

10 July 2019

Isabelle Andrews  
Australian Securities Exchange  
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BY EMAIL: [Isabelle.Andrews@asx.com.au](mailto:Isabelle.Andrews@asx.com.au)

**DIGITALX LIMITED**

Dear Isabelle,

We refer to your Query Letter dated 8 July 2019 (**Query Letter**).

Defined terms used in this letter and not otherwise defined have the same meaning ascribed to those terms in the Query Letter.

In responding to the questions outlined in the Query Letter, we consider that it is important that ASX understand the history of the relationship between the Company and BGL:

- (a) On 7 June 2017, the Company announced that it had entered into a subscription and converting loan agreement with BGL to invest, or procure investment, for approximately \$4.35 million in the Company.
- (b) The announcement outlined the appropriate information relevant to the transaction, including the conditions precedent to the transaction, and noted that under the terms of the transaction, BGL had the right to nominate two directors to the Board of the Company. Mr Samuel Lee and Mr Peter Rubinstein became those two nominees.
- (c) Mr Lee and Mr Rubinstein both participated in the capital raising under the transaction, through their related entities, and on the date of appointment to the Board (21 September 2019) the Company announced Appendix 3Xs for each of Mr Lee and Mr Rubinstein noting their interest in securities in the Company. These were prepared based on information provided by Mr Lee and Mr Rubinstein.
- (d) As at that time, Mr Lee was one of four directors of BGL (based on a review of ASIC records on BGL) and Mr Rubinstein was not a director of BGL. To the best of the Company's understanding, neither Mr Lee or Mr Rubinstein, either individually or together held a relevant interest in more than 20% of the shares in BGL at that time.
- (e) We also note that neither Mr Lee or Mr Rubinstein, in their consents to act as Directors of the Company noted any relevant interest in shares held by BGL, which is consistent with the Company's understanding at that time, although we note Mr Lee did disclose that he held shares in BGL.

BGL is a separate, unrelated entity to the Company, and has no role in the day to day management of the Company, other than appointing its two nominees as Directors in September 2017. The

Company has no oversight on the operation or management of BGL and relies on public information available on BGL to inform its understanding of the control and management of BGL.

Whether BGL should have lodged a Notice of initial substantial holder (Form 603) at the completion of its investment in the Company, is an issue for BGL and we note that the obligation to provide that information under Section 671B of the *Corporations Act 2001* (Cth) falls on the holder of the shares, not the Company. We do note however that the Company has represented at all appropriate times, the percentage holding of BGL in the Company based on the information that was available to it since September 2017.

Finally, the Company notes that BGL has at all times since September 2017 been a shareholder of the Company. However, the Company has had no method of controlling the activities of BGL. Based on a search of the records of ASIC in relation to BGL, the Company notes that BGL has had approximately 12 Directors during the period that BGL has been a shareholder of the Company, including its two present Directors, neither of whom was a Director of BGL when it made its initial investment in the Company. Neither of Mr Lee or Mr Rubinstein are presently Directors of BGL.

Given it is an unlisted public company, the Company has no means of determining who controls BGL and relies on the disclosures made by its Directors in relation to their relevant interests.

In response to your questions outlined in the Query Letter, we therefore provide the following information:

**1. Please provide full details of the relationship between Mr Lee and BGL in the period from 15 September 2017 to the date of this letter, including all of the positions held by Mr Lee and his relevant interests in the securities of BGL.**

The Company notes that Mr Lee provided to the Company his resignation as a Director of the Company on 8 July 2019, which was announced to ASX that same day. However, a search of the records available from ASIC shows that Mr Lee was a Director of BGL during the period from 4 September 2014 until 13 March 2019. In his consent to act as a Director of the Company dated 14 September 2017, Mr Lee disclosed that he was the Managing Director and CEO of BGL. The Company understands from information and disclosures available to it that while Mr Lee had an interest in shares in BGL, that interest was not large enough to give him a relevant interest in the securities held by BGL in the Company, nor has he been in a position to control the voting power of BGL.

As outlined above, since September 2017 and the date of this letter, there have been 12 individuals that have served as Directors of BGL (based on a review of publicly available information from ASIC).

**2. Please provide full details of the relationship between Mr Rubinstein and BGL in the period from 15 September 2017 to the date of this letter, including all of the positions held by Mr Rubinstein and his relevant interests in the securities of BGL.**

Mr Rubinstein has advised the Company that he acquired shares in BGL in or around November 2017 following the conversion of a convertible note provided by an entity associated with Mr Rubinstein to BGL back in June 2016.

A search of the records available from ASIC shows that Mr Rubinstein was a Director of BGL during the period 16 August 2018 until 13 February 2019. Mr Rubinstein was not a Director of BGL when BGL made its initial investment in the Company.

At no point has Mr Rubinstein held an interest in BGL that would give rise to him having a relevant interest in the securities held by BGL in the Company.

**3. ASX notes that DCC's 2018 Annual Report stated that BGL is controlled by Mr Rubinstein and Mr Lee. In light of this:**

**a) Please explain how Mr Rubinstein and Mr Lee exercise control over BGL.**

Records lodged with the ASIC show that Mr Lee and Mr Rubinstein were Directors of BGL during the following periods:

- (i) Mr Lee – 4 September 2014 to 13 March 2019
- (ii) Mr Rubinstein – 16 August 2018 to 13 February 2019

At the time of the release of the Company's Annual Report in 2018, it appears that Mr Lee and Mr Rubinstein were 2 of 9 Directors of BGL, and therefore could not be considered to control the Board.

After review, the Company considers that the disclosure in the 2018 Annual Report is an error. The initial disclosure was drafted by a Company employee in the finance department of the Company, and upon review by the Board, the incorrect statement was not picked up and removed as it should have been. There is no evidence available to the Company that suggests that Mr Lee and Mr Rubinstein control BGL. The Company considers that the disclosure was the result of a lack of understanding of the effect of Mr Lee and Mr Rubinstein being the Directors initially appointed as the nominees of BGL.

While the Company is apologetic about the inadvertent error in the 2018 Annual Report and acknowledges the confusion it may have caused in understanding the relationships between Mr Lee and Mr Rubinstein and BGL, the Company notes that the disclosures in the 2018 Annual Report are inconsistent with every other disclosure or non-disclosure (as the case may be) in relation to the interests of Mr Lee and Mr Rubinstein in securities held by BGL in the Company which is suggestive of the error.

**b) Please explain why the Appendices 3X for Mr Rubinstein or Mr Lee (see paragraph F above) did not disclose that they held a relevant interest in any DCC securities held by BGL.**

According to Mr Rubinstein and following a search of the records available from ASIC in relation to BGL, Mr Rubinstein was neither a shareholder nor a Director of BGL at the time of the Initial Directors' Interest Notice referred to in paragraph F of your Query Letter.

When Mr Lee consented to act as a Director of the Company, Mr Lee did disclose that he had an interest in shares in BGL and that he was the Managing Director of BGL at that time. A search of the records of BGL available from ASIC shows that Mr Lee was one of four Directors of BGL when the investment by BGL in the Company was announced. Based on disclosures previously made by Mr Lee to the Company, Mr Lee's interest in BGL was not large enough to give him a relevant interest in the securities held by BGL in the Company.

**c) Please explain why the Appendices 3Y for Mr Rubinstein (see paragraph G above) did not disclose that he held a relevant interest in any DCC securities held by BGL.**

As should be evident from the responses outlined above, Mr Rubinstein at no point had a relevant interest in any shares in the Company held by BGL. The Company therefore has no

reason to believe that the Appendices 3Y referred to in paragraph G in your Query Letter were incorrect in relation to their non-disclosure of any relevant interest in securities held by BGL.

**d) Please explain why the Appendices 3Y for Mr Lee (see paragraph H above) did not disclose that he held a relevant interest in any DCC securities held by BGL.**

As should be evident from the responses outlined above, there is no evidence to suggest that Mr Lee had a relevant interest in any securities held by BGL in the Company.

**e) Please explain why the Appendix 3Y for Mr Lee (see paragraph J above) did not disclose that he held a relevant interest in the fully paid ordinary shares in DCC held by BGL and the 24,691,358 unlisted options in DCC (exercisable at \$0.0324 expiring 30 August 2020) held by BGL.**

As should be evident from the responses outlined above, there is no evidence to suggest that Mr Lee had a relevant interest in any securities held by BGL in the Company.

At the Company's 2018 Annual General Meeting, shareholders approved the issue of 4,500,000 options to Mr Lee (or his nominee). Mr Lee instructed the Company to issue those options to BGL, and disclosure was made about that in the Appendix 3Y lodged for Mr Lee. The Company does not consider that this instruction is sufficient to create a relevant interest in all securities held by BGL in the Company.

**f) Please explain why Mr Rubinstein and Mr Lee have not lodged Appendices 3Y in relation to BGL's exercise of options on 1 July 2019 (see paragraph K above).**

As should be evident from the responses outlined above, Mr Rubinstein at no point had a relevant interest in any securities in the Company held by BGL. The Company therefore has no reason to believe that Mr Rubinstein should have lodged an Appendix 3Y in the circumstances raised in your Query Letter.

As should be evident from the responses outlined above, other than as outlined in 3(e) above, Mr Lee at no point had a relevant interest in any securities in the Company held by BGL. The Company therefore has no reason to believe that Mr Lee should have lodged an Appendix 3Y in the circumstances raised in your Query Letter.

**4. What arrangements does DCC have in place under Listing Rule 3.19B with its directors to ensure that it is able to meet its disclosure obligations under Listing Rule 3.19A?**

The Company considers that it has sufficient arrangements in place to ensure that the Company complies with all of its continuous disclosure obligations. Not only does the Company engage an experienced external Company Secretary, but the consent to act for new Directors requests detailed information about the interests of the Directors so that appropriate disclosure can be made to ASX when they are appointed, in line with Listing Rule 3.19A.

The Company rejects any assertion that it has not complied with ASX Listing Rule 3.19A.

In addition, following their appointment, Directors are provided with a copy of the Company's various policies, including its trading policies for review, and are instructed to liaise with the Company Secretary should there be any questions in relation to the expectations of the Directors.

All staff (including Directors) are also reminded by the Company via email prior to the commencement of black out periods under the Trading Policy of the implementation of those black out periods and expectations on staff.

Finally, it is a standing agenda item at all Board meetings that Directors disclose their interests and changes to their interests so that appropriate disclosures can be made and historical disclosures can be confirmed.

**5. If the current arrangements are inadequate or not being enforced, what additional steps does DCC intend to take to ensure compliance with Listing Rule 3.19B?**

The Company has no reason to consider that its current arrangements are inadequate.

**6. Did Mr Rubinstein comply with:**

- a) section 8.4 of the Trading Policy and make written requests to the company secretary (for distribution to the board) prior to BGL carrying out each of the Relevant Sales? If he did, please provide copies of each written request (not for release to the market). If he didn't, please explain why not.**

BGL, as an independent shareholder of the Company, did not seek to, and did not need to, seek approval of the Company under its Trading Policy prior to any of the Relevant Sales. To the extent that this question has been asked on the misunderstanding of the role Mr Lee and Mr Rubinstein had in BGL, the responses provided above should clarify that at no point was there any reason for BGL to seek approval under the Company's Trading Policy. BGL's obligations to notify the market under the Corporations Act are matters for BGL.

- b) section 11.1 of the Trading Policy and provide written notification to DCC of BGL's intention to make each of the sales detailed in Annexure A to the BGL Form 605 two business days prior to BGL carrying out each of the sales including all of the relevant details required by section 11.1 of the Trading Policy? If he did, please provide copies of each written notification (not for release to the market). If he didn't, please explain why not.**

Refer to the response to question 6(a) above.

**7. Did Mr Lee comply with:**

- a) section 8.4 of the Trading Policy and make written requests to the company secretary (for distribution to the board) prior to BGL carrying out each of the Relevant Sales? If he did, please provide copies of each written request (not for release to the market). If he didn't, please explain why not.**

Refer to the response to question 6(a) above.

- b) section 11.1 of the Trading Policy and provide written notification to DCC of BGL's intention to make each of the sales detailed in Annexure A to the BGL Form 605 two business days prior to BGL carrying out each of the sales including all of the relevant details required by section 11.1 of the Trading Policy? If he did, please provide copies of each written notification (not for release to the market). If he didn't, please explain why not.**

Refer to the response to question 6(a) above.

**8. Did DCC's board provide written clearance to Mr Rubenstein and/or to Mr Lee for BGL to carry out each of the Relevant Sales in accordance with sections 8.1 and 8.2 of the Trading Policy? If so, please provide copies of each written clearance (not for release to the market). If they didn't, please explain why not.**

As should be evident from the responses provided above, Mr Lee and Mr Rubinstein did not authorise or initiate the sale of the Company's shares held by BGL.

**9. Noting the statement in clause 12 of the Trading Policy that '[a]ny breaches of this policy will be severely dealt with', if Mr Lee and/or Mr Rubinstein breached the Trading Policy, what disciplinary or remedial action is DCC proposing to take in relation to the breach?**

The Company does not consider that any disciplinary or remedial action is required or appropriate given the responses the Company has been able to provide above.

However, the Company notes that since the receipt of the Query Letter, Mr Lee has announced his resignation as a Director of the Company, although the Company has no reason to believe that his resignation was a result of the Query Letter.

In addition, the Company has now agreed the appointment of a new Director, Mr Toby Hicks. Mr Hicks is a previous Director of the Company and was involved in the review and introduction of the Company's corporate governance policies and procedures after his initial appointment in August 2016. In relation to Mr Hicks, we note he:

- has been a corporate lawyer advising public companies for over 15 years and has been a Partner of Steinepreis Paganin for 7 years.
- is a former Governor of the University of Notre Dame Australia for 16 years and was a member of the University's Audit and Finance Committee for 14 years and was a member of the Law School Advisory Board.
- has a strong understanding of the regulatory regime around the Company's core Blockchain business and has been advising in this space for a number of years.
- has previously provided guest lectures on corporate governance for the Governance Institute in Western Australia.

Notwithstanding that the responses provided in this letter indicate that the Company has not been involved in any wrongdoing in relation to the matters set out in your Query Letter, the Company considers that the restructure of the Board is a positive development for the future growth of the Company and ongoing improvement of the Company's corporate governance practices.

**10. Please provide a copy of the voluntary escrow agreement between DCC and BGL referred to in subparagraph B(ii) above (not for release to the market).**

No voluntary escrow agreement was entered into. It was a term of the Subscription Agreement entered into between the Company and BGL that the shares would be subject to a voluntary escrow, and a holding lock was applied to those shares for this purpose.

Toward the end of the voluntary escrow period, on or around 30 August 2018, the Company consented to the transfer by BGL of approximately 10.5 million shares to a related entity. Those shares are still held by that entity as at the date of this letter.

**11. Please provide a full account of the circumstances in which Mr Stephen Roberts resigned from DCC's board, along with the reasons for his resignation.**

Mr Roberts notified the Managing Director by telephone of his intention to resign as a Director on Thursday, 4 July 2019 after the Company's Board meeting, and subsequently provided his notice of resignation, at which point the Company announced his resignation. Mr Roberts resignation did not provide any reasons for his resignation.

A phone call by Mr Travers to Mr Roberts on 10 July 2019 did not provide any further detail behind his resignation.

The Board remains disappointed with the method and manner in which Mr Roberts resigned his position.

**12. Please provide a copy of the resignation of Mr Stephen Roberts as director (not for release to the market).**

A copy of this resignation has been provided by the Company to ASX.

**13. Is there any connection whatsoever between the resignation of Mr Roberts as director and the lodgement of the BGL Form 605? If so, please explain that connection.**

The Company cannot respond on behalf of Mr Roberts as to his reasons for his resignation. If Mr Roberts' reasons related in any way to the lodgement by BGL of its Form 605, the Company notes that Mr Roberts did not avail himself of the opportunity to speak with the Company's legal advisors about those concerns.

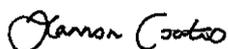
The Company was extremely disappointed that Mr Roberts chose to resign as a Director within such a short period after his appointment, however the Company had no means to compel Mr Roberts to remain a Director of the Company.

**14. Please confirm that DCC is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.**

The Company considers that it is, and has been at all times, in compliance with its continuous disclosure requirements under Listing Rule 3.1 and rejects any assertion that it has failed to comply with these important obligations at any time.

Please do not hesitate to contact me if further information is required.

Yours sincerely



Shannon Coates  
Company Secretary



8 July 2019

Reference: ODIN03949

Ms Shannon Coates  
Company Secretary  
DigitalX Limited  
Blockchain Centre  
Suite 1, Level 2  
66 Kings Park Road  
West Perth WA 6005

By email: shannon@evolutioncapital.com.au

Dear Ms Coates

### DigitalX Limited ('DCC'): Query letter

ASX Limited ('ASX') refers to the following:

A. DCC's Securities Trading Policy released on the ASX Market Announcements Platform ('MAP') on 12 June 2014 and available on its website at: <https://www.digitalx.com/corporate-governance> (the 'Trading Policy'). The Trading Policy includes the following (emphasis added):

(i) *'The general scheme of this policy regarding allowable dealings by directors, employees, advisers, contractors and consultants (Applicable Persons) and their related parties (spouses, de facto spouses, parents and children, and entities controlled by Applicable Persons) (Related Persons) in Digital CC securities is that those persons should:*

- *never engage in short term trading of Digital CC securities (defined below);*
- *not deal in Digital CC securities while in possession of Inside Information (defined below);*
- *in the case of key management personnel, notify the company secretary of any intended transactions involving Digital CC securities; and*
- *in the case of key management personnel, ensure any of their buying or selling of Digital CC securities occurs outside of Prohibited Periods (defined below) unless prior written clearance is obtained in accordance with this policy.'*

(ii) **'5. RESTRICTION ON TRADING**

*There is an overriding prohibition on dealing in Digital CC securities when a person is in possession of Inside Information.*

*In addition, key management personnel are at all times prohibited from dealing in Digital CC securities for:*

- *each period of one week before and one business day after each date upon which Digital CC gives to the ASX its quarterly, half yearly or annual report.*
- *two weeks before lodgement and during the period that a disclosure document including a prospectus is open for applications except to the extent that a director or employee is applying for securities pursuant to that disclosure document. (Closed Periods).*

*Prohibited Period means (i) any Closed Period; or (ii) additional periods which are imposed by Digital CC when senior management becomes aware of a matter that is considered to be price sensitive (or which the Chairman or the Managing Director deem to be price sensitive).*

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*The Board may seek information from key management personnel about their level of ownership of Digital CC securities and about any encumbrances granted or margin loans taken out in respect of those securities. The Board may also require them to keep the company secretary informed of changes to information provided.'*

(iii) **'8. EXEMPTION TO DEAL DURING A PROHIBITED PERIOD**

**8.1 KEY MANAGEMENT PERSONNEL**

*The Board may, in exceptional circumstances only, give prior written clearance to any member of key management personnel or his/her Related Persons to deal in Digital CC securities during a Prohibited Period.*

**8.2 THE BOARD MAY PROVIDE A WRITTEN CLEARANCE BY:**

- *resolving to approve the clearance at a Board meeting and authorising a person (such as the company secretary) to provide the relevant member of key management personnel with written details of the confirmation, including any terms approved by the Board;*
- *each director signing a written resolution approving the clearance on the same terms; or*
- *each director confirming by email that they consent to the clearance on the same terms.*

**8.3 EXCEPTIONAL CIRCUMSTANCES**

*Examples of exceptional circumstances include, but are not limited to:*

- *severe financial hardship; or*
- *court orders requiring the sale of the securities in question.*

**8.4 REQUEST FOR PRIOR CLEARANCE**

*A request for prior clearance must be made by the relevant key management personnel and provided to the company secretary for distribution to the Board. If the relevant key management personnel (and/or his/her Related Persons) is granted clearance, the relevant key management personnel must comply (or procure that his/her Related Persons comply) with any conditions imposed by the Board or relevant Digital CC officers (such as the effective period of the clearance).*

*Prior clearance will not be granted if the Board or relevant Digital CC officers (as applicable) consider that Digital CC is currently in possession of Inside Information.*

*All key management personnel and Related Persons that are granted prior clearance must promptly provide the company secretary with full details of any dealing made in reliance on the clearance.'*

(iv) **'11. NOTIFICATION RULES IN RELATION TO DEALING IN DIGITAL CC SECURITIES**

**11.1 KEY MANAGEMENT PERSONNEL**

*In addition to complying with any requirement under section 8.1 to obtain prior written clearance, key management personnel are required to notify Digital CC of all intended dealings in Digital CC securities by themselves or, if they are aware, their Related Persons, two business days before such intended dealings. This should be done by written notice to the company secretary outlining:*

- *the name of the security holder;*
- *the proposed date of dealing;*
- *the type of proposed transaction (purchase, sale, etc.); and*

- *the number of securities involved. Following completion of the proposed dealing, the relevant member of key management personnel must provide confirmation to the company secretary that the dealing has occurred, and details of the price per security, within two business days of the dealing.*

### **11.2 DIRECTORS**

*In addition to the requirements set out in section 11.1, within three business days of:*

- *the director's appointment;*
- *a change to the director's interest in Digital CC securities; or*
- *the effective date of the director's resignation as a director of Digital CC,*

*the director must either complete, or provide sufficient information for the company secretary to complete, an Appendix 3X, 3Y or 3Z (as applicable) to be filed with the ASX for the purposes of section 205G of the Corporations Act and ASX Listing Rule 3.19A.'*

(v) **'12. BREACHES OF POLICY**

*Any breaches of this policy will be severely dealt with and may lead to summary termination. All key management personnel will be provided with a copy of this policy and within ten business days are required to provide the company secretary with a signed acknowledgement in the form attached in the annexure.'*

B. DCC's announcement titled 'Bitcoin investment received from Blockchain Global' released on the ASX Market Announcements Platform ('MAP') on 30 August 2017 which included the following statements:

- (i) [DCC] *'has received AUD\$2m in Bitcoin from Blockchain Global Ltd (BGL).'*
- (ii) *'Demonstrating long-term shareholder commitment, BGL will voluntarily escrow their shareholding for a period of 12 months from the date of issue.'*
- (iii) *'Following receipt of the BGL funds, DigitalX will today issue the first tranche of shares to BGL, together with certain other securities as approved by Shareholders at the General Meeting ...'*

C. DCC's Appendix 3B released on MAP on 31 August 2017 which disclosed that it had issued the following securities on 30 August 2017:

- (i) 102,587,559 shares;
- (ii) 24,691,358 subscription options exercisable at \$0.0324 each expiring 30 August 2020; and
- (iii) 1,200,000 Incentive Options

ASX notes that the options referred to in (ii) above were issued to BGL (see paragraph K below).

D. The acquisition of 85,185,185 ordinary shares in DCC by Blockchain Global Limited ('BGL') on 30 August 2017.

This information is sourced from Annexure A to the Form 605 – Notice of ceasing to be a substantial holder lodged by DCC, on behalf of BGL, on MAP on 4 July 2019 (the 'BGL Form 605').

ASX notes that:

- BGL does not appear to have lodged the BGL Form 605 within 2 business days of 31 May 2019 as required under section 671B(1)(a) of the Corporations Act.

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- BGL does not appear to have lodged a Form 603 - notice of initial substantial holder within 2 business days of 30 August 2017 as required under section 671B(1)(a) of the Corporations Act.
- E. The appointment of Mr Peter Rubinstein and Mr Samuel Lee as directors of DCC on 15 September 2017. Mr Rubinstein and Mr Lee were nominated as directors by BGL in accordance with the terms of the subscription agreement between DCC and BGL.
- F. The Appendices 3X (Initial Director's Interest Notices) for Mr Peter Rubinstein and Mr Samuel Lee lodged by DCC on MAP on 21 September 2017.
- ASX notes that the Appendices 3X did not disclose that Mr Rubinstein or Mr Lee held a relevant interest in any DCC securities held by BGL.
- G. The Appendices 3Y (Change of Director's Interest Notices) for Mr Peter Rubinstein lodged by DCC on MAP on 21 November 2017, 1 December 2017, 2 July 2018, 18 September 2018, 21 September 2018, and 13 December 2018.
- ASX notes that these Appendices 3Y did not disclose that Mr Rubinstein held a relevant interest in any DCC securities held by BGL.
- H. The Appendices 3Y (Change of Director's Interest Notices) for Mr Samuel Lee lodged by DCC on MAP on 14 December 2017 and 18 September 2018, which did not disclose that Mr Lee held a relevant interest in any DCC securities held by BGL.
- I. DCC's Annual Report for the year ended 30 June 2018 released on MAP on 28 September 2018, which included the following statement under the heading 'Related Party Transactions - Year ended 30 June 2018' on page 18 (emphasis added):
- 'During the year, the Group recognised an expense and paid Blockchain Global Ltd, a company controlled by Non-Executive Chairman Peter Rubinstein and Non-Executive Director Sam Lee, \$USD469,623 for services related to initial coin offerings. At 30 June 2018, no amounts were owed to Blockchain Global Ltd.*
- J. The Appendix 3Y (Change of Director's Interest Notice) for Mr Samuel Lee lodged by DCC on MAP on 13 December 2018 which disclosed that Mr Lee, a director of BGL, had acquired a relevant interest in the following options that were issued to BGL on 10 December 2018:
- (i) 1,000,000 Unlisted Options exercisable at \$0.22 each on or before 10 December 2023;
  - (ii) 1,500,000 Unlisted Options exercisable at \$0.25 each on or before 10 December 2023; and
  - (iii) 2,000,000 Unlisted Options exercisable at \$0.30 each on or before 10 December 2023.
- K. DCC's Appendix 3B released on MAP on 1 July 2019 disclosing that DCC had issued 24,691,358 shares upon the exercise of 24,691,358 options at \$0.0324 each, and DCC's covering letter to the BGL Form 605 confirming the BGL had recently exercised options.
- L. DCC's announcement titled 'Resignation of Director' released on MAP on 4 July 2019, which disclosed that Mr Stephen Roberts had resigned as a director of DCC with immediate effect.
- M. The various sales by BGL of fully paid ordinary shares in DCC between 24 July 2018 and 31 May 2019 detailed in Annexure A to the BGL Form 605, which included:
- (i) the sales of shares on 21 September 2018, 26 September 2018, 27 September 2018, 28 September 2018 and 1 October 2018;
  - (ii) the sales of shares on 23 October 2018, 24 October 2018, 25 October 2018, 26 October 2018, 29 October 2018, 30 October 2018 and 31 October 2018;

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- (iii) the sales of shares on 24 January 2019, 30 January 2019, 31 January 2019 and 1 February 2019;
  - (iv) the sales of shares on 21 February 2019, 22 February 2019, 25 February 2019, 26 February 2019, 27 February 2019 and 28 February 2019;
  - (v) the sales of shares on 23 April 2019, 24 April 2019, 26 April 2019, 29 April 2019, 30 April 2019 and 1 May 2019;
  - (vi) the sales of shares on 4 April 2019, 5 April 2019, 8 April 2019, 9 April 2019, 18 April 2019, 23 April 2019, 24 April 2019, 26 April 2019, 29 April 2019, 30 April 2019, 1 May 2019, 3 May 2019, 6 May 2019, 9 May 2019, and 10 May 2019;

(sub-paragraphs (i)-(vi) together, the 'Relevant Sales')

ASX notes that:

- BGL does not appear to have lodged Notices of change of interests of substantial holder (Form 604) within 2 business days of there having been a movement of at least 1% in BGL's holding in DCC, as required under section 671B(1)(b) of the Corporations Act.
  - Given DCC's 2018 Annual Report was released on MAP on 28 September 2018, it would appear that the sales detailed in sub-paragraph (i) above took place during the one week before and one business day after DCC gave ASX its annual report, a closed period, in breach of section 5 of the Trading Policy.
  - Given DCC's Appendix 4C/quarterly report for the quarter ended 30 September 2018 was released on MAP on 30 October 2018, it would appear that the sales detailed in sub-paragraph (ii) above took place during the one week before and one business day after DCC gave ASX this quarterly report, a closed period, in breach of section 5 of the Trading Policy.
  - Given DCC's Appendix 4C/quarterly report for the quarter ended 31 December 2018 was released on MAP on 31 January 2019, it would appear that the sales detailed in sub-paragraph (iii) above took place during the one week before and one business day after DCC gave ASX this quarterly report, a closed period, in breach of section 5 of the Trading Policy.
  - Given DCC's half year report for the half year ended 31 December 2018 was released on MAP on 28 February 2019, it would appear that the sales detailed in sub-paragraph (iv) above took place during the one week before and one business day after DCC gave ASX its half year report, a closed period, in breach of section 5 of the Trading Policy.
  - Given DCC's Appendix 4C/quarterly report for the quarter ended 31 March 2019 was released on MAP on 30 April 2019, it would appear that the sales detailed in sub-paragraph (v) above took place during the one week before and one business day after DCC gave ASX this quarterly report, a closed period, in breach of section 5 of the Trading Policy.
  - Given DCC lodged its Share Purchase Plan documents on MAP on 18 April 2019 and that SPP applications closed on 10 May 2019, it would appear that the sales detailed in sub-paragraph (vi) above took place during the two weeks before lodgement of the SPP documents and during the period that the SPP was open for applications, a closed period, in breach of section 5 of the Trading Policy.
- N. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

O. Listing Rule 3.19A which requires an entity to tell ASX the following:

3.19A.1 *'The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.*

- *On the date that the entity is admitted to the official list.*
- *On the date that a director is appointed.*

*The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.*

3.19A.2 *A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.*

3.19A.3 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.'*

P. Listing rule 3.19B which states that:

*'An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.'*

Q. *Guidance Note 22: Director Disclosure of Interests and Transactions in Securities – Obligations of Listed Entities* which was published to assist listed entities with their obligations under Listing Rules 3.19A and 3.19B and to give an overview of ASX policy in relation to disclosure of directors' interests and transactions in securities, and *Guidance Note 27: Trading Policies* which was published to assist listed entities to comply with their obligations under Listing Rules 12.9-12.12 regarding trading policies.

### Questions and Requests for Information

Having regard to the above, ASX asks DCC to respond separately to each of the following questions and requests for information.

1. Please provide full details of the relationship between Mr Lee and BGL in the period from 15 September 2017 to the date of this letter, including all of the positions held by Mr Lee and his relevant interests in the securities of BGL.
2. Please provide full details of the relationship between Mr Rubinstein and BGL in the period from 15 September 2017 to the date of this letter, including all of the positions held by Mr Rubinstein and his relevant interests in the securities of BGL.
3. ASX notes that DCC's 2018 Annual Report stated that BGL is controlled by Mr Rubinstein and Mr Lee. In light of this:
  - a) Please explain how Mr Rubinstein and Mr Lee exercise control over BGL.
  - b) Please explain why the Appendices 3X for Mr Rubinstein or Mr Lee (see paragraph F above) did not disclose that they held a relevant interest in any DCC securities held by BGL.

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- c) Please explain why the Appendices 3Y for Mr Rubinstein (see paragraph G above) did not disclose that he held a relevant interest in any DCC securities held by BGL.
  - d) Please explain why the Appendices 3Y for Mr Lee (see paragraph H above) did not disclose that he held a relevant interest in any DCC securities held by BGL.
  - e) Please explain why the Appendix 3Y for Mr Lee (see paragraph J above) did not disclose that he held a relevant interest in the fully paid ordinary shares in DCC held by BGL and the 24,691,358 unlisted options in DCC (exercisable at \$0.0324 expiring 30 August 2020) held by BGL.
  - f) Please explain why Mr Rubinstein and Mr Lee have not lodged Appendices 3Y in relation to BGL's exercise of options on 1 July 2019 (see paragraph K above).
4. What arrangements does DCC have in place under Listing Rule 3.19B with its directors to ensure that it is able to meet its disclosure obligations under Listing Rule 3.19A?
  5. If the current arrangements are inadequate or not being enforced, what additional steps does DCC intend to take to ensure compliance with Listing Rule 3.19B?
  6. Did Mr Rubinstein comply with:
    - a) section 8.4 of the Trading Policy and make written requests to the company secretary (for distribution to the board) prior to BGL carrying out each of the Relevant Sales? If he did, please provide copies of each written request (not for release to the market). If he didn't, please explain why not.
    - b) section 11.1 of the Trading Policy and provide written notification to DCC of BGL's intention to make each of the sales detailed in Annexure A to the BGL Form 605 two business days prior to BGL carrying out each of the sales including all of the relevant details required by section 11.1 of the Trading Policy? If he did, please provide copies of each written notification (not for release to the market). If he didn't, please explain why not.
  7. Did Mr Lee comply with:
    - a) section 8.4 of the Trading Policy and make written requests to the company secretary (for distribution to the board) prior to BGL carrying out each of the Relevant Sales? If he did, please provide copies of each written request (not for release to the market). If he didn't, please explain why not.
    - b) section 11.1 of the Trading Policy and provide written notification to DCC of BGL's intention to make each of the sales detailed in Annexure A to the BGL Form 605 two business days prior to BGL carrying out each of the sales including all of the relevant details required by section 11.1 of the Trading Policy? If he did, please provide copies of each written notification (not for release to the market). If he didn't, please explain why not.
  8. Did DCC's board provide written clearance to Mr Rubenstein and/or to Mr Lee for BGL to carry out each of the Relevant Sales in accordance with sections 8.1 and 8.2 of the Trading Policy? If so, please provide copies of each written clearance (not for release to the market). If they didn't, please explain why not.
  9. Noting the statement in clause 12 of the Trading Policy that '*[a]ny breaches of this policy will be severely dealt with*', if Mr Lee and/or Mr Rubinstein breached the Trading Policy, what disciplinary or remedial action is DCC proposing to take in relation to the breach?
  10. Please provide a copy of the voluntary escrow agreement between DCC and BGL referred to in sub-paragraph B(ii) above (not for release to the market).

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11. Please provide a full account of the circumstances in which Mr Stephen Roberts resigned from DCC's board, along with the reasons for his resignation.
  12. Please provide a copy of the resignation of Mr Stephen Roberts as director (not for release to the market).
  13. Is there any connection whatsoever between the resignation of Mr Roberts as director and the lodgement of the BGL Form 605? If so, please explain that connection.
  14. Please confirm that DCC is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

**When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.00 am WST on Friday 12 July 2019**. Your response should be sent to me by e-mail.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in DCC's securities under Listing Rule 17.3.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

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**Isabelle Andrews**  
Senior Adviser, Listings Compliance (Perth)