

**GLOBAL<sup>TM</sup>  
DAIRY  
TRADE.**

**CHARTER FOR  
GDT EVENTS  
OVERSIGHT BOARD  
AND RULINGS PANEL**

**MARCH 2018  
VERSION 1.3**

# CHARTER FOR GDT EVENTS OVERSIGHT BOARD AND RULINGS PANEL

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## 1. OBJECTIVE AND ROLE

- 1.1** The objective and the role of the Oversight Board are as set out in the Rules.
- 1.2** The Members will carry out the objective and the role of the Oversight Board in accordance with the Rules and this Charter.
- 1.3** GDT is the market administrator pursuant to Rule B4.1. This role involves compiling and distributing certain Participant-related information under the Rules and carrying out certain other functions specified in the Rules including the monitoring of, and publicly commenting on, Trading Platform outcomes and providing secretarial functions in respect of the Oversight Board and the Rulings Panel. In particular, GDT will provide notifications to the Oversight Board pursuant to Rule B4.6.

## 2. APPOINTMENT OF MEMBERS

**2.1 Membership and Appointment:** The Oversight Board will comprise the following Members:

- (a) up to five Members that are Sellers, appointed by GDT in accordance with Appendix One;
- (b) up to five Members that are Bidders, appointed by GDT in accordance with Appendix Two;
- (c) up to three Members that are representatives of the parties that operate, or participate in, the Relevant Financial Markets, appointed from time to time by GDT, having regard to the guidelines for appointment set out in Appendix Three; and
- (d) the Chairperson appointed in accordance with clause 7,

provided that following the term of appointment of the Initial Members (as listed on the Information Website), the size of each of the Seller Group and Bidder Group will be reduced to up to a maximum of four Members and the process set out in Appendix One and Appendix Two to appoint the fifth member of each such group will be ignored.

**2.2 Initial Members:** The initial Members of the Oversight Board are those persons listed on the Information Website, each of whom is deemed to have been appointed in accordance with this Charter ("**Initial Members**").

**2.3 Member Representatives:** Members (other than the Chairperson) will appoint a Representative to attend meetings of the Oversight Board and participate in meetings on their behalf. A Representative:

- (a) may be removed and replaced by the appointing Member at any time; and
- (b) must, in fulfilling his/her Oversight Board role, observe all Member obligations included in this Charter as if he/she is a Member.

- 2.4 Best Interests:** All Members shall, in fulfilling their Oversight Board role, act in a manner that they believe to be consistent with the objective and role of the Oversight Board, as set out in the Rules, and may only take into account the interests of an individual Member where they consider those interests are consistent with the objective and role of the Oversight Board. Notwithstanding the immediately preceding sentence, nothing in this Charter shall require a Member to act in a manner contrary to its own interests or a Representative to act in a manner contrary to the interests of its appointing Member.
- 2.5 Term:** The term of appointment of each of the Initial Members is listed on the Information Website. Any Members that are subsequently appointed or reappointed (as the case may be) to the Oversight Board shall hold such membership for a term of three years. A Member who is qualified to remain a Member under the provisions of this Charter shall be eligible for reappointment as a Member at the expiry of such term.
- 2.6 Acknowledgement letter:** All Members appointed to the Oversight Board subsequently to the Initial Members must provide a signed letter to GDT, in a form approved by GDT, acknowledging that they will, and they will procure that their Representatives will, comply with this Charter before they may perform any role or function as a Member. Once a Member has been appointed and provided such a letter, the appointment of that Member will be notified on the Information Website.

### 3. REMOVAL OF MEMBERS

#### 3.1 Removal: GDT:

- (a) may remove or suspend a Member of the Seller Group or the Bidder Group from time to time by notification on the Information Website and to the Oversight Board where the Member has been appointed pursuant to clause 2.1 and that Member:
- (i) is no longer a Seller or Bidder on the Trading Platform (as applicable); or
  - (ii) has been suspended by GDT from one or more Trading Events in accordance with Rule A5.5;
- (b) may remove or suspend a Member of the Finance Group from time to time by notification on the Information Website and to the Oversight Board, including in circumstances where the Member of the Finance Group no longer meets the guidelines for appointment set out in Appendix Three;
- (c) may remove or suspend a Member from time to time by notification on the Information Website and to the Oversight Board where the Member has been appointed pursuant to clause 2.1, and GDT determines, in its sole discretion, acting in good faith and in a manner that is consistent with the objective and role of the Oversight Board, to remove that Member (including on account of that Member (or the Representative of that Member) failing to attend three consecutive meetings of the Oversight Board); and
- (d) must immediately remove a Member by notification on the Information Website and to the Oversight Board where that Member requests that it be removed.

#### 4. MEETINGS OF OVERSIGHT BOARD

**4.1 Annual meeting:** The Oversight Board shall hold an annual meeting of Members at least once every calendar year. The annual meeting shall be called by GDT.

**4.2 Special meetings:** A special meeting of the Oversight Board may be called by:

- (a) GDT at any time; or
- (b) a Member at any time by the Member requesting GDT to call a special meeting. GDT must call a meeting within 20 Working Days of such a request.

**4.3 Time and place of meetings:** Each meeting of the Oversight Board shall be held at such time and place as GDT determines.

**4.4 Other attendees at meetings:** A representative of each of GDT, the Trading Manager and/or any other invitee of GDT may attend any meeting of the Oversight Board ("**Operational Attendees**") and may provide comments or information at any meeting that each respective Operational Attendee considers, acting in good faith and in a manner that is consistent with the objective and role of the Oversight Board, assists the functioning of the Oversight Board.

**4.5 Forms of meeting:** A meeting of the Oversight Board may be held either:

- (a) by a number of the Members who constitute a quorum being assembled together at the place, date and time appointed for the meeting; or
- (b) by means of audio, or audio and visual, communication by which all Members participating and constituting a quorum can simultaneously hear each other throughout the meeting.

**4.6 Procedure:** Except as provided in this Charter, the Oversight Board may regulate its own procedure.

#### 5. NOTIFICATIONS

**5.1 Meeting Notices:** Written notice of the time and place of a meeting of the Oversight Board shall be sent to every Member by GDT ("**Meeting Notices**"), not less than 10 Working Days before the meeting. However, if GDT, in its absolute discretion acting in good faith and in a manner that is consistent with the objective and role of the Oversight Board, considers it desirable or necessary in the circumstances it may convene a meeting at shorter notice and shall specify in the Meeting Notice why it considers a shorter notice period is desirable or necessary in those circumstances.

**5.2 Contents of Meeting Notice:** A Meeting Notice shall include:

- (a) the nature of the topics that are to be discussed at the meeting, which may include the topics specifically listed at Rule B4.6, in sufficient detail to enable a Member to form a reasoned judgment in relation to it (including nominations for Chairperson pursuant to clause 7.1);
- (b) the documents to be submitted to the meeting for consideration by the Oversight Board;

- (c) any notification from GDT required pursuant to Rule B4.6 that has not yet been provided by way of separate update notice ("**Update Notice**"); and
- (d) any reasons why a shorter notice period for the meeting is desirable or necessary in the circumstances (if applicable pursuant to clause 5.1).

**5.3 Meeting Notice suggestions:** Members and/or Operational Attendees may contact GDT at any time after a meeting has been called until 10 Working Days before the meeting to make suggestions on the contents of the Meeting Notice. GDT shall consider such suggestions in good faith and in a manner GDT believes to be consistent with the objective and role of the Oversight Board.

**5.4 Confidentiality and use of notices:** Members must ensure that they observe the requirements set out in clause 14 in relation to any Update Notice or Meeting Notice received from GDT.

## **6. PROCEEDINGS AT MEETINGS OF OVERSIGHT BOARD**

**6.1 Requirement for quorum:** Subject to clause 6.3, no matters shall be considered at a meeting of the Oversight Board if a quorum is not present.

**6.2 Quorum:** Subject to clause 6.3, a quorum for a meeting of the Oversight Board is 50% or more of the Members present in person (or in accordance with clause 4.5), including at least one Member from each Member Group, and the Owner.

**6.3 Lack of quorum:** If a quorum is not present within 30 minutes after the time appointed for the meeting, the meeting is adjourned to the same day in the following week at the same time and place, or to such other date, time and place as the Members may agree. If at the adjourned meeting a quorum is not present within 30 minutes after the time appointed for the meeting, then so long as the Owner is present at that meeting, the Members present are a quorum. If, at an adjourned meeting, the quorum does not include at least one Member from each Member Group, the requirement in clause 6.4 for a resolution of the Oversight Board to be passed with a vote from at least one Member of each Member Group will not apply to resolutions passed in that adjourned meeting, provided that any such resolutions will still require a vote from at least one Member of each Member Group that is represented at the adjourned meeting and the Owner.

**6.4 Voting:** Every Member has one vote. A resolution of the Oversight Board is passed if it is agreed to by:

- (a) subject to clause 6.3, at least two thirds of the Members present at a meeting, including at least one vote from a Member of each Member Group; and
- (b) the Owner.

**6.5 Written resolution:** A written resolution, signed or assented to by the Owner and at least two thirds of the Members, including at least one Member from each Member Group, entitled to vote on that resolution is as valid and effective as if passed at a meeting of the Oversight Board duly convened and held.

## 7. CHAIRPERSON OF MEETINGS OF OVERSIGHT BOARD

**7.1 Nominations:** If a Chairperson has not yet been appointed pursuant to clause 7.2, or has been removed or has retired pursuant to clause 7.3, Members and/or Operational Attendees may contact GDT to suggest a potential nominee for the position within a reasonable time before the next scheduled meeting of the Oversight Board. GDT shall consider such suggestions in good faith and in a manner it believes to be consistent with the objective and role of the Oversight Board and in accordance with clause 7.4. Once GDT considers that it has a suitable nominee for Chairperson, it may advise Members by way of a Meeting Notice that a meeting of the Oversight Board will be held in which the Members will be asked to vote on the appointment of that person as the Chairperson (and GDT will specify the name, background and qualification of its nominee in the Meeting Notice).

**7.2 Appointment:** The Chairperson nominated by GDT, and notified to the Oversight Board under clause 7.1, will be appointed if he or she is approved by at least two thirds of the Members present at a meeting, including at least one vote from a Member of each Member Group that is represented at the meeting.

**7.3 Replacement:** The Chairperson:

- (a) may be removed by at least two thirds of the Members present at a meeting, including at least one vote from a Member of each Member Group that is represented at the meeting; and
- (b) must retire at the end of a period not exceeding three years following his or her appointment under clause 7.2,

in which case a new Chairperson shall be appointed in accordance with clauses 7.1 and 7.2. Members may discuss the removal of, and vote to remove, a Chairperson even if such removal is not contemplated in the Meeting Notice for the relevant meeting. A Chairperson that retires at the conclusion of a period of three years will remain eligible for reappointment in accordance with clause 7.1.

**7.4 Independence:** The Chairperson shall be an independent third party who is not a current representative or Affiliate of GDT, the Trading Manager, any market operator of or participant in a Relevant Financial Market, any Seller or any Bidder.

**7.5 Chairperson:** Subject to clause 7.6, the Chairperson shall chair all meetings of the Oversight Board.

**7.6 Alternate chairperson:** If a Chairperson is currently appointed but is not present at a meeting, or a Chairperson is not currently appointed, and a quorum is present at a meeting, Members may appoint, by a majority of votes, a Member or Operational Attendee to chair that particular meeting. Members may discuss the appointment of, and vote for, an alternate chairperson even if such a vote is not contemplated in the Meeting Notice for the relevant meeting. For the avoidance of doubt, the sole power of the alternate chairperson will be to chair a meeting of the Oversight Board at which the Chairperson is not present.

## 8. MINUTES OF MEETINGS OF OVERSIGHT BOARD

**8.1 Minutes:** The Oversight Board shall ensure that minutes are kept of all proceedings at meetings of the Oversight Board. Minutes that have been signed as true and correct by the

Chairperson, or an alternate chairperson appointed pursuant to clause 7.6, are prima facie evidence of the proceedings.

- 8.2 Publication:** All minutes that are signed in accordance with clause 8.1 shall be published on the Information Website within 10 Working Days of the meeting, except where deemed commercially confidential by the Oversight Board or GDT.

## **9. AMENDMENTS TO THE RULES**

- 9.1 Approval:** Subject to Rule B2.9, the approval of the Oversight Board must be obtained prior to GDT implementing any changes to the Rules (each a "**Rule Change**"). This approval must be sought from the Oversight Board after the public consultation phase has been completed and once the wording of the Rule Change has been finalised by GDT. Before any final decision is made by the Oversight Board regarding a Rule Change, the Oversight Board will discuss, in good faith, with GDT any concerns the Oversight Board has, or outstanding information it requires, in relation to the Rule Change.

- 9.2 Analysis:** To assist with the Oversight Board's evaluation of a Rule Change:

- (a) GDT will provide the Oversight Board with summaries of all valid third party submissions made in relation to the Rule Change, as well as any variations proposed to be made to the Rule Change as a consequence of the public consultation process; and
- (b) the Chairperson may commission expert legal and/or economic analysis to be carried out to determine the likely impact of the Rule Change, with any such analysis to be provided to the Members and to GDT.

## **10. RECOMMENDATIONS OF OVERSIGHT BOARD**

### **10.1 Recommendations:**

- (a) The Oversight Board may resolve pursuant to clauses 6.4 or 6.5 to communicate recommendations to GDT on such matters as it sees fit having regard to the objective and role of the Oversight Board.
- (b) As set out in Rule B1.6, any recommendation made by the Oversight Board (including under clause 11.3(a)) will be considered by GDT in good faith and in a manner that is consistent with the Guiding Principles but GDT will not be under any obligation to adopt or follow such recommendation.
- (c) Notwithstanding clause 10.1(b), where the Oversight Board resolves to recommend that a change be made to the Rules (whether by introducing a new Rule or by amending or revoking an existing Rule), GDT, acting in good faith, will work with the Oversight Board to prepare a rule change proposal to be submitted for public consultation, unless GDT reasonably believes that there are commercially justifiable reasons not to do so or to otherwise delay such rule change proposal. The fact that such a rule change proposal has been submitted for public consultation will in no way limit or avoid the need for such Rule change to be subsequently approved by GDT and the Oversight Board, as contemplated by Rule B2.2.

## 11. RULINGS PANEL

### 11.1 Establishment:

- (a) Subject to clause 11(b) the Chairperson shall be responsible for convening a Rulings Panel (in accordance with Appendix Four) from time to time for the purpose of hearing and determining any complaints referred to him or her by GDT under Rule B3.3 ("**Complaint**"), unless he or she reasonably considers that the Complaint is vexatious, frivolous, or is, in substance, a dispute to which Rule A2.5 applies.
- (b) If either the Chairperson is conflicted in relation to a Complaint or there is no Chairperson currently appointed to the Oversight Board, the Rulings Panel may be convened in relation to a Complaint in accordance with the process set out in Appendix Four, provided that the Oversight Board is satisfied that the Complaint is not vexatious, frivolous, or, in substance, a dispute to which Rule A2.5 applies.

**11.2 Funding:** GDT will meet the reasonable costs and remuneration of the members of the Rulings Panel.

### 11.3 Powers:

- (a) The Rulings Panel may do any of the following:
  - (i) hear and determine in a written decision any Complaint in accordance with this clause 11 and Appendix Four;
  - (ii) determine for the purposes of Rule A5.4(a) that a breach of the Rules has occurred, in which case receipt of the Rulings Panel's written decision by the Participant in breach constitutes notice for the purposes of that Rule (but, for the avoidance of doubt, even if the Rulings Panel makes a determination for the purposes of Rule A5.4(a) that a breach has occurred, remedy of that breach will be to the reasonable satisfaction of GDT); and/or
  - (iii) require a Participant in respect of whom a Complaint has been upheld to reimburse the reasonable costs and expenses incurred by GDT (including any costs incurred under clause 11.2) in relation to a Complaint.
- (b) A Rulings Panel may not adjudicate disputes to which Rule A2.5 applies or disputes between Participants that otherwise arise at law. For the avoidance of doubt, no party to a Complaint (or any other person) shall, by virtue of a decision of a Rulings Panel, be restricted in bringing any action in a court or arbitration or equivalent adjudicative body in respect of the same subject matter as the Complaint or decision, and neither the Panel's decision nor any findings within a decision will bind the parties in any such action.
- (c) A Rulings Panel may rely on its members' own judgement and opinion and will not be acting as an arbitral tribunal for the purposes of the Arbitration Act 1996.

**11.4 Composition:** The Rulings Panel shall be constituted in accordance with Appendix Four ("**Rulings Panel**"), but will ordinarily be comprised of:

- (a) the Chairperson; and

(b) two independent persons appointed in accordance with Appendix Four.

**11.5 No liability:** No member of the Rulings Panel (including, for the avoidance of doubt, the Chairperson) is liable, including for negligence, in respect of anything done or omitted to be done in their capacity as a member of the Rulings Panel, and are indemnified by GDT for any costs or losses incurred by them in connection with their conduct (other than fraudulent or dishonest conduct) as a member of the Rulings Panel.

**11.6 Process:** The appointment of a Rulings Panel and the process by which the Rulings Panel determines a Complaint are set out in Appendix Four.

**11.7 Decisions and publication:**

(a) All decisions made by a Rulings Panel shall be either unanimous or by a majority decision.

(b) A final written decision made by a Rulings Panel will be a final and binding determination between the parties in relation to a Complaint, but will not bind or restrict in any way GDT's power to issue a future ruling under Rule B3.4 or to amend its Rules, and will not bind GDT or any future Rulings Panel in relation to the same conduct by other Participants or similar conduct by the same Participants.

(c) All decisions shall be published on the Information Website within 10 Working Days of the decision, except where deemed (in whole or in part) commercially confidential by the Rulings Panel in its decision, or by the Oversight Board or GDT (in which case, the decision, or any parts of it deemed to be commercially confidential, will not be published).

(d) At the conclusion of each year, the Oversight Board may elect to publish a report on the Information Website summarising the nature and number of Complaints that have been referred to the Rulings Panel for determination during the course of that year, and the Rulings Panel's decisions in relation to them.

**12. REMUNERATION AND OTHER BENEFITS OF MEMBERS**

**12.1 Remuneration and costs:** Subject to clause 13, Members and their Representatives are not entitled to remuneration for carrying out their respective duties as Members and Representatives and will bear their own costs in relation to the carrying out of those duties, including, without limitation, travel to and attendance at Oversight Board meetings.

**13. BENEFITS OF OTHER PARTIES**

**13.1 Costs:** The Chairperson and/or any independent person appointed to the Rulings Panel may be reimbursed for their reasonable costs and/or remunerated by GDT for carrying out their role, as agreed with GDT from time to time.

**14. CONFIDENTIALITY AND USE OF INFORMATION**

**14.1** Members, the Chairperson, the Rulings Panel, GDT, the Trading Manager and the Operational Attendees must be mindful of their competition law obligations and, therefore, must observe the following to govern the conduct of all meetings, negotiations, discussions, Rulings Panel

processes and other correspondence between Members in connection with the fulfilment of the Oversight Board role:

- (a) In fulfilling their Oversight Board role, Members shall not have access to, nor discuss with other Members, any non-public information held by any other Member, GDT, the Rulings Panel and/or the Trading Manager relating to, or arising from, one or more Trading Event(s) including, without limitation, information referred to in Rules C1.8, C1.9, C2.1, C2.2, C2.3, C2.5, C2.10, C2.11, C5.17, C5.18 C7.1, C7.3, C7.4 and C7.8. In fulfilling their Oversight Board role, Operational Attendees must not disclose any such information to Members.
- (b) any other non-public information held by GDT, the Rulings Panel and/or the Trading Manager not referred to in clause 14.1(a) above, may be disclosed by GDT, the Rulings Panel and/or the Trading Manager to Members provided that clauses 14.1(d)(i) and (ii) apply. For the avoidance of doubt, such information may include, without limitation:
  - (i) GDT's non-public proposals under consideration in relation to the conduct, or operation, of future Trading Events; and/or
  - (ii) Any other non-public information held by GDT, the Rulings Panel and/or the Trading Manager that GDT considers needs to be disclosed to Members in order for GDT to comply with Rule B4.6.
- (c) Members will not have communications with other Members in relation to, or in connection with, the fulfilment of their Oversight Board role outside of the meetings of the Oversight Board (including any position on the Rulings Panel).
- (d) Subject to clauses 7.3 and 7.6, in fulfilling their Oversight Board role (including any position on the Rulings Panel), Members must not discuss any topic with any other Member, or disclose any document to any other Member unless:
  - (i) that topic or document has been included:
    - (aa) in the Complaint that has been provided to the Rulings Panel pursuant to Rule B3.3 or any subsequent information that has been supplied to the Rulings Panel solely in connection with the Complaint; or
    - (bb) in the Meeting Notice circulated in advance of a meeting of the Oversight Board, pursuant to clauses 5.2(a) and (b), as being a topic for discussion or a document that will be disclosed at the meeting; and
  - (ii) it is demonstrably necessary for the purposes of fulfilling the objective and role of the Oversight Board (set out at clause 1.1) or the Rulings Panel (as applicable).
- (e) For the avoidance of doubt, in fulfilling their Oversight Board role, Members must not exchange or discuss:
  - (i) specific, non-aggregated, commercially sensitive confidential information relating to any individual Member's price, terms of sale, customers,

- suppliers, non-public future plans, or costs, including any information that a Member has received on a confidential basis from GDT pursuant to the Rules;
- (ii) any specific aspect of a Member's respective business that is not necessary for fulfilling the objective and role of the Oversight Board (set out clause 1.1); or
  - (iii) any proposal that would have the purpose or effect of unfairly damaging any Bidder or Seller.
- (f) No contract, arrangement or understanding may arise between Members as to the conduct of a Member's business as a result of any discussions or negotiations in connection with the fulfilment of the Oversight Board role.
- (g) Each Member, Chairperson and Operational Attendee must ensure that any Confidential Information that it receives, including Update Notices or Meeting Notices, is marked "*Confidential and subject to common interest privilege*" and kept in a separate file. The file cover shall be marked "*Confidential and subject to common interest privilege*".
- (h) A Member, Chairperson or Operational Attendee must not disclose Confidential Information to any person, or make use of, or act on, the Confidential Information, except:
- (i) for the purpose of carrying out the role and function of the Oversight Board or the Rulings Panel (as the case may be);
  - (ii) as required by law; or
  - (iii) in accordance with clause (i) below.
- (i) Each Member will nominate and provide the Chairperson with a record, updated as necessary, of their team of officers, employees or advisers that require access to Confidential Information for the purposes of assisting the Member to carry out the role and function of the Oversight Board (the "**Teams**") (external advisers may be listed by firm/organisation name). This record will be kept on file by the Chairperson. Any Representative must be a member of a Member's Team in order to be appointed under clause 2.3. The following protocols will apply in relation to the Teams:
- (i) Confidential Information will not be disseminated beyond the Team members and will only be disclosed to the Team members for the purpose of carrying out the role and function of the Oversight Board.
  - (ii) The Team will not be any broader than is absolutely necessary to assist the Member in carrying out the role and function of the Oversight Board.
  - (iii) To the greatest extent possible the Team members that are internal officers, employees or advisers of a Member should be senior personnel.
  - (iv) Members may add persons to their respective Teams members as necessary to assist the Member in carrying out the role and function of the

Oversight Board by providing the Chairperson with an updated record of their Team members.

- (v) Before assisting the Member to perform its Oversight Board role or function, or accessing any Confidential Information, each Team member must have explained by a legal counsel approved by GDT, the application of competition laws, in order to facilitate a clear understanding of the principles underlying the restrictions on the exchange and/or use of Confidential Information contained in this Charter, as well as of the range of conduct that is prohibited by, and the range of possible penalties for proven breaches of, competition laws.
- (vi) Each Member, and their respective Team members, must take all reasonable steps necessary to protect Confidential Information in their possession from being improperly accessed by any persons not in their Team.
- (j) Each Member must destroy any Confidential Information held in its file once it considers, in its reasonable judgment, that it no longer requires that Confidential Information to enable it to carry out the role and function of the Oversight Board.
- (k) In the event of uncertainty as to the competition law implications of exchange of any particular piece of Confidential Information, or discussion on any particular topic, a Member, Chairperson or Operational Attendee should consult with GDT immediately.
- (l) The Chairperson, any Operational Attendee and/or any Member, may terminate a meeting at any time if he/she considers that any discussion, or information exchange, is taking place that may contravene any competition laws, and GDT's legal counsel must be informed of such termination immediately by telephone call from the Chairperson.
- (m) If the Chairperson, any Operational Attendee or any Member becomes aware of any discussion, or information exchanges, between Members that it considers may contravene any competition laws, it will report that immediately by telephone call to GDT's legal counsel.

## **15. AMENDMENT TO CHARTER**

- 15.1** This Charter (including for the avoidance of doubt the appendices) may be amended by GDT from time to time by following the rule change procedure set out in Rule B2 of the Rules, including in response to a recommendation by the Oversight Board as contemplated by clause 10.1(c).

## **16. DEFINITIONS AND INTERPRETATION**

- 16.1 Definitions:** In this Charter, unless the context otherwise requires:

"Affiliate" means in relation to any person:

- (a) any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, that person. A person will be deemed to control another

person if that person possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of that other person, whether by operation of law, by contract, through the ownership of voting securities or otherwise; and

- (b) any director, officer or employee, representative or agent of that person or any other person described in paragraph (a).

**"Bidder"** means a GDT Events Participant who is accepted as eligible to participate in a Trading Event and has signed an approved Participation Agreement.

**"Bidder Group"** means the group of Members that are appointed by GDT pursuant to clause 2.1(b) of this Charter.

**"Confidential Information"** means non-public information received by a Member, Chairperson, Operational Attendee or member of the Rulings Panel, in the performance of its Oversight Board role or Rulings Panel role (as the case may be), for as long as that information is not public knowledge (unless it has become public information as a result of a breach of this Charter in which case it shall continue to be Confidential Information).

**"Chairperson"** means the chairperson of the GDT Events Oversight Board, appointed by the Oversight Board under section 7.1.

**"Charter"** means this charter, as amended from time to time in accordance with clause 15.

**"Finance Group"** means the group of Members that are appointed by GDT pursuant to clause 2.1(c) of this Charter.

**"GDT"** means GlobalDairyTrade Holdings Limited, the entity that operates the Trading Platform in conjunction with the Trading Manager.

**"Information Website"** means the GDT Information Website located at the address [www.globaldairytrade.info](http://www.globaldairytrade.info), or any other web address specified by GDT.

**"Member"** means a person, entity, or business appointed as a member of the GDT Events Oversight Board in accordance with the Rules and this Charter.

**"Member Group"** means each of the Seller Group, Bidder Group and Finance Group.

**"Oversight Board"** means the GDT Events Oversight Board, consisting of the Members, established by GDT to carry out the objective and the role set out in the Rules.

**"Owner"** means the ultimate owner of GDT, being currently Fonterra Co-operative Group Limited.

**"Participant"** means a person (other than GDT) who has entered into a Participation Agreement.

**"Person"** includes an individual, partnership, firm, company, body corporate, corporation, association, organisation, trust, a state or government or any agency thereof, a municipal, local or regional authority, and any other entity or organisation, whether incorporated or not (in each case whether or not having a separate legal personality).

"**Product**" means any one of the dairy products listed on the Information Website, from time to time, as being for sale through the Trading Platform.

"**Representative**" means an individual that is appointed as the representative of a Member pursuant to clause 2.3.

"**Relevant Financial Market**" means a financial market that has been approved by GDT to settle financial instruments by reference to the Winning Prices for a Product offered on the Trading Platform.

"**Rules**" means the GDT Trading Event Rules dated December 2015, as amended from time to time.

"**Seller**" means a Participant who is accepted as eligible to use the Trading Platform to offer one or more Products for sale during a Trading Event and has signed an approved Participation Agreement.

"**Seller Group**" means the group of Members that are appointed by GDT pursuant to clause 2.1(a) of this Charter.

"**Trading Event**" means the GDT trading events at which Sellers offer dairy Products for sale via the Trading Platform in accordance with the Rules.

"**Trading Manager**" means the Trading Manager appointed under Rule B4.2 of the Rules.

"**Trading Platform**" means the trading platform known as GDT Events through which Trading Events are held and includes all activities and infrastructure associated with the operation of Trading Events.

"**Working Day**" has the meaning set out in section 2 of the New Zealand Companies Act 1993.

**16.2 Interpretation:** In this Charter, unless the context otherwise requires:

- (a) headings are inserted for convenience only and shall be ignored in construing this Charter;
- (b) the singular includes the plural and vice versa;
- (c) reference to any legislation or to any provision of any legislation (including regulations and orders) includes:
  - (i) that legislation or provision as from time to time amended, re-enacted or substituted;
  - (ii) any statutory instruments, regulations, rules and orders issued under that legislation or provision;
- (d) "**written**" and "**in writing**" include any means of reproducing words, figures and symbols in a tangible and visible form;
- (e) words and expressions defined or explained in the Rules have the same meaning in this Charter;

- (f) where any word or expression is defined in this Charter, any other grammatical form of that word or expression has a corresponding meaning;
- (g) references to clauses and sections are references to clauses and sections in this Charter, unless stated otherwise.

**16.3 Charter to prevail:** To the extent there is any conflict between:

- (a) a provision in this Charter and a provision in the Rules; or
- (b) a word or expression defined or explained in the Rules and a word or expression defined or explained in this Charter,

the provision, word or expression in this Charter prevails.

**APPENDIX ONE**

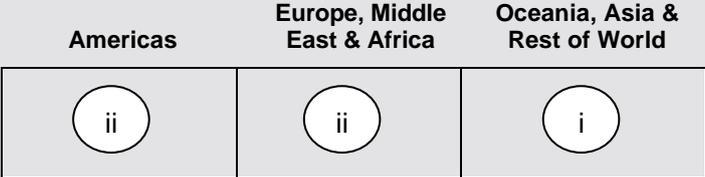
**Seller Appointment Process**

The Seller representation appointment process operates as follows:

- a. Each Seller is assigned a region based on that Seller’s largest source of supply offered on the Trading Platform over the 12 months prior to the month of the selection process, with the regions being defined as Americas; Europe, Middle East & Africa; and Oceania, Asia & Rest of World (Americas includes all of North & South America and Latin America. Europe, Middle East & Africa includes Eastern Europe and Russia).
- b. The first three Sellers would be selected as follows
  - i. The first Seller selected is the Seller with the largest offer quantity over past 12 months;
  - ii. The second Seller is the next largest seller who is in a different region from the first Seller;
  - iii. The third Seller is the next largest Seller who is in the last remaining region not covered by the first two Sellers.

The first three Sellers will be sufficient to ensure each region is covered by one Seller, as illustrated below:

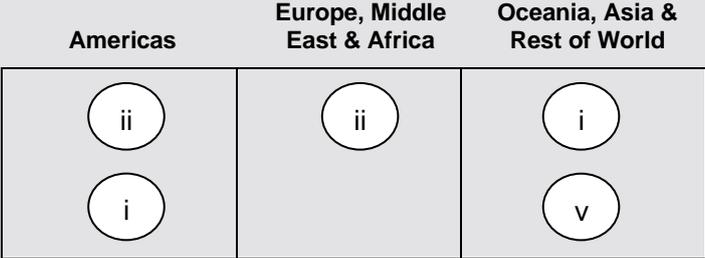
Example only:



- c. To make up to five Sellers, the last two Seller will be selected as follows:
  - i. The fourth Seller is the next largest Seller across all regions;
  - ii. The fifth and last Seller is the next largest Seller who is in a region not covered by the fourth Seller.

The end result will be that some regions will be covered by more than one Seller, as illustrated below:

Example only:



- d. If one or more selected Members decline their invitation a replacement Member will be selected using the above process, amended such that it results in a spread of representation as described above.

Invited Members will have a specified time to accept an invitation to become a Member of the Oversight Board. If an intention to accept is not received within the set timeline, the invitation will be considered as declined and GDT will proceed with the invitation of another Member.

If a Member initially accepts their invitation but ceases to be a Member of the Oversight Board part way through their term, a replacement Member will be added using the above process, amended such that it results in a spread of representation as described above. No Member that has been removed from the Oversight Board by GDT in accordance with the Charter will be eligible for reselection without GDT's consent, and the above process will be amended to reflect this intention.

- e. If a Seller is a group of associated businesses, GDT may, in its absolute discretion acting in good faith and in a manner that is consistent with the objective and role of the Oversight Board, select one of that Seller's associated businesses as a Member instead of appointing that Seller as a Member.
- f. In no circumstances may a Seller be appointed to, or serve as a Member of, the Oversight Board concurrently with any Affiliate of that Seller, regardless of which Member Group that Affiliate belong to.

## APPENDIX TWO

### Bidder Appointment Process

The Bidder representation appointment process operates as follows:

- a. Each Bidder is assigned a region, product category, and category volume as follows:
  - i. The region will be assigned to the Bidder according to the country identified by the Bidder during their registration process (the three regions are Asia & Oceania, Middle East & Africa, and Americas & Europe);
  - ii. The product category will be assigned to the Bidder according to the category in which they purchased the largest quantity over the 12 months prior to the month of the selection process (the three product categories are cream, powders, and other);
  - iii. The category volume for a Bidder will be the total quantity purchased in the Bidder's product category over the 12 months prior to the month of the selection process.
- b. The first three Bidders are selected as follows:
  - i. The first bidder selected will be the Bidder with the largest category volume across all product categories – this bidder will stand for a particular region and product category;
  - ii. The second Bidder will be the bidder with the next largest category volume who is in a different region and different product category from the first Bidder;
  - iii. The third bidder will be the Bidder with the next largest category volume who is in the last remaining region and last remaining product category not covered by the first two bidders.

The first three Bidders will be sufficient to ensure each region and each product category is covered by one bidder, as illustrated below:

Example only:

	Americas and Europe	Asia & Oceania	Middle East & Africa
Cream		i	
Powders	i		
Other			i

- c. To make up to five Bidders, the last two Bidders will be selected as follows:
  - i. The fourth Bidder will be the Bidder with the largest category volume who is in a region/product category combination not already covered by the previous three Bidders;

- ii. The fifth and last Bidder will be the Bidder with the next largest category volume who is in a region/product category combination not already covered by the previous four bidders.

The end result will be that some regions and some product categories will be covered by more than one Bidder, as illustrated below:

Example only:

	Americas and Europe	Asia & Oceania	Middle East & Africa
Cream	i	i	
Powders	ii		v
Other			ii

- d. If one or more selected Members decline their invitation a replacement Member will be selected using the above process amended such that it results in a spread of representation as described above.

Invited Members will have a specified time to accept an invitation to become a Member of the Oversight Board. If an intention to accept is not received within the set timeline, the invitation will be considered as declined and GDT will proceed with the invitation of another member.

If a Member initially accepts their invitation but ceases to be a Member of the Oversight Board part way through their term, a replacement Member will be added using the above process, amended such that it results in a spread of representation as described above. No Member that has been removed from the Oversight Board by GDT in accordance with the Charter will be eligible for reselection without GDT's consent, and the above process will be amended to reflect this intention.

- e. If a Bidder is a group of associated businesses, GDT may, in its absolute discretion acting in good faith and in a manner that is consistent with the objective and role of the Oversight Board, select one of that Bidder's associated businesses as a Member instead of appointing that Bidder as a Member.
- f. In no circumstances may a Bidder be appointed to, or serve as a Member of, the Oversight Board concurrently with any Affiliate of that Bidder, regardless of which Member Group that Affiliate belongs to.

## APPENDIX THREE

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### Finance Group Appointment Guidelines

GDT may appoint persons from the Relevant Financial Markets to the Oversight Board in its sole discretion. Without limiting that discretion, GDT may, but is not obliged to, have regard to the following factors when selecting persons from the Relevant Financial Markets:

- the value of trading undertaken on each Relevant Financial Market in respect of financial instruments settled by reference to the Winning Prices for Products offered on the Trading Platform;
- the largest broking and clearing members, by value, on each Relevant Financial Market in respect of financial instruments settled by reference to the Winning Prices for Products offered on the Trading Platform;
- the period in which a person has been a market operator of, or participant in, a Relevant Financial Market;
- the solvency, standing and reputation of a market operator of, or participant in, a Relevant Financial Market; and
- any other factor which GDT considers to be relevant in light of the purpose, role and function of the Oversight Board, as amended from time to time.

## APPENDIX FOUR

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### Rulings Panel Process

1. The Participant(s) or GDT (as the case may be) making the Complaint, and the Participant(s) named in the Complaint, are referred to in this Appendix as "**Parties**".
2. A Rulings Panel shall comprise:
  - (a) the Chairperson (subject to clause 3(a) below); and
  - (b) two independent persons, appointed in accordance with clause 3 below.
3. In order to convene a Rulings Panel:
  - (a) The Chairperson shall confirm to GDT that he or she has no conflict of interest in relation to the Complaint and is otherwise available to hear the Complaint. If that confirmation is provided to the satisfaction of GDT, the Chairperson shall be appointed as Chairperson of the Rulings Panel. If that confirmation is not provided or if there is no Chairperson currently appointed (excluding any alternate Chairperson appointed to chair an Oversight Board meeting in accordance with clause 7.6 of the Charter), then three persons shall be appointed under sub clauses (b) to (d) instead of two.
  - (b) The Chairperson, or in the case where the Chairperson is unable to be appointed to the Rulings Panel for the purposes of clause (a) above, GDT or, if GDT is the party making the Complaint, the Oversight Board, shall nominate two further persons to be appointed to the Rulings Panel to hear the Complaint. In so nominating, the Chairperson (or GDT or the Oversight Board, as the case may be) may have regard to the qualifications and expertise of the proposed nominees in light of the particular Complaint, but may make any such nomination in his or her (or its, as the case may be) absolute discretion.
  - (c) The Chairperson (or GDT or the Oversight Board, as the case may be) shall seek written confirmation from each proposed nominee that he or she has no conflicts of interest in relation to the particular Complaint and is otherwise available to hear the Complaint. If that confirmation is provided, to the satisfaction of the Chairperson (or GDT or the Oversight Board, as the case may be), the name of the nominee(s) shall be provided to the Parties, who may provide submissions within 3 working days on the appropriateness of the nominee(s) to be appointed to the Rulings Panel to hear the Complaint. The Chairperson (or GDT or the Oversight Board, as the case may be) must consider any such submissions, but has absolute discretion (including in relation to conflicts of interest) as to the appointment of any members of the Rulings Panel.
  - (d) Once the Chairperson (or GDT or the Oversight Board, as the case may be) has considered the Parties' submissions (if any) as to the identity of the nominees, he or she (or it) may appoint a nominee or nominees to the Rulings Panel by informing the nominee(s) in writing, which notice shall be copied to the Parties.
  - (e) In the event three persons have been appointed to the Rulings Panel by GDT or the Oversight Board (as the case may be) in accordance with clauses (b) to (d) above,

GDT or the Oversight Board (as the case may be) will determine which of those three persons shall act as Chairperson of that Rulings Panel.

- (f) Once the Rulings Panel has been convened, its Chairperson will seek the Parties' views on the most appropriate and efficient means of hearing and determining the Complaint. For the avoidance of doubt, the Rulings Panel may in its absolute discretion determine the procedure for hearing and determining a Complaint.
- (g) The Rulings Panel must:
  - (i) give the Party against whom a Complaint has been lodged a reasonable opportunity to respond to the Complaint; and
  - (ii) where, at any stage prior to issuing a final decision, a majority of the Rulings Panel considers there is material uncertainty about the interpretation of a particular Rule, seek a written statement from GDT as to its view of the intended meaning and/or correct interpretation of that Rule (and such written statement must be made available to the Parties prior to the Rulings Panel's determination of the Complaint).
- (h) The Rulings Panel may (subject always to clause (g)(i) above):
  - (i) require a Party to provide information to the Rulings Panel, whether by way of documents, statements of evidence or submissions;
  - (ii) appoint an expert or other advisor of its own volition (and, if so, the Oversight Board will pay that expert or advisor's reasonable costs); and/or
  - (iii) determine the Complaint "on the papers" or following a hearing with the Parties (however, if the Rulings Panel convenes a hearing, it must invite all Parties to attend and give them a reasonable opportunity to present their position).
- (i) The Rulings Panel may make any order referred to in clause 11.3(a) of the Charter, whether sought by a Party, or ordered of the Rulings Panel's own volition, subject only to clause (k) below.
- (j) Failure of a Party to comply with a procedural direction or request of the Rulings Panel may result in an adverse inference being drawn in respect of a Complaint, or a Complaint being determined against the Party in default, but is not itself a breach of the Rules.
- (k) The Rulings Panel must provide its draft decision to all the Parties, who will then have 10 working days to provide any comments it wishes in writing, including as to whether any material within the draft decision is commercially sensitive or confidential. The Rulings Panel may, but is not obliged to, take such comments into account, and must then deliver a final decision.
- (l) There is no right of appeal of any kind from a decision of the Rulings Panel.