

Chi-X Compensation Arrangements

Chi-X and ASX operate different compensation funds that provide protection for retail investors in the circumstances defined in the Corporation Act and Regulations.

The Chi-X compensation fund covers losses resulting from defalcation or fraudulent misuse of your money, property or authority by a Chi-X participant, subject to certain exceptions. In circumstances where your stockbroker is also an ASX participant, the following applies in relation to such a loss.

If you do not expressly or impliedly instruct your stockbroker, who is a Chi-X participant, to execute your trading instructions on the Chi-X market, and it is not reasonably apparent from the usual business practice of your stock broker which of the ASX or Chi-X market the participant would use when acting for you, the Chi-X fund will not apply. In this case, the National Guarantee Fund (NGF) may apply, provided the loss is connected to the ASX market and is covered by the NGF claims provisions. The NGF claims provisions are set out in Division 4 of Part 7.5 of the Corporations Act and Regulations (for further information see the legislation and the NGF Information Booklet available at www.segq.com.au). Note that if your stockbroker is not an ASX participant, the NGF will not apply in any circumstances.