or Building Society account to constitute redemption.

#### **Recognition of interests**

- 2.28 The Company is not required to recognise a person as holding a share on any trust, except as required by law.
- 2.29 The Company is not required to recognise any equitable, contingent, future or partial interest in any share or unit of a share or any other right in respect of a share except an absolute right of ownership in the registered holder, whether or not it has notice of the interest or right concerned, except as required by law.

#### **Share and option certificates**

- 2.30 The Company must issue to each Member and option holder one or more certificates for the securities held by the person. The Company is not required to issue more than one certificate or statement for shares or options held by several persons.

#### **Joint holders of shares**

- 2.31 The Company is not required to register joint holders of any shares.

## **3 Lien**

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### **Lien on share**

- 3.1 The Company has a first and paramount lien on every share for:
- (a) all due and unpaid calls and instalments in respect of that share;

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- (b) all money which the Company may be called on by law to pay in respect of that share;
  - (c) all money payable by the Member to the Company;
  - (d) interest at the Prescribed Interest Rate on the amount due from the date it becomes due until payment; and
  - (e) reasonable expenses of the Company in respect of the default on payment,
- and the lien extends to all dividends, rights and other distributions from time to time declared paid or made in respect of that share.

- 3.2 Nothing in this Constitution prejudices or affects any right or remedy which any law may confer on the Company and as between the Company and every Member, Member's executors, administrators and estate wherever constituted or situated any right or remedy which any law confers on the Company is enforceable by the Company.
- 3.3 The Directors may at any time exempt a share wholly or in part from the provisions of Article 3.1.

#### **Sale under lien**

- 3.4 Subject to Article 3.5, the Company may sell, in any manner the Directors think fit, any share on which the Company has a lien.
- 3.5 A share on which the Company has a lien may not be sold by the Company unless:
  - (a) a sum in respect of which the lien exists is presently payable; and
  - (b) the Company has, not less than 14 days before the date of sale, given to the registered holder of the share or the person entitled to the share by reason of the death or bankruptcy of the registered holder, a notice in writing setting out, and demanding payment of, such part of the amount in respect of which the lien exists as is presently payable.

#### **Transfer on sale under lien**

- 3.6 For the purpose of giving effect to a sale under Article 3.4, the Company may receive the consideration, if any, given for the share so sold and may execute a transfer of the share sold in favour of the purchaser of the share, or do all such other things as may be necessary or appropriate for it to do to effect the transfer.
- 3.7 The Company must register the purchaser as the holder of each share comprised in any such transfer and the purchaser is not bound to see to the application of the purchase money.
- 3.8 The title of the purchaser to the share is not affected by any irregularity or invalidity in connection with the sale of the share.

**Proceeds of sale**

- 3.9 The proceeds of a sale under Article 3.4 must be applied by the Company in payment of the amount in respect of which the lien exists as is presently payable, and the residue, if any, must be paid to the person entitled to the share immediately before the sale.

**4 Calls on shares**

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**Directors to make calls**

- 4.1 The Directors may make calls on a Member in respect of any money unpaid on the shares of that Member, if the money is not by the terms of issue of those shares made payable at fixed times.
- 4.2 A call may be made payable by instalments.
- 4.3 The Directors may revoke or postpone a call.

**Time of call**

- 4.4 A call is to be deemed to be made at the time when the resolution of the Directors authorising the call is passed.
- 4.5 Not less than 14 days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.

**Members' liability**

- 4.6 Each Member must pay to the Company the amount called on the shares at the time or times and place specified by the Directors, provided that before the time of payment of any call, the Directors may by notice in writing to Members revoke the call or extend the time of payment.
- 4.7 The non-receipt of a notice of any call by or the accidental omission to give notice of a call to a Member does not invalidate the call.

**Interest on default**

- 4.8 If a sum called in respect of a share is not paid before or on the day appointed for payment of the sum, the person from whom the sum is due must pay interest on the sum to the time of actual payment at the Prescribed Interest Rate. The Directors may waive payment of that interest wholly or in part.

**Fixed instalments deemed calls**

- 4.9 Any sum that, by the terms of issue of a share, becomes payable on allotment or at a fixed date, is deemed for the purposes of this Constitution to be a call duly made and payable on the date on which by the terms of issue the sum becomes payable, and, in case of non-payment, all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise apply as if the sum had become payable by virtue of a call duly made and notified.

**Differentiation between shareholders as to calls**

- 4.10 The Directors may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment.

**Prepayment of calls**

- 4.11 The Directors may accept from a Member the whole or a part of the amount unpaid on a share although no part of that amount has been called. The Directors may at any time repay the amount so advanced upon giving to such Member 3 months notice in writing.
- 4.12 The Directors may authorise payment by the Company of interest on the whole or any part of an amount so accepted, until the amount becomes payable, at such rate, not exceeding the Prescribed Interest Rate, as is agreed on between the Directors and the Member paying the sum.

**5 Transfer of shares****Forms of instrument of transfer**

- 5.1 Subject to this Constitution, a Member may transfer all or any of the Member's shares by instrument in writing in any usual or common form or in any other form that the Directors approve.

**Registration procedure**

- 5.2 The instrument of transfer:
- (a) must be executed by or on behalf of both the transferor and the transferee;
  - (b) duly stamped (if required); and
  - (c) must be left for registration at the Registered Office, accompanied by the certificate for the shares to which it relates and the information the Directors require to show the right of the transferor to make the transfer.
- 5.3 A transferor of shares remains the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the Register in respect of the shares and a transfer of shares does not pass the right to any dividends declared on the shares until registration.

**Directors' powers to decline to register**

- 5.4 The Directors may decline to register any transfer of shares (except where Article 5.13 applies), without being bound to give any reason whatsoever for so doing.

**Ordinary Members**

- 5.5 An Ordinary Member may only transfer Ordinary Shares and/or Non-voting Shares in the Company if:
- (a) the proposed transferee of the Ordinary and/or Non-voting Shares is a Building Society or Other Institution;
  - (b) the Ordinary Member gives the Directors a transfer notice in respect of the Ordinary Shares and/or the Non-voting Shares and otherwise complies with Article 5.2; and
  - (c) the written consent of the Directors has been first obtained.

The Directors may not consent to or register a transfer of Ordinary Shares and/or Non-voting Shares if the consequence would be that at the time immediately following registration the majority of shares would not be held by Building Societies.

- 5.6 Where the Directors, by a resolution passed by a majority of not less than two-thirds of the number of Directors then in office, have determined that:
- (a) a person (other than an Ordinary Member) has acquired a Controlling Interest in an Ordinary Member; or
  - (b) an Ordinary Member has been granted authority to conduct banking operations pursuant to the Banking Act 1959; or
  - (c) the principal aims and objectives of an Ordinary Member are not or are no longer supportive of or conducive to the achievement of the objects of the Company;

the Directors may by notice in writing to that Ordinary Member (hereinafter called “the vendor”), require it to give a transfer notice(s) to the Directors in respect of its Ordinary Shares and, in its capacity as a Non-voting Member, its Non-voting Shares, if any, and at the same time deliver to the Directors the certificates for those Ordinary Shares and Non-voting Shares. If the Ordinary Member fails to do so within 14 days after service of the notice, it is to be deemed at the expiration of that period to have given such transfer notice(s) to the Directors and to have specified the Market Value of those Ordinary Shares and any Non-voting Shares as the sale price for those Ordinary Shares and Non-voting Shares.

- 5.7 Where an Ordinary Member no longer wishes to remain a Member, the Ordinary Member (hereinafter also called “the vendor”) may give the Directors a transfer notice in respect of the Ordinary Shares and/or the Non-voting Shares.
- 5.8 Notwithstanding anything contained in this Constitution, if an Ordinary Member gives or is deemed to have given transfer notices in respect of its Ordinary Shares and/or Non-voting Shares pursuant to Articles 5.6 and 5.7, the Directors shall within 14 days resolve either to:
- (a) reduce the capital of the Company by the Market Value of the relevant Ordinary Shares and/or Non-voting Shares or buy back the shares at their Market Value each on the proviso that the APRA is first advised; or
  - (b) invite other Members to purchase the relevant Ordinary Shares and/or Non-voting Shares pursuant to Article 5.12.
- 5.9 If the Directors resolve to reduce the capital of the Company or buy back the shares pursuant to Article 5.8(a), the capital of the Company may be reduced or the shares bought back subject to and in accordance with the Corporations Law.

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- 5.10 If the Directors resolve to invite other Members to purchase the relevant Ordinary Shares and/or Non-voting Shares or the Directors resolve not to reduce the capital of the Company or buy back the shares, then the transfer notice(s) given or deemed to be given pursuant to Articles 5.6 and 5.7 shall constitute the Directors the agent of the vendor for the sale of the relevant shares in one or more lots at the discretion of the Directors to other Members at a price to be agreed upon by the vendor and the Directors within twenty-one (21) days or, in default of agreement, at a price which the Auditor of the Company shall certify in writing to be the Market Value as hereinafter defined.
- 5.11 The Market Value of any parcel of Ordinary Shares and/or Non-voting Shares shall be determined within thirty (30) days by such Auditor to be such sum as bears the same proportion to the value of the Company as the value of the Ordinary Shares and/or Non-voting Shares, as the case may be, represents to the total issued capital of the Company. The value of the Company shall be the value as determined by the Auditor as at the date of service of the notice on a going concern basis taking into account the profits before distributions of the Company for the previous three years as disclosed in the audited accounts of the Company and applying an appropriate capitalisation rate. The Auditor shall also take into account in making such determination the book value of the assets of the Company and any likely discontinuation by the vendor of its use of the Company's services, based on any existing contractual arrangements between the vendor and the Company as at the relevant date. The Auditor shall be entitled to assume that any existing contractual arrangements shall not be continued or renewed on their expiry unless the vendor is contractually bound to continue or renew such contractual arrangements. In making such determination such Auditor shall be deemed to be acting as an expert and not as an arbitrator. The fees of such Auditor shall be borne by the vendor.
- 5.12 Upon the vendor and the Directors agreeing on the price of the shares pursuant to Article 5.10 or the price being fixed pursuant to Articles 5.10 and 5.11, the Directors shall forthwith give notice to all the other Members and holding shares of the class sought to be sold, of the number and price of the shares to be sold and shall invite each to state in writing within 21 days from the date of the notice whether the Member is willing to purchase any, and if so what maximum number, of the relevant shares.
- 5.13 At the expiration of the period of 21 days referred to in Article 5.12, the Directors shall allocate the relevant shares to or amongst the Member or Members who have expressed their willingness to purchase the relevant shares and (if more than one) so far as may be proportionate according to the number of Ordinary Shares and/or Non-voting Shares already respectively held by them, subject always to the provisions of this Constitution and provided also that no Member shall be obliged to take more than the maximum number of Ordinary Shares and/or Non-voting Shares so notified by it. Upon such allocation being made the vendor shall be bound on payment of the price to transfer the Ordinary Shares and/or Non-voting Shares to the purchaser or purchasers, and if the vendor defaults in so doing then the chairman of the Directors for the time being or, failing him, one of the Directors duly appointed attorney of the vendor with full power to execute, complete and deliver in the name and on behalf of the vendor transfers

of the Ordinary Shares and/or Non-voting Shares to the purchasing Member and to receive and give a good discharge for the purchase money on behalf of the vendor, and upon any such transfer being executed and delivered the Directors may enter the name of the purchaser in the Register of Members as the holder by transfer of the relevant shares so purchased by the Member.

- 5.14 In the event of the whole or any of the shares not being sold by the vendor pursuant to the preceding Articles, the vendor may, at any time within six months after the expiration of the period of 21 days referred to in Article 5.12, transfer the Ordinary Shares and/or Non-voting Shares not sold to any person and at any price subject however to the provisions of Article 5.4 and the provisions of this Constitution relating to the entitlement of persons to become Members of the Company.

## **6 Forfeiture of shares**

### **Notice requiring payment of call**

- 6.1 If a Member fails to pay a call or instalment of a call on the day appointed for payment of the call or instalment, the Directors may, at any time afterwards during such time as any part of the call or instalment remains unpaid, serve a notice on the Member requiring payment of so much of the call or instalment as is unpaid, together with any interest that has accrued and all costs and expenses that may have been incurred by the Company by reason of that non-payment.
- 6.2 The notice must name a further day, not earlier than the expiration of 14 days from the date of service of the notice, on or before which the payment required by the notice is to be made and must state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

### **Forfeiture for failure to comply with notice**

- 6.3 A share in respect of which the notice under Article 6.1 has not been complied with may at any time, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect.
- 6.4 A forfeiture under Article 6.3 includes all dividends and other distributions declared or to be made in respect of the forfeited shares and not actually paid or distributed before the forfeiture.
- 6.5 Subject to the Corporations Law a share forfeited under Article 6.3 may be sold, re-issued or otherwise disposed of to whom and on such terms as the Directors think fit.
- 6.6 If any share is forfeited under Article 6.3 notice of the forfeiture must be given to the Member holding the share immediately prior to the forfeiture and an entry of the forfeiture and its date must be made in the Register.
- 6.7 The Directors may accept the surrender of any share which they are entitled to forfeit on such terms as they think fit and any share so surrendered is deemed to be a forfeited share.

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**Cancellation of forfeiture**

- 6.8 At any time before a sale or disposition of a share, the forfeiture of that share may be cancelled on such terms as the Directors think fit.

**Effect of forfeiture on former holder's liability**

- 6.9 A person whose shares have been forfeited:
- (a) ceases to be a Member in respect of the forfeited shares and loses all entitlement to dividends and other distributions or entitlements on the shares; and
  - (b) remains liable to pay the Company all money that, at the date of forfeiture, was payable by that person to the Company in respect of the shares, plus interest at the Prescribed Interest Rate from the date of forfeiture and also reasonable expenses of sale,

and the Directors may enforce the payment of such moneys or any part thereof if they think fit, but are under no obligation to do so.

**Evidence of forfeiture**

- 6.10 A statement in writing declaring that the person making the statement is a director or a secretary of the Company, and that a share in the Company has been forfeited in accordance with this Constitution on the date stated in the statement, is prima facie evidence of the facts stated in the statement as against all persons claiming to be entitled to the share.

**Transfer of forfeited share**

- 6.11 The Company may receive the consideration (if any) given for a forfeited share on any sale or disposition of the share and may execute or effect a transfer of the share in favour of the person to whom the share is sold or disposed of.
- 6.12 On the execution of the transfer, the transferee must be registered as the holder of the share and is not bound to see to the application of any money paid as consideration.
- 6.13 The title of the transferee to the share is not affected by any irregularity or invalidity in connection with the forfeiture, sale or disposal of the share.

**Forfeiture applies to non-payment of instalment**

- 6.14 The provisions of this Constitution as to forfeiture apply in the case of non-payment of any sum that, by the terms of issue of a share, becomes payable at a fixed time, as if that sum had been payable by virtue of a call duly made and notified.

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**7 General meetings**

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**Annual general meeting**

- 7.1 If the Company is a public company, annual general meetings of the Company are to be held in accordance with the Corporations Law.



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**General meeting**

- 7.2 The Directors may convene a general meeting of the Company and the Directors must convene and arrange to hold a general meeting when requisitioned by Members in accordance with the Corporations Law.

**Notice of general meeting**

- 7.3 Except where Section 249H(2) applies, at least 21 days notice must be given of a meeting of the Members, exclusive of the day on which the notice is served or deemed to be served and of the day for which notice is given.
- 7.4 Notice of a meeting of Members must be given in accordance with Section 249J, and the replaceable rule in Section 249J(4) applies.
- 7.5 A notice of a general meeting must:
- (a) set out the place, date and time of meeting, and state the general nature of the business to be dealt with at the meeting and, if the meeting is to be held in two or more places, the technology that will be used to facilitate the holding of the meeting in that manner; and
  - (b) state that:
    - (i) a Member who is entitled to attend and cast a Vote at the meeting has a right to appoint a proxy;
    - (ii) a proxy need not be a Member; and
    - (iii) a Member who is entitled to cast two or more Votes may appoint two proxies and may specify the proportion or number of Votes which each proxy is appointed to exercise.
- 7.6 If a special resolution is to be proposed, the notice of meeting must set out an intention to propose the special resolution and state the resolution.
- 7.7 The non-receipt of notice of a general meeting by, or the accidental omission to give notice of a general meeting to, a person entitled to receive notice does not invalidate any resolution passed at the general meeting.

**Postponement or cancellation of meeting**

- 7.8 Where a general meeting (including an annual general meeting) is convened by the Directors they may, whenever they think fit, cancel the meeting or postpone the holding of the meeting to a date and time determined by them.
- 7.9 Written notice of cancellation or postponement of a general meeting must be given to each Member individually and to each other and such other person as is entitled under the Corporations Law or this Constitution and must specify the reason for cancellation or postponement (as the case may be).
- 7.10 A notice postponing the holding of a general meeting must specify:

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- (a) a date and time for the holding of the meeting; and
  - (b) a place for the holding of the meeting which may be either the same as or different from the place specified in the notice convening the meeting; and
  - (c) if the meeting is to be held in two or more places, the technology that will be used to facilitate the holding of the meeting in that manner.
- 7.11 The number of clear days from the giving of a notice postponing the holding of a general meeting to the date specified in that notice for the holding of the postponed meeting must not be less than the number of clear days notice of the meeting required to be given by this Constitution or the Law.
- 7.12 The only business that may be transacted at a general meeting the holding of which is postponed is the business specified in the notice convening the meeting.
- 7.13 The accidental omission to give notice of the cancellation or postponement of a meeting to, or the non-receipt of any such notice by, any Member or person entitled to notice does not invalidate that cancellation or postponement or any resolution passed at a postponed meeting.
- 7.14 Where:
- (a) by the terms of an instrument appointing a proxy or attorney or of an appointment of a Representative, a proxy or an attorney or a Representative is authorised to attend and vote at a general meeting to be held on a specified date or at a general meeting or general meetings to be held on or before a specified date; and
  - (b) the date for holding the meeting is postponed to a date later than the date specified in the instrument of proxy, power of attorney or appointment of Representative,
- then, by force of this Article, that later date is substituted for and applies to the exclusion of the date specified in the instrument of proxy, power of attorney or appointment of representative unless the Member appointing the proxy, attorney or representative gives to the Company at its registered office notice in writing to the contrary not less than 48 hours before the time to which the holding of the meeting has been postponed.
- 7.15 Articles 7.8 to 7.14 (both inclusive) do not apply to a general meeting convened by Members under Section 249F or by the Directors pursuant to a requisition of Members under the Corporations Law.

## **8 Proceedings at general meetings**

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### **Representation of Member**

- 8.1 A Member may be present and vote in person or may be represented at any meeting of the Company by:

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- (a) proxy;
  - (b) attorney; or
  - (c) in the case of a body corporate which is a Member, a Representative.

8.2 Unless the contrary intention appears, a reference to a Member in Part 8 means a person who is an Ordinary Member, or is a proxy, attorney or Representative of that Ordinary Member.

### **Quorum**

8.3 Subject to Article 8.6, Members holding more than 20% of the issued shares present in person or by proxy, attorney or Representative are a quorum at a general meeting.

8.4 An item of business may not be transacted at a general meeting unless a quorum is present when the meeting proceeds to consider it. If a quorum is present at the beginning of a meeting it is to be deemed present throughout the meeting unless the chairman of the meeting on the chairman's own motion or at the instance of a Member, proxy, attorney or Representative who is present otherwise declares.

8.5 If within 15 minutes after the time appointed for a meeting a quorum is not present, the meeting:

- (a) if convened by, or on requisition of, Members, is dissolved; and
- (b) in any other case stands adjourned to the same day in the next week and the same time and place, or to such other day, time and place as the Directors appoint by notice to the Members and others entitled to notice of the meeting.

8.6 At a meeting adjourned under Article 8.5(b) two persons each being a Member, or a proxy, attorney or Representative of a Member present at the meeting are a quorum and, if a quorum is not present within 15 minutes after the time appointed for the adjourned meeting, the meeting is dissolved.

### **Appointment and powers of chairman of general meeting**

8.7 If the Directors have elected one of their number as chairman of their meetings, that person is entitled to preside as chairman at a general meeting.

8.8 If a general meeting is held and:

- (a) a chairman has not been elected by the Directors; or
- (b) the elected chairman is not present within 15 minutes after the time appointed for the holding of the meeting or is unable or unwilling to act,

the following may preside as chairman of the meeting (in order of precedence): the deputy chairman (if any); a Director chosen by a majority of the Directors present; the only Director present; a Member

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chosen by a majority of the Members present in person or by proxy, attorney or Representative.

- 8.9 The chairman of a general meeting:
- (a) has charge of the general conduct of the meeting and of the procedures to be adopted at the meeting;
  - (b) may require the adoption of any procedure which is in the chairman's opinion necessary or desirable for proper and orderly debate or discussion and the proper and orderly casting or recording of Votes at the general meeting; and
  - (c) may, having regard where necessary to Sections 250S and 250T, terminate discussion or debate on any matter whenever the chairman considers it necessary or desirable for the proper conduct of the meeting,

and a decision by the chairman under this Article is final.

#### **Adjournment of general meetings**

- 8.10 The chairman may, with the consent of any meeting at which a quorum is present, and must if so directed by the meeting, adjourn the meeting to a new day, time or place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 8.11 When a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of an original meeting.
- 8.12 Except as provided by Article 8.11, it is not necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting.
- 8.13 A demand for a poll does not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.
- 8.14 A resolution passed at a meeting resumed after an adjournment is passed on the day it was passed.

#### **Voting on a resolution**

- 8.15 At any general meeting a resolution put to the vote of the meeting must be decided on a show of hands unless a poll is demanded:
- (a) before the vote is taken;
  - (b) before the voting results on the show of hands are declared; or
  - (c) immediately after the voting results on the show of hands are declared,
- by:
- (d) the chairman;
  - (e) not less than 3 Members entitled to vote on the resolution; or

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- (f) Members with at least 5% of the Votes that may be cast on the resolution on a poll, the percentage of Votes that members have being worked out as at the midnight before the poll is demanded.

On a show of hands, a declaration by the Chairman is conclusive evidence of the result.

#### **Questions decided by majority**

- 8.16 Subject to the requirements of the Corporations Law, a resolution is taken to be carried if a simple majority of the Votes cast on the resolution are in favour of it.

#### **Poll**

- 8.17 If a poll is properly demanded, it must be taken in the manner and at the date and time directed by the chairman and the result of the poll is the resolution of the meeting at which the poll was demanded.
- 8.18 No poll shall be demanded on the election of a chairman, and a poll demanded on a question of adjournment must be taken immediately.
- 8.19 A demand for a poll may be withdrawn.

#### **Equality of Votes - chairman's casting vote**

- 8.20 If there is an equality of Votes, either on a show of hands or on a poll, the chairman of the meeting is entitled to a casting vote in addition to any Votes to which the chairman is entitled as a Member or as a proxy, attorney or Representative of a Member.

#### **Entitlement to vote**

- 8.21 Subject to any rights or restrictions for the time being attached to any class or classes of shares and to this Constitution:
- (a) on a show of hands, each Member present in person and each other person present as a proxy, attorney or Representative of a Member has one Vote;
- (b) on a poll, each Member present in person or by proxy, attorney or Representative has one Vote for each share held by the Member.
- 8.22 A proxy's authority to speak and vote for a Member at a meeting is suspended while the Member is present at the meeting.

#### **Vote of shareholder of unsound mind**

- 8.23 If a Member is of unsound mind or is a person whose person or estate is liable to be dealt with in any way under the law relating to mental health then the Member's committee or trustee or such other person as properly has the management of the Member's estate may exercise any rights of the Member in relation to a general meeting as if the committee, trustee or other person were the Member.

#### **Effect of unpaid call**

- 8.24 A Member is not entitled to vote at a general meeting unless all calls and other sums due and presently payable by the Member in respect of the Member's shares in the Company have been paid.

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**Objection to voting qualification**

- 8.25 An objection may not be raised to the right of a person to attend or vote at the meeting or adjourned meeting except at that meeting or adjourned meeting. Any such objection must be referred to the chairman of the meeting, whose decision is final. A vote not disallowed under such an objection is valid for all purposes.

**Appointment of proxy**

- 8.26 A Member entitled to attend and vote at a meeting of Members may appoint:

- (a) a person; or
- (b) if the Member is entitled to cast two or more Votes at the meeting, two persons,

as the Member's proxy or proxies to attend and vote for the Member at the meeting. If the Member appoints two proxies and the instrument of appointment does not specify the number or proportion of the Member's Votes, each proxy may exercise one-half of the Votes. A proxy need not be a Member.

- 8.27 An appointment of a proxy is valid if it is signed by the Member making the appointment and contains the following information:

- (a) the Member's name and address;
- (b) the Company's name;
- (c) the proxy's name or the name of the office held by the proxy; and
- (d) the meetings at which the appointment may be used.

An appointment may be a standing one.

- 8.28 An undated appointment is to be taken to have been dated on the day it is given to the Company.

- 8.29 An appointment may specify the way the proxy is to vote on a particular resolution. In that event:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
- (b) if the proxy has two or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
- (c) if the proxy is the chairman, the proxy must vote on a poll, and must vote that way; and
- (d) if the proxy is not the chairman, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a Member, this Article does not affect the way that the person can cast any Votes attached to shares held by that person.

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- 8.30 Except to the extent that the appointment of a proxy expressly limits the exercise by the proxy of the power to vote at a meeting, a proxy has the same rights to attend, vote and otherwise act at the meeting as a Member attending the meeting in person.
- 8.31 An appointment of a proxy does not need to be witnessed.
- 8.32 A later appointment revokes an earlier one if both appointments could not be validly exercised at the meeting.
- 8.33 An instrument appointing a proxy is to be taken to confer authority to demand or join in demanding a poll.

**Receipt of proxy and other instruments**

- 8.34 An instrument appointing a proxy may not be treated as valid unless the instrument and the power of attorney under which the instrument is signed or, in the case of an unregistered power, a copy of that power or authority certified as a true copy, is or are received by the Company not less than 48 hours, or such shorter period as may be allowed by the Directors, before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote at the Registered Office or at any other place specified for that purpose in the notice convening the meeting.

If the notice convening a general meeting specifies a facsimile number to which a proxy and related materials may be sent then receipt by the facsimile machine on that number of a complete and legible facsimile of the document will be taken as a receipt by the Company at a specified place for the purposes of this Article.

**Validity of vote in certain circumstances**

- 8.35 A vote given in accordance with the terms of an instrument of proxy or of a power of attorney is valid notwithstanding:
- (a) the previous death or unsoundness of mind of the principal;
  - (b) the revocation of the instrument, or of the authority under which the instrument was executed, or of the power; or
  - (c) the execution of a transfer of the share in respect of which the instrument or power is given,

if notice in writing of the death, unsoundness of mind, revocation or transfer has not been received by the Company at the Registered Office before the commencement of the meeting or adjourned meeting at which the instrument is used or the power is exercised.

**Director entitled to notice of meeting**

- 8.36 A Director is entitled to receive notice of and to attend all general meetings and all separate general meetings of the holders of any class of shares in the capital of the Company and is entitled to speak at those meetings.

**Auditor entitled to notice of meeting**

- 8.37 The Company must give its Auditor (if any):

- (a) notice of a general meeting in the same way that a Member is entitled to receive notice; and
- (b) any other communications relating to the general meeting that a Member is entitled to receive.

## **9 The Directors**

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### **Number of Directors**

- 9.1 The number of Directors is the number, not less than 5 nor more than 10, or such lesser number as is fixed by the Directors from time to time, but the number so fixed at a particular time must not be less than the number of Directors when the determination takes effect. The Directors in office at the time of adoption of this Constitution continue in office subject to this Constitution. The Company in general meeting may by resolution increase or reduce the number of Directors.
- 9.2 At least one third (or such other proportion as is agreed by APRA) of the Directors in office must comprise persons who are not currently connected as an officer or employee with any System Participant. Any Director, who at the time of appointment is an employee or officer of or is engaged for at least 20 hours per week by a Building Society (“Building Society Representative”) which is an Ordinary Member, will cease to hold office as a Director if he or she ceases to be a Building Society Representative.

### **Appointment of Director**

- 9.3 The Company in general meeting may by resolution at any time appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the maximum number fixed in accordance with Article 9.1 and there is compliance with the provisions of clause 9.2.
- 9.4 The Directors may at any time appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but any Director so appointed only holds office until the conclusion of the next annual general meeting, at which time he is eligible for re-appointment.

### **Removal of Director**

- 9.5 The Company in general meeting may by resolution under Section 203D remove a Director from office as a Director.

### **Retirement of Directors**

- 9.6 At each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one third, must retire from office but each retiring Director is eligible for re-appointment.
- 9.7 A retiring Director holds office until the conclusion of the meeting at which that Director retires.
- 9.8 The Directors to retire at any annual general meeting must be those who have been longest in office since their last election or



appointment, but, as between persons who were last elected or appointed on the same day, those to retire must be determined by lot, unless they otherwise agree between themselves.

- 9.9 If an office vacated under Article 9.6 is not filled, the Director who retired from that office shall, if offering himself for re-appointment, be deemed to have been re-appointed unless at that meeting:
- (a) it is expressly resolved not to fill the vacated office; or
  - (b) a resolution for the re-appointment of that Director is put and lost.

#### **Share qualification of Directors**

- 9.10 A Director is not required to hold a share in the Company.

#### **Remuneration of Directors**

- 9.11 Subject to Article 9.12, the Directors are entitled to be paid out of the funds of the Company as remuneration for their services as Directors such sum accruing from day to day as the Company in general meeting determines.
- 9.12 If the number of Directors in office is greater than the number in office when the Directors' remuneration was last determined, each additional Director is entitled, until the remuneration of the Directors is next determined at a general meeting, to be paid as remuneration for services as a Director an amount per annum obtained by dividing the aggregate amount paid to the other Directors as remuneration for their services as Directors divided by the number of the other Directors.
- 9.13 If a Director at the request of the Directors performs additional or special duties for the Company, the Company may remunerate that Director by payment of a fixed sum or salary to be determined by the Directors and that remuneration may be either in addition to or in substitution for that Director's remuneration under the preceding Articles.
- 9.14 The Company may pay a former Director, or the estate of a Director who dies in office, a retirement benefit in recognition of past services in the amount determined by the Directors, but not exceeding the amount permitted to be paid by the Corporations Law. The Company may also enter into a contract with a Director providing for payment of a retiring benefit. A retirement benefit paid under this Article is not for remuneration payable under Article 9.18.

#### **Travelling expenses**

- 9.15 A Director is also entitled to be reimbursed out of the funds of the Company such reasonable travelling, accommodation and other expenses as the Director may incur when travelling to or from meetings of the Directors or a Committee or when otherwise engaged on the business of the Company.

#### **Director's interests**

- 9.16 A Director is not disqualified by the Director's office and the fiduciary relationship established by it from holding any office or place of profit, other than that of Auditor, under the Company or a related body

corporate of the Company. A Director may, subject to the Corporations Law:

- (a) be or become a director of or otherwise hold office or a place of profit in any other company promoted by the Company or in which the Company may be interested as vendor, shareholder or otherwise;
- (b) contract or make any arrangement with the Company or any related body corporate whether as vendor, purchaser, broker, solicitor or accountant or other professional person or otherwise and any contract or arrangement entered or to be entered into by or on behalf of the Company or any related body corporate in which any Director is in any way interested is not avoided for that reason; and
- (c) participate in any association, institution, fund, trust or scheme for past or present employees or Directors of the Company or any related body corporate, a related body corporate or any of their respective predecessors in business or their dependants or persons connected with them.

9.17 A Director who:

- (a) holds any office or place of profit under the Company;
- (b) holds any office or place of profit referred to in Article 9.16(a);
- (c) is involved in a contract or arrangement referred to in Article 9.16(b); or
- (d) participates in an association or otherwise under Article 9.16(c),

is not by reason only of that fact or any interest resulting from it or the fiduciary relationship established by it liable to account to the Company for any remuneration or other benefits accruing from it.

9.18 A Director or a firm of which the Director is a partner or employee may act in a professional capacity, other than as Auditor, for the Company or any related body corporate and a Director or a Director's firm is entitled to remuneration for professional services as if the relevant Director was not a Director.

9.19 Each Director must disclose that Director's interests to the Company in accordance with the Corporations Law.

9.20 A Director who has a material personal interest in a matter that is being considered at a meeting of the Directors may not:

- (a) vote on the matter (or in relation to a proposed resolution specified in Section 195(2) in relation to the matter, whether in relation to that or a different Director); or
- (b) be present while the matter (or a proposed resolution of that kind) is being considered at the meeting,

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except as permitted by Section 195(1). Except as provided by this Article, a Director is not disqualified from voting as contemplated by paragraph (a) or from being present as contemplated by paragraph (b).

- 9.21 The Director may be counted in the quorum present at any Director's meeting at which the contract, proposed contract or arrangement or other matter is considered if the Director is permitted by the Corporations Law to be present during the consideration.
- 9.22 For the purposes of Article 9.20, a director does not have an interest in a matter relating to an existing or proposed contract of insurance merely because the contract insures, or would insure, the Director against a liability incurred by the Director as an officer of the Company or of a related body corporate. This Article does not apply if the Company is the insurer.
- 9.23 The restrictions contained in Article 9.20 may at any time or times be suspended or relaxed to any extent and either prospectively or retrospectively by resolution of the Company in general meeting, if that is permitted by the Corporations Law.
- 9.24 A Director may, notwithstanding the Director's interest, and whether or not the Director is entitled to vote, or does vote, participate in the execution of any instrument by or on behalf of the Company and whether through signing or sealing the same or otherwise.

#### **Vacation of office of Director**

- 9.25 In addition to the circumstances in which the office of a Director becomes vacant under the Corporations Law, the office of a Director becomes vacant if the Director:
- (a) becomes bankrupt, or suspends payment to or compounds with the Director's creditors, or assigns the Director's estate for the benefit of the Director's creditors;
  - (b) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;
  - (c) dies;
  - (d) resigns from office by notice in writing to the Company;
  - (e) ceases to hold office under Article 9.2 or 9.4;
  - (f) becomes an employee of the Company (except if appointed under Article 11.30);
  - (g) is removed from the office under Article 9.5;
  - (h) retires from office under Article 9.6 and is not re-appointed or deemed to be re-appointed; or
  - (i) is not present personally or by an Alternate Director or by a proxy at 3 consecutive meetings of the Directors without leave of absence from the Directors.

## **10 Powers and duties of Directors**

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### **Directors to manage Company**

- 10.1 The business of the Company is to be managed by the Directors, who may exercise all such powers of the Company as are not, by the Corporations Law or by this Constitution, required to be exercised by the Company in general meeting.
- 10.2 The Directors must not sell or dispose of the Company's main undertaking unless the sale or disposal is approved by, or subject to ratification by, the Company in general meeting. On the sale of the Company's main undertaking, no commission or fee shall be payable to the Directors unless it has been ratified by the Company in general meeting. Prior notification of the amount of such proposed payments must be given to all Members entitled to receive notices at least 7 days prior to the meeting at which any such payment is to be considered.
- 10.3 Without limiting the generality of Article 10.1, the Directors may exercise all the powers of the Company to borrow or raise money, to charge any property or business of the Company or all or any of its uncalled capital and to issue debentures or give any other security for a debt, liability or obligation of the Company or of any other person.

### **Appointment of attorney**

- 10.4 The Directors may, by power of attorney, appoint any person or persons to be the attorney or attorneys of the Company for the purposes and with the powers, authorities and discretions vested in or exercisable by the Directors for such period and subject to such conditions as they think fit.
- 10.5 Any such power of attorney may contain such provisions for the protection and convenience of persons dealing with the attorney as the Directors think fit and may also authorise the attorney to delegate all or any of the powers, authorities and discretions vested in the attorney.

### **Minutes**

- 10.6 The Directors must cause minutes of meetings to be made and kept in accordance with the Corporations Law.

### **Execution of Company cheques, etc**

- 10.7 All cheques, promissory notes, bankers' drafts, bills of exchange and other negotiable instruments, and all receipts for money paid to the Company, must be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner and by such persons as the Directors determine from time to time.

### **Settlement System By-laws**

- 10.8 The Directors may, in their absolute discretion, from time to time make or prescribe Settlement System By-Laws. The Directors may also in their absolute discretion from time to time vary, alter or revoke the whole or any part of the Settlement System By-Laws.
- 10.9 The Settlement System By-Laws may deal with any or all aspects of the Settlement System including but not limited to:
- (a) technical standards;

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- (b) fees and charges payable by Members and non-Members for use of or participation in the Settlement System;
  - (c) operating procedures for the Settlement System;
  - (d) the resolution of disputes by arbitration or otherwise between Members, non-Members or between Members and non-Members in relation to their use of or participation in the Settlement System or between Members or non-Members and the Company in relation to the Settlement System;
  - (e) the prefunding accounts to be maintained or provided by Members and non-Members in relation to the Settlement System;
  - (f) risk management;
  - (g) breaches of Settlement System By-Laws;
  - (h) failure to settle and responsibility for settlement;
  - (i) disclaimers and limitation of liability on the part of the Company;
  - (j) categories of participating membership and classification of members;
  - (k) rights, restrictions and obligations of participating members;
  - (l) suspension and termination of participating membership;
  - (m) confidentiality;
  - (n) provision of information by Members and non-Members;
  - (o) indemnity in favour of the Company;
  - (p) other contractual conditions relating to use of and participation in the Settlement System; and
  - (q) such other matters as the Directors may consider necessary, desirable or expedient for the better and more efficient or economical operation of the Settlement System.

10.10 All Members are bound by and shall comply with and observe the Settlement System By-Laws.

10.11 The Settlement System By-Laws have the effect of a contract under seal:

- (a) between the Company and each Member; and
- (b) between the Members.

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## 11 Proceedings of Directors

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### Directors' meetings

- 11.1 The Directors may meet together for the despatch of business and adjourn and otherwise regulate their meetings as they think fit.
- 11.2 A Director may at any time, and the Secretary must on the written request of a Director, convene a meeting of the Directors.

### Questions decided by majority

- 11.3 Questions arising at a meeting of Directors are to be decided by a majority of votes of Directors present and entitled to vote and any such decision is for all purposes to be deemed a decision of the Directors.
- 11.4 A person who is present at a meeting of Directors as an Alternate Director or as a proxy for another Director has one vote for each absent Director who would be entitled to vote if present at the meeting and for whom that person is an Alternate Director or proxy, and if that person is also a Director has one vote as a Director in that capacity.

### Chairman's casting vote

- 11.5 In the event of an equality of votes, the chairman of the meeting has a casting vote.

### Alternate directors and proxies

- 11.6 Subject to the Corporations Law, a Director may appoint a person, approved by a majority of the other Directors to be an Alternate Director in the Director's place. The appointment of an Alternate Director shall be for a period corresponding to the period of appointment of the Director for whom that Alternate Director acts.
- 11.7 An Alternate Director may be removed or replaced in the same manner as a Director.
- 11.8 An Alternate Director is entitled to notice of all meetings of the Directors and, if the appointor does not attend a meeting, is entitled to attend and vote in the appointor's stead.
- 11.9 An Alternate Director is not required to be a Member of the Company or Representative of a Member of the Company or a person employed or engaged by a Building Society.
- 11.10 An Alternate Director may exercise all the powers except the power to appoint an Alternate Director and, subject to the Corporations Law, may perform all the duties of the appointor insofar as the appointor has not exercised or performed them.
- 11.11 Whilst acting as a Director, an Alternate Director is responsible to the Company for the Alternate Director's own acts and defaults and the appointor is not responsible for them.
- 11.12 An Alternate Director is not entitled to receive from the Company any remuneration or benefit under Article 9.6 or 9.9.
- 11.13 The appointment of an Alternate Director may be terminated at any time by the appointor notwithstanding that the period of the

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appointment of the Alternate Director has not expired, and terminates in any event if the appointor ceases to be a Director.

- 11.14 An appointment, or the termination of an appointment, of an Alternate Director must be effected by a notice in writing signed by the Director who makes or made the appointment and delivered to the Company.
- 11.15 An Alternate Director is not to be taken into account separately from the appointor in determining the number of Directors.
- 11.16 A Director may attend and vote by proxy at a meeting of the Directors if the proxy:
- (a) is another Director; and
  - (b) has been appointed in writing under the signature of the appointor,

and such an appointment may be general or for one or more particular meetings. A Director present as a proxy for another Director who would be entitled to vote if present at the meeting has one vote for that other Director and one vote as a Director in that capacity.

#### **Quorum for Directors' meeting**

- 11.17 At a meeting of Directors, the number of Directors whose presence in person or by proxy is necessary to constitute a quorum is at least two-thirds of the number of Directors in office for the time being or any greater number determined by the Directors from time to time. For the purposes of this Article, a quorum is present during the consideration of a matter at a meeting of the Directors only if at least two-thirds of the number of Directors in office for the time being are present who are entitled to vote on any motion that may be moved at the meeting in relation to that matter.

#### **Remaining Directors may act**

- 11.18 The continuing Directors may act notwithstanding a vacancy in their number but, if and so long as their number is reduced below the minimum fixed by Article 9.1, the continuing Directors may, except in an emergency, act only for the purpose of filling vacancies to the extent necessary to bring their number up to that minimum or of convening a general meeting.

#### **Chairman of Directors**

- 11.19 The Directors may elect a chairman and deputy chairman and may also determine the period for which each is to hold office. Unless otherwise determined, they shall be elected biannually.
- 11.20 If a Directors' meeting is held and:
- (a) a chairman or deputy chairman has not been elected as provided by Article 11.19; or
  - (b) the chairman or deputy chairman is not present within 15 minutes after the time appointed for the holding of the meeting or is unable or unwilling to act,

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the Directors present must elect one of their number to be a chairman of the meeting.

- 11.21 The chairman or deputy chairman may be removed by resolution of which notice has been given to all Directors for the time being in Australia, not less than 14 days before the meeting at which the resolution is passed.

#### **Directors' committees**

- 11.22 The Directors may delegate any of their powers, other than powers required by law to be dealt with by directors as a board, to a committee or committees consisting of at least one of their number and such other persons as they think fit.

- 11.23 A committee to which any powers have been delegated under Article 11.22 must exercise the powers delegated in accordance with any directions of the Directors and a power so exercised is deemed to have been exercised by the Directors.

- 11.24 The members of a committee may elect one of their number as chairman of their meetings. If a meeting of a committee is held and:

- (a) a chairman has not been elected; or
- (b) the chairman is not present within 10 minutes after the time appointed for the holding of the meeting or is unable or unwilling to act,

the members involved may elect one of their number to be chairman of the meeting.

- 11.25 A committee may meet and adjourn as it thinks proper.

- 11.26 Questions arising at a meeting of a committee are to be determined by a majority of votes of the members involved and voting. The chairman, in addition to the chairman's deliberative vote, has a casting vote.

#### **Written resolution by Directors**

- 11.27 A resolution in writing signed by all the Directors who are then in Australia and are eligible to vote on the resolution (being at least a quorum) is as valid and effectual as if it had been passed at a meeting of the Directors held at the time when the written resolution was signed by the last eligible Director to sign it. A written resolution may consist of several documents in like form, each signed by one or more Directors.

#### **Use of technology**

- 11.28 A Directors' meeting may be called or held using any technology consented to by each Director. The consent may be a standing one. A Director may only withdraw consent within a reasonable period before the meeting.

#### **Validity of acts of Directors**

- 11.29 All acts of the Directors, a committee or a person or committee or member of a committee are valid notwithstanding that it is afterwards



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discovered that there was some defect in the appointment, election or qualification of them or any of them or that they or any of them were disqualified or had vacated office.

### **Appointment of Managing and Executive Directors**

11.30 The Directors may appoint one or more of their number to the office of Managing Director or as an Executive Director or to any other office, except Auditor, of employment under the Company for the period and on the terms they think fit. The Directors may, subject to the terms of any contract between the relevant Director and the Company, at any time remove or dismiss any Managing Director or Executive Director from that office and may appoint another Director in their place. A Managing Director or Executive Director automatically ceases to be a Managing Director or Executive Director on ceasing to be a Director.

### **Remuneration of Managing and Executive Directors**

11.31 The remuneration of a Managing Director or an Executive Director may be fixed by the Directors and may be by way of salary or commission or participation in profits or by all or any of those modes.

### **Powers of Managing and Executive Directors**

11.32 The Directors may confer on a Managing Director or an Executive Director any of the powers exercisable by them, on such terms and conditions and with such restrictions as they think fit. The Directors may at any time withdraw or vary any of the powers conferred on a Managing Director or an Executive Director.

## **12 Secretary**

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### **Appointment of Secretary**

12.1 There must be at least one secretary of the Company who is to be appointed by the Directors.

### **Suspension and removal of Secretary**

12.2 The Directors may suspend or remove a Secretary from that office.

### **Powers, duties and authorities of Secretary**

12.3 The Directors may vest in a Secretary such powers, duties and authorities as they may from time to time determine and the Secretary must exercise all such powers and authorities subject at all times to the control of the Directors.

## **13 Seals**

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### **Common and duplicate common seal**

13.1 The Company may have:

- (a) a common seal; and
- (b) a duplicate common seal, which must be a copy of the common seal with the words “duplicate seal”, “share seal” or “certificate seal” added.

13.2 The Directors must provide for the safe custody of each seal of the Company.

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**Use of common seal**

- 13.3 The common seal may be used only by the authority of the Directors, or of a committee of the Directors authorised by the Directors to authorise the use of the common seal. Every document to which the common seal is affixed must be signed by a Director and be countersigned by another Director, a Secretary or another person appointed by the Directors to countersign that document or a class of documents in which that document is included.

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**14 Inspection of records**

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**Inspection by Members**

- 14.1 Subject to the Corporations Law, the Directors may determine whether and to what extent, and at what time and places and under what conditions, the accounting records and other documents of the Company or any of them will be open to the inspection of Members (other than Directors), and a Member (other than a Director) does not have the right to inspect any document of the Company except as provided by law or authorised by the Directors or by the Company in general meeting.

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**15 Dividends and reserves**

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**Payment of dividend**

- 15.1 Subject to the Corporations Law, this Constitution and the rights of persons (if any) entitled to shares with special rights to dividend, the Directors may determine that a dividend is payable, fix the amount and the time for payment and authorise the payment or crediting by the Company to, or at the direction of, each Member entitled thereto of that dividend.

**No interest on dividends**

- 15.2 Interest is not payable by the Company on a dividend.

**Reserves and profits carried forward**

- 15.3 The Directors may, before paying any dividend, set aside out of the profits of the Company such sums as they think proper as reserves, to be applied, at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.
- 15.4 Pending any such application, the reserves may, at the discretion of the Directors, be used in the business of the Company or be invested in such investments as the Directors think fit.
- 15.5 The Directors may carry forward so much of the profits remaining as they consider ought not to be distributed as dividends without transferring those profits to a reserve.

**Calculation and apportionment of dividends**

- 15.6 Subject to the rights of persons (if any) entitled to shares with special rights as to dividend and to the terms of any issue of shares to the contrary all dividends are to be paid:

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- (a) in the case of fully paid shares, to their holders in proportion to the number of shares held by them respectively; or
  - (b) in the case of shares which are not fully paid shares, to their holders according to the amounts paid or credited as paid on those shares, apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid.

15.7 An amount paid or credited as paid on a share in advance of a call is not to be taken as paid or credited as paid on the share for the purposes of Article 15.6.

#### **Deductions from dividends**

15.8 The Directors may deduct from any dividend payable to, or at the direction of, a Member all sums of money (if any) presently payable by that Member to the Company on account of calls or otherwise in relation to shares in the Company.

#### **Distribution of specific assets**

15.9 When paying a dividend, the Directors may:

- (a) resolve that the dividend be satisfied either wholly or partly by the distribution of specific assets to some or all of the persons entitled to the dividend, including fully paid shares in or debentures of the Company or fully paid shares in or debentures of any other body corporate; and
- (b) direct that the dividend payable in respect of any particular shares be satisfied wholly or partly by such a distribution and that the dividend payable in respect of other shares be paid in cash.

15.10 If a difficulty arises in regard to a distribution under Article 15.9, the Directors may:

- (a) settle the matter as they consider expedient; and
- (b) fix the value for distribution of the specific assets or any part of those assets;
- (c) determine that cash payments will be made to, or at the direction of, any Members on the basis of the value so fixed in order to adjust the rights of all parties; and
- (d) vest any such specific assets in trustees as the Directors consider expedient.

If a distribution of specific assets to, or at the direction of, a particular Member or Members is illegal or, in the Directors' opinion, impracticable the Directors may make a cash payment to the Member or Members on the basis of the cash amount of the dividend instead of the distribution of specific assets.

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**Payment by cheque and receipts from joint holders**

- 15.11 A dividend, interest or other money payable in cash in respect of shares may be paid:
- (a) by cheque sent through the post directed to the address of the holder as shown in the Register or, in the case of joint holders, to the address shown in the Register as the address of the joint holder first named in that Register;
  - (b) by cheque sent through the post directed to such other address as the holder or joint holder in writing directs; or
  - (c) by some other method of direct credit determined by the Directors to the holder or holders shown on the Register or to such person or place directed by them.
- 15.12 Any one of two or more joint holders may give an effectual receipt for any dividend, interest or other money payable in respect of the shares held by them as joint holders.

**Unclaimed dividends**

- 15.13 All unclaimed dividends may be invested by the Directors as they think fit for the benefit of the Company until claimed or until required to be dealt with in accordance with any law relating to unclaimed moneys.

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**16 Capitalisation of profits**


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**Capitalisation of reserves and profits**

- 16.1 The Directors:
- (a) may resolve to capitalise any sum, being the whole or a part of the amount for the time being standing to the credit of any reserve account or the profit and loss account or otherwise available for distribution to Members; and
  - (b) may but need not resolve to apply the sum in any of the ways mentioned in Article 16.2, for the benefit of Members in the proportions to which those Members would have been entitled in a distribution of that sum by way of dividend.
- 16.2 The ways in which a sum may be applied for the benefit of Members under Article 16.1 are:
- (a) in paying up any amounts unpaid on shares held by Members;
  - (b) in paying up in full unissued shares or debentures to be issued to Members as fully paid; or
  - (c) partly as mentioned in paragraph (a) and partly as mentioned in paragraph (b).
- 16.3 The Directors may do all things necessary to give effect to the resolution and, in particular, to the extent necessary to adjust the rights of the Members among themselves, may:

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- (a) issue fractional certificates or make cash payments in cases where shares or debentures become issuable in fractions; and
  - (b) authorise any person to make, on behalf of all or any of the Members entitled to any further shares or debentures on the capitalisation, an agreement with the Company providing for:
    - (i) the issue to them, credited as fully paid up, of any such further shares or debentures; or
    - (ii) the payment up by the Company on their behalf of the amounts or any part of the amounts remaining unpaid on their existing shares by the application of their respective proportions of the sum resolved to be capitalised,

and any such agreement is effective and binding on all the Members concerned.

## 17 Service of documents

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### Service of documents

- 17.1 This Part does not apply to a notice of a meeting of Members.
- 17.2 The Company may give a document to a Member:
  - (a) personally;
  - (b) by sending it by post to the address for the Member in the Register or an alternative address nominated by the Member; or
  - (c) by sending it to a fax number or electronic address nominated by the Member.
- 17.3 If a document is sent by post, delivery of the document is deemed to be effected by properly addressing, prepaying and posting a letter containing the document, and the document is deemed to have been delivered on the day after the date of its posting.
- 17.4 If a document is sent by facsimile or electronic transmission, delivery of the document is to be deemed:
  - (a) to be effected by properly addressing and transmitting the facsimile or electronic transmission, and
  - (b) to have been delivered on the day following its despatch.
- 17.5 A document may be given by the Company to the joint holders of a share by giving the document to the joint holder first named in the Register in respect of the share.
- 17.6 A person who by operation of law, transfer or other means whatsoever becomes entitled to any share is absolutely bound by every document given in accordance with this Article to the person from whom that

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person derives title prior to registration of that person's title in the Register.

## **18 Audit and accounts**

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### **Company to keep accounts**

- 18.1 The Directors must cause the Company to keep accounts of the business of the Company in accordance with the requirements of the Corporations Law.

### **Company to audit accounts**

- 18.2 The Directors must cause the accounts of the Company to be audited in accordance with the requirements of the Corporations Law.

## **19 Winding up**

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### **Distribution of assets**

- 19.1 If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the Members in kind the whole or any part of the property of the Company and may for that purpose set such value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the Members or different classes of Members.
- 19.2 The liquidator may, with the sanction of a special resolution of the Company, vest the whole or any part of any such property in trustees on such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Member is compelled to accept any shares or other securities in respect of which there is any liability.
- 19.3 A Member will not be liable to contribute towards the payment of the debts and liabilities of the Company, or the costs, charges and expenses of a winding up of the Company, other than the liability to:
- (a) contribute any unpaid capital on shares held by the Member; and
  - (b) pay or repay, as the case may be, the amount unpaid and/or owing and/or payable in relation to the Member's contractual obligations to the Company, including but not limited to, any obligations arising out of, or in connection with, the operation and management of the Settlement System, the Settlement System By-laws or the settlement manual.

## **20 Indemnity**

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### **Indemnity of officers**

- 20.1 Every person who is or has been:
- (a) a Director of the Company or of a wholly-owned subsidiary of the Company;
  - (b) a Secretary of the Company or of a wholly-owned subsidiary of the Company; or

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- (c) a person making, or participating in making, decisions that affect the whole, or a substantial part, of the business of the Company or of a wholly-owned subsidiary of the Company; or
  - (d) a person having the capacity to affect significantly the financial standing of the Company or of a wholly-owned subsidiary of the Company,

is entitled to be indemnified out of the property of the Company against

- (e) every liability incurred by the person in that capacity (except a liability for legal costs); and
- (f) all legal costs incurred in by the person in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity,

unless and to the extent:

- (g) the Company is forbidden by statute to indemnify the person against the liability or legal costs; or
- (h) an indemnity by the Company of the person against the liability or legal costs would, if given, be made void by statute.

## **Insurance**

- 20.2 The Company may pay or agree to pay, whether directly or through an interposed entity, a premium for a contract insuring a person who has or has had a capacity mentioned in paragraph (a), (b), (c) or (d) of Article 20.1 against liability incurred by the person in that capacity, including a liability for legal costs, unless
- (a) the Company is forbidden by statute to pay or agree to pay the premium; or
  - (b) the contract would, if the Company paid the premium, be made void by statute.

# Australian Settlements Limited

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