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8 November 2019

To Creditors

Dear Sir/Madam

AGM Markets Pty Ltd (In Liquidation) (the Company) **ACN 158 706 766**

George Georges and I were appointed Liquidators of the Company on Friday, 11 October 2019 pursuant to an Order of the Federal Court of Australia - Victoria.

We now control the Company and are assessing the Company's financial position.

The purpose of this letter is to provide you with information about the liquidation of the Company and your rights as a creditor.

1 Declaration of independence, relevant relationships and indemnities

Pursuant to the Australian Restructuring Insolvency & Turnaround Association (**ARITA**) Code of Professional Practice (**the Code**), we enclose our Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**) at **Annexure A**.

2 Trading

The Company has ceased to trade.

Please note that we do not accept liability for the supply of any goods or services from the date of our appointment unless advised to individual suppliers in writing.

If there are any outstanding or unfulfilled orders placed by the Company prior to our appointment, including those under which there are goods in transit, please contact Philip Batey of this office to obtain written confirmation that the order should proceed.

3 Investigations

The Company's director has been requested to prepare a Report on Company Activities and Property which would set out details of the Company's business, property, affairs and financial circumstances as at the date of our appointment. A copy of the Report on Company Activities and Property will be lodged with the Australian Securities & Investments Commission (**ASIC**) when it is received.

An investigation of the Company's affairs will be conducted. Creditors who have any information which would assist our investigation are requested to write to us setting out full particulars. Specifically, please provide details on the following issues:

- Any demands, writs, judgments or other legal action taken by you against the Company.

- Copies of correspondence sent to and received from the Company regarding unpaid accounts.
- Advice when trading first commenced with the Company.

4 Estimated outcome for creditors

You may be aware that creditors are entitled to claim for a dividend in the liquidation for debts owed by the Company at the date of liquidation.

At this stage, it is uncertain what dividend, if any, might be paid to creditors. Accordingly, we do not intend formally fixing a day on or before which creditors must submit particulars of their debts or claims. However, I enclose a Proof of Debt form at **Annexure B** which creditors may complete and return to us together with documentation to support their claim.

5 Creditor rights

Enclosed at **Annexure C** is an information sheet setting out your rights as a creditor in the liquidation of the Company, including:

- Making reasonable requests for a meeting or information
- Giving directions to the Liquidator
- Appointing a reviewing Liquidator or replacing the Liquidator

6 Liquidators' remuneration and fee estimate

For the purposes of the Company's liquidation, the Liquidators' remuneration will be fixed on the basis of time spent by the Liquidators and the Liquidators' staff of an appropriate level having regard to the nature and complexity of the work, and calculated by reference to hourly rates.

Enclosed at **Annexure D** for your information is the Liquidators' Initial Remuneration Notice which sets out the four basic methods of calculating remuneration together with an explanation as to why the time based (hourly rates) method is appropriate in this liquidation.

An information sheet concerning approval of remuneration in external administrations can be obtained from ASIC at www.asic.gov.au.

7 Next steps

We will continue to conduct the liquidation, including:

- Realising assets of the Company (if any);
- Completing our investigation into the affairs of the Company; and
- Reporting to ASIC

We will write to you within 3 months from the date of our appointment to advise the outcome of our investigations and to confirm whether a dividend to unsecured creditors is likely.

8 Further information

For further information concerning the liquidation process and KPMG, you may wish to visit our website at www.kpmg.com/au/agm-markets. In addition, you can access general information about external administrations and insolvency from ARITA's website at www.arita.com.au.

Questions regarding the liquidation should be directed to Philip Batey of this office on +61 3 8663 8938 or by email at pbatey@kpmg.com.au.

Yours faithfully
AGM Markets Pty Ltd



John Ross Lindholm
Liquidator

Encl.

Annexure A



AGM Markets Pty Ltd (In Liquidation)
ACN 158 706 766; (the Company)

Declaration of Independence, Relevant Relationships and Indemnities

Practitioners appointed to an insolvent entity are required to make declarations as to:

- A. Their independence generally;
- B. Relationships, including
 - (i) The circumstances of the appointment;
 - (ii) Any relationships with the Company and others within the previous 24 months;
 - (iii) Any prior professional services for the Company within the previous 24 months;
 - (iv) That there are no other relationships to declare; and
- C. Any indemnities given or upfront payments made to the practitioner(s).

This declaration is made in respect of myself, my partners, KPMG Australia and related parties covered by the extended definition of the firm (collectively **KPMG**).

A. Declaration of independence

We, George Georges and John Lindholm, and KPMG, have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Liquidators, Provisional Liquidators or Receivers of the Company in accordance with the Corporations Act 2001 (Cth) (**the Act**), the Australian Restructuring Insolvency & Turnaround Association (**ARITA**) Code of Professional Practice (**the Code**) and applicable professional standards.

This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

If any conflict arises, we will seek independent legal advice or court directions if appropriate.

If this declaration needs to be updated we will issue written notice to all known creditors as set out in the records of the Company or as otherwise known to us.

B. Declaration of relationships

- (i) Circumstances of appointment

This appointment was referred to us by the Australian Securities and Investments Commission ("ASIC").

We had several discussions and email exchanges with ASIC and ASIC's legal advisors, Norton Rose between May 2018 and the date of our appointment. The telephone discussions and emails between ASIC, Norton Rose and our office pertained to the following:

- requests for conflict searches to be undertaken;
- requests for consents to act to be provided;
- an update regarding the status of proceedings.

These communications were for the purpose of understanding the Company to which we were requested to provide a consent and understanding the circumstances of the appointment in order to conduct the necessary searches and conflict checks to establish our independence and do not pose a risk to our independence.

ASIC initially requested that we consent to act on 16 May 2018 and requested on 2 October 2019 through their lawyers Norton Rose that we refresh our Consent to Act. ASIC is known to us on a professional basis and as the market regulator. Norton Rose is also known to us on a professional basis.

We believe that these relationships do not result in a conflict of interest or duty because:

- Referrals from solicitors, business advisors, accountants and regulators are commonplace and do not impact on our independence in carrying out our duties as liquidator.
- KPMG has never undertaken any work for ASIC or Norton Rose in respect of the Company.
- The work that I, or KPMG, undertake for ASIC and Norton Rose will not influence our ability to fully comply with the statutory and fiduciary obligations associated with the Company's liquidation in an objective and impartial manner.

We have provided no other information or advice to the Company, its directors and its advisors prior to my appointment beyond that outlined in this DIRRI.

(ii) Relevant relationships (excluding professional services to the Company)

Neither we nor KPMG have, or have had within the preceding 24 months, any relationships with the Company, its associates, a former insolvency practitioner appointed to the Company or a person or entity that has security over the whole or substantially the whole of the Company's property.

We, or KPMG, have, or have had *within* the preceding 24 months, a relationship with:

ASIC

Nature of relationship	Reasons why no impediment or conflict of interest or duty
From time to time, my partners and I at KPMG accept engagements from ASIC for appointments as liquidators.	We believe that these relationships do not result in a conflict of interest or duty. Our previous relationship with ASIC has not been and is not in relation to the Company's affairs and/or the Company's directors' or related parties of the Company and/or the directors.

Norton Rose

Nature of relationship	Reasons why no impediment or conflict of interest or duty
Norton Rose act for the petitioning creditor.	We believe that this relationship does not result in a conflict of interest or duty because:
We and KPMG have had previous professional relationships with Norton Rose staff for a number of years. We have previously undertaken formal and informal assignments on companies referred to us by Norton Rose.	<ul style="list-style-type: none"> – Our previous relationship with Norton Rose was not in relation to the Company's and/or the directors', or related parties of the Company and/or the directors. – We have a wide referral base and Norton Rose is one of many referrers of work in the past 24 months.

Nature of relationship	Reasons why no impediment or conflict of interest or duty
	<ul style="list-style-type: none"> Referrals from solicitors, business advisors or accountants are commonplace and do not impact on my independence in carrying out my duties as Liquidator(s).

OT Markets Pty Ltd and Ozifin Tech Pty Ltd

Nature of relationship	Reasons why no impediment or conflict of interest or duty
It is proposed that we are appointed as external Administrators of OT Markets Pty Ltd and Ozifin Tech Pty Ltd both related entities of the Company.	The nature of the business operations mean that the administrations can be conducted more efficiently by the same external administrator.
The Company is the holder of an AFSL licence.	At the time of our appointment, we are not aware of any conflicts of interest between the group companies.
OT Markets Pty Ltd and Ozifin Tech Pty Ltd are authorised representatives.	If a conflict arises, we will inform creditors and take appropriate action to resolve the conflict.

(iii) Prior professional services to the Company

Neither we nor KPMG have provided any professional services to the Company in the previous 24 months.

(iv) No other relevant relationships to disclose

There are no other known relevant relationships, including personal, business and professional relationships, within the previous 24 months with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has a security interest over the whole or substantially the whole of the Companies' property that should be disclosed.

C. Indemnities and up-front payments

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute. We have not received any upfront payments in respect of our remuneration or disbursements.

Dated this 8th day of October 2019



John Lindholm
Liquidator



George Georges
Liquidators



Note:

If circumstances change, or new information is identified, we are required under Subsection 506A(5) of the Act and the Code to update this declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the Company's creditors

Any relationships, indemnities or up-front payments disclosed in the declaration must not be such that the practitioner is no longer independent. The purpose of components B and C of the declaration is to disclose relationships that, while they do not result in the practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the practitioner nevertheless remains independent.



OT Markets Pty Ltd (In Liquidation)
ACN 621 714 181 (the Company)

Declaration of Independence, Relevant Relationships and Indemnities

Practitioners appointed to an insolvent entity are required to make declarations as to:

- A. Their independence generally;
- B. Relationships, including
 - (i) The circumstances of the appointment;
 - (ii) Any relationships with the Company and others within the previous 24 months;
 - (iii) Any prior professional services for the Company within the previous 24 months;
 - (iv) That there are no other relationships to declare; and
- C. Any indemnities given or upfront payments made to the practitioner(s).

This declaration is made in respect of myself, my partners, KPMG Australia and related parties covered by the extended definition of the firm (collectively **KPMG**).

A. Declaration of independence

We, George Georges and John Lindholm, and KPMG, have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Liquidators, Provisional Liquidators or Receivers of the Company in accordance with the Corporations Act 2001 (Cth) (**the Act**), the Australian Restructuring Insolvency & Turnaround Association (**ARITA**) Code of Professional Practice (**the Code**) and applicable professional standards.

This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

If any conflict arises, we will seek independent legal advice or court directions if appropriate.

If this declaration needs to be updated we will issue written notice to all known creditors as set out in the records of the Company or as otherwise known to us.

B. Declaration of relationships

- (i) Circumstances of appointment

This appointment was referred to us by the Australian Securities and Investments Commission ("ASIC").

We had several discussions and email exchanges with ASIC and ASIC's legal advisors, Norton Rose between May 2018 and the date of our appointment. The telephone discussions and emails between ASIC, Norton Rose and our office pertained to the following:

- requests for conflict searches to be undertaken;
- requests for consents to act to be provided;
- an update regarding the status of proceedings.

These communications were for the purpose of understanding the Company to which we were requested to provide a consent and understanding the circumstances of the appointment in order to conduct the necessary searches and conflict checks to establish our independence and do not pose a risk to our independence.

ASIC initially requested that we Consent to Act on 16 May 2018 and requested on 2 October 2019 through their lawyers Norton Rose that we refresh our Consent to Act. ASIC is known to us on a professional basis and as the market regulator. Norton Rose is also known to us on a professional basis.

We believe that these relationships do not result in a conflict of interest or duty because:

- Referrals from solicitors, business advisors, accountants and regulators are commonplace and do not impact on our independence in carrying out our duties as liquidator.
- KPMG has never undertaken any work for ASIC or Norton Rose in respect of the Company.
- The work that I, or KPMG, undertake for ASIC and Norton Rose will not influence our ability to fully comply with the statutory and fiduciary obligations associated with the Company's liquidation in an objective and impartial manner.

We have provided no other information or advice to the Company, its directors and its advisors prior to my appointment beyond that outlined in this DIRRI.

(ii) Relevant relationships (excluding professional services to the Company)

Neither we nor KPMG have, or have had within the preceding 24 months, any relationships with the Company, its associates, a former insolvency practitioner appointed to the Company or a person or entity that has security over the whole or substantially the whole of the Company's property.

We, or KPMG, have, or have had **within** the preceding 24 months, a relationship with:

ASIC

Nature of relationship	Reasons why no impediment or conflict of interest or duty
From time to time, my partners and I at KPMG accept engagements from ASIC for appointments as liquidators.	We believe that these relationships do not result in a conflict of interest or duty. Our previous relationship with ASIC has not been and is not in relation to the Company's affairs and/or the Company's directors' or related parties of the Company and/or the directors.

Norton Rose

Nature of relationship	Reasons why no impediment or conflict of interest or duty
Norton Rose act for the petitioning creditor.	We believe that this relationship does not result in a conflict of interest or duty because:
We and KPMG have had previous professional relationships with Norton Rose staff for a number of years. We have previously undertaken formal and informal assignments on companies referred to us by Norton Rose.	<ul style="list-style-type: none"> – Our previous relationship with Norton Rose was not in relation to the Company's and/or the directors', or related parties of the Company and/or the directors. – We have a wide referral base and Norton Rose is one of many referrers of work in the past 24 months.

Nature of relationship	Reasons why no impediment or conflict of interest or duty
	<ul style="list-style-type: none"> – Referrals from solicitors, business advisors or accountants are commonplace and do not impact on my independence in carrying out my duties as Liquidator(s).

AGM Markets Pty Ltd and Ozifin Tech Pty Ltd

Nature of relationship	Reasons why no impediment or conflict of interest or duty
It is proposed that we are appointed as external Administrators of AGM Markets Pty Ltd and Ozifin Tech Pty Ltd both related entities of the Company.	The nature of the business operations mean that the administrations can be conducted more efficiently by the same external administrator.
AGM Markets Pty Ltd is the holder of an AFSL licence.	At the time of our appointment, we are not aware of any conflicts of interest between the group companies.
The Company and Ozifin Tech Pty Ltd are authorised representatives.	If a conflict arises, we will inform creditors and take appropriate action to resolve the conflict.

(iii) Prior professional services to the Company

Neither we nor KPMG have provided any professional services to the Company in the previous 24 months.

(iv) No other relevant relationships to disclose

There are no other known relevant relationships, including personal, business and professional relationships, within the previous 24 months with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has a security interest over the whole or substantially the whole of the Companies' property that should be disclosed.

C. Indemnities and up-front payments

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute. We have not received any upfront payments in respect of our remuneration or disbursements.

Dated this 8th day of October 2019



John Lindholm
Liquidator



George Georges
Liquidators



Note:

If circumstances change, or new information is identified, we are required under Subsection 506A(5) of the Act and the Code to update this declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the Company's creditors

Any relationships, indemnities or up-front payments disclosed in the declaration must not be such that the practitioner is no longer independent. The purpose of components B and C of the declaration is to disclose relationships that, while they do not result in the practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the practitioner nevertheless remains independent.



Ozifin Tech Pty Ltd (In Liquidation)
ACN 618 038 396; (the Company)

Declaration of Independence, Relevant Relationships and Indemnities

Practitioners appointed to an insolvent entity are required to make declarations as to:

- A. Their independence generally;
- B. Relationships, including
 - (i) The circumstances of the appointment;
 - (ii) Any relationships with the Company and others within the previous 24 months;
 - (iii) Any prior professional services for the Company within the previous 24 months;
 - (iv) That there are no other relationships to declare; and
- C. Any indemnities given or upfront payments made to the practitioner(s).

This declaration is made in respect of myself, my partners, KPMG Australia and related parties covered by the extended definition of the firm (collectively **KPMG**).

A. Declaration of independence

We, George Georges and John Lindholm, and KPMG, have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Liquidators, Provisional Liquidators or Receivers of the Company in accordance with the Corporations Act 2001 (Cth) (**the Act**), the Australian Restructuring Insolvency & Turnaround Association (**ARITA**) Code of Professional Practice (**the Code**) and applicable professional standards.

This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

If any conflict arises, we will seek independent legal advice or court directions if appropriate.

If this declaration needs to be updated we will issue written notice to all known creditors as set out in the records of the Company or as otherwise known to us.

B. Declaration of relationships

- (i) Circumstances of appointment

This appointment was referred to us by the Australian Securities and Investments Commission ("ASIC").

We had several discussions and email exchanges with ASIC and ASIC's legal advisors, Norton Rose between May 2018 and the date of our appointment. The telephone discussions and emails between ASIC, Norton Rose and our office pertained to the following:

- requests for conflict searches to be undertaken;
- requests for consents to act to be provided;
- an update regarding the status of proceedings.

Annexure B

Informal Proof of Debt or Claim Form

Return to:
KPMG PO Box 2291U, MELBOURNE VIC 8001
Tel: +61 3 8663 8938
Fax: +61 3 9288 6666
Email: pbatey@kpmg.com.au

Indebted Company: AGM Markets Pty Ltd (In Liquidation) ACN 158 706 766
Date of Appointment: 11/10/2019

A. Name and Contact Details of Creditor

¹ _____ (the Creditor)

(if in a personal capacity, given name and surname; if a corporate entity, full name of company, etc)

² of _____

(insert address)

³ Tel: _____

⁴ Email: _____

☐

Tick this box to elect to receive electronic notification of notices or documents, in accordance with Section 600G of the Corporations Act 2001, at the email address specified above.

B. Details of Debt or Claim

¹ Amount owing: _____

(insert dollars and cents, inclusive of GST if applicable)

² Nature of Debt or Claim: _____

(insert description of debt and/or reference any supporting documentation)

³ Select one of the following options:

☐

The Creditor is an unsecured creditor of the indebted Company

☐

The Creditor is a secured creditor of the indebted Company

☐

The Creditor is an employee / former employee of the indebted Company

☐

The Creditor is a related party (please indicate: secured / unsecured)

For all claims:

☐

⁴ I have attached supporting documentation to substantiate the Creditor's claim *(secured creditors must attach evidence of security)*

☐

⁵ To my knowledge or belief the creditor has not, nor has any person by the creditor's order had or received any satisfaction or security for the sum or any part of it except for the following:

(insert details and value of security where relevant)

C. Signature

¹ Dated: _____

² Signature: _____

³ Name / Capacity: _____

Creditor Assistance Sheet: Completing a Proof of Debt Form

Section A – Name and Contact Details of Creditor

1. Insert the full name of the employee, individual, sole trader, partnership or company that the debt is owed to.
2. Insert the address of the employee, individual, sole trader, partnership or company that the debt is owed to.
3. Insert the telephone number of the employee, individual, sole trader, partnership or company that the debt is owed to.
4. Insert the email address of the employee, individual, sole trader, partnership or company that the debt is owed to.

Section B – Details of Debt or Claim

1. The amount owing should only include debts or claims which arose prior to the date of appointment.
2. Insert the currency if not Australian dollars.
3. Type of creditor: tick one of the options only.
4. For all claims, ensure supporting documentation is attached, such as invoices, statements, agreements.
5. For secured creditors, insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, indicate "refer attached" above and show them in a schedule in the following form:

Date	Drawer	Acceptor	Amount (\$)	Due Date

Section C – Signature Instructions

1. Insert the date that the proof of debt form is being signed.
2. The form should be signed by **one** of the following persons:
 - If the debt is owed to an employee/individual, then the individual that the debt is owed to; or
 - If the debt is owed to a sole trader, then the sole trader that the debt is owed to; or
 - If the debt is owed to a partnership, then one of the partners of the partnership; or
 - If the debt is owed to a company, then a duly authorised officer of the company (normally a director or secretary of the company).
3. Insert the name of the person signing the form, and note their capacity (that is, their role):
 - If the debt is owed to a sole trader, note their capacity as proprietor, eg: "[Full name], proprietor"; or
 - If the debt is owed to a partnership, note their capacity as partner, eg: "[Full name], partner of the firm named in Section A above"; or
 - If the debt is owed to a company, note their capacity as director or secretary, eg: "[Full name], director/secretary of the company named in Section A above"]

Annexure C

Creditor Rights in Liquidations

As a creditor, you have rights to request meetings and information or take certain actions:



Right to request a meeting

In liquidations, no meetings of creditors are held automatically. However, creditors with claims of a certain value can request in writing that the liquidator hold a meeting of creditors.

A meeting may be requested in the first 20 business days in a creditors' voluntary liquidation by $\geq 5\%$ of the value of the debts held by known creditors who are not a related entity of the company.

Otherwise, meetings can be requested at any other time or in a court liquidation by:

- $> 10\%$ but $< 25\%$ of the known value of creditors on the condition that those creditors provide security for the cost of holding the meeting
- $\geq 25\%$ of the known value of creditors
- creditors by resolution, or
- a Committee of Inspection (this is a smaller group of creditors elected by, and to represent, all the creditors).

If a request complies with these requirements and is 'reasonable', the liquidator must hold a meeting of creditors as soon as reasonably practicable.

Right to request information

Liquidators will communicate important information with creditors as required in a liquidation. In addition to the initial notice, you should receive, at a minimum, a report within the first three months on the likelihood of a dividend being paid.

Additionally, creditors have the right to request information at any time. A liquidator must provide a creditor with the requested information if their request is 'reasonable', the information is relevant to the liquidation, and the provision of the information would not cause the liquidator to breach their duties.

A liquidator must provide this information to a creditor within 5 business days of receiving the request, unless a longer period is agreed. If, due to the nature of the information requested, the liquidator requires more time to comply with the request, they can extend the period by notifying the creditor in writing.

Requests must be reasonable.

They are not reasonable if:

Both meetings and information:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) there is not sufficient available property to comply with the request
- (c) the request is vexatious

Meeting requests only:

- (d) a meeting of creditors dealing with the same matters has been held, or will be held within 15 business days

Information requests only:

- (e) the information requested would be privileged from production in legal proceedings
- (f) disclosure would found an action for breach of confidence
- (g) the information has already been provided
- (h) the information is required to be provided under law within 20 business days of the request

If a request is not reasonable due to (b), (d), (g) or (h) above, the liquidator must comply with the request if the creditor meets the cost of complying with the request.

Otherwise, a liquidator must inform a creditor if their meeting or information request is not reasonable and the reason why.

Right to give directions to liquidator

Creditors, by resolution, may give a liquidator directions in relation to a liquidation. A liquidator must have regard to these directions, but is not required to comply with the directions.

If a liquidator chooses not to comply with a direction given by a resolution of the creditors, they must document their reasons.

An individual creditor cannot provide a direction to a liquidator.

Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a liquidator's remuneration or a cost or expense incurred in a liquidation. The review is limited to:

- remuneration approved within the six months prior to the appointment of the reviewing liquidator, and
- expenses incurred in the 12 months prior to the appointment of the reviewing liquidator.

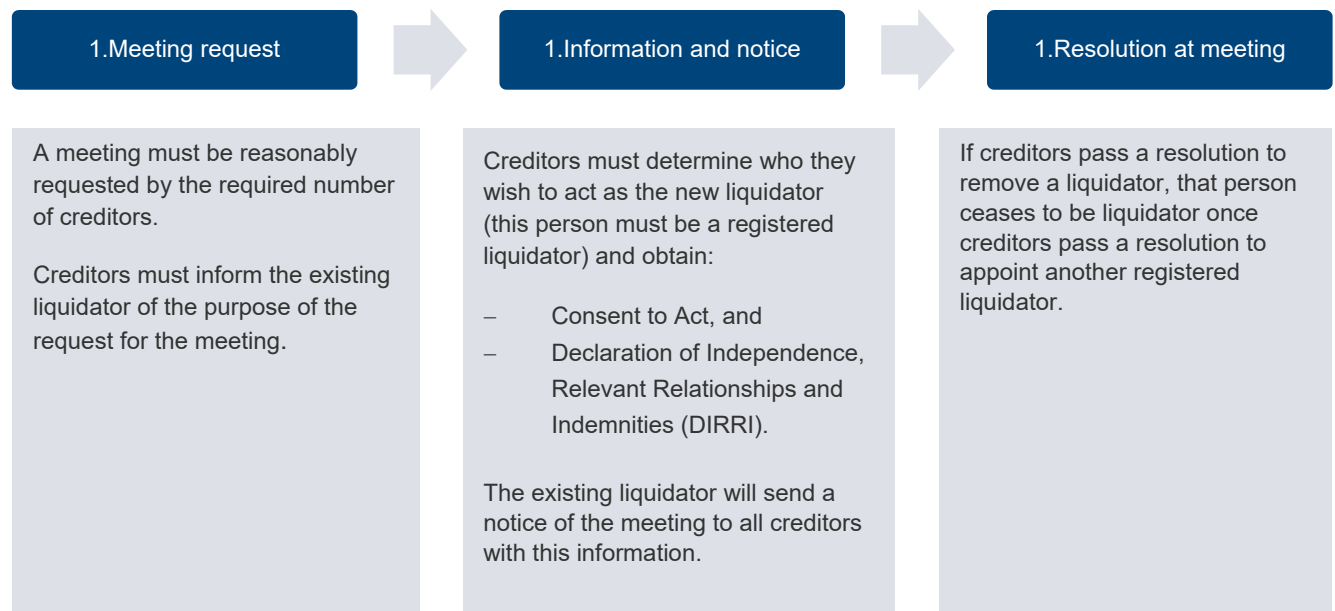
The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

An individual creditor can appoint a reviewing liquidator with the liquidator's consent, however the cost of this reviewing liquidator must be met personally by the creditor making the appointment.

Right to replace liquidator

Creditors, by resolution, have the right to remove a liquidator and appoint another registered liquidator.

For this to happen, there are certain requirements that must be complied with:



Annexure D

AGM Markets Pty Ltd (In Liquidation) (the Company) ACN 158 706 766

Initial Remuneration Notice

The purpose of the Initial Remuneration Notice is to provide you with information about how the Liquidators' remuneration for undertaking the liquidation will be set.

1 Remuneration methods

There are four basic methods that can be used to calculate the remuneration charged by an Insolvency Practitioner as follows:

1.1 Time based (hourly rates)

This is the most common method. The total fee charged is calculated by reference to the hourly or time unit rate charged for each person who carries out the work multiplied by the number of hours spent by each person on necessary work properly performed.

1.2 Fixed fee

The total fee charged is normally quoted at the commencement of the liquidation and is the total cost for the liquidation. Sometimes, a practitioner will finalise a liquidation for a fixed fee.

1.3 Percentage

The total fee charged is based on a percentage of a particular variable such as the gross proceeds of asset realisations.

1.4 Contingency

The insolvency practitioner's fee is contingent on achieving a particular outcome.

2 Remuneration method chosen

Given the nature of this administration, we propose that the remuneration of the Liquidators be calculated using the time based method. Time based remuneration is appropriate in this liquidation given:

- It ensures actual time is billed at an hourly rate applicable to staff experience;
- It ensures that remuneration claimed is only for necessary work properly performed in the liquidation; and
- It covers tasks required to be undertaken in the liquidation which not only relate to asset realisations but also to reporting requirements and other tasks of an administrative or statutory nature.

3 Explanation of hourly rates

The hourly rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the liquidation and the role they take. The hourly rates encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Rate \$/hour	Experience
Partner / Appointee	\$695	The Partner / Appointee is a registered liquidator and member of CAANZ and, generally, ARITA, bringing specialist skills to the liquidation or insolvency task. Generally in excess of 15 years' experience.
Director	\$625	Generally, minimum of 10 years' experience at least 2 years of which is to be at Manager level. University degree; member of CAANZ and, generally, ARITA, with deep knowledge and lengthy experience in relevant insolvency legislation and issues. Answerable to the appointee, but otherwise responsible for all aspects of an Administration.
Associate Director	\$575	Generally, more than 7 years' experience with at least 2 years as a Manager. University degree; member of CAANZ and, generally, ARITA; very strong knowledge of relevant insolvency legislation and issues. Will have conduct of minor to medium administrations and experience in control of small to medium team of staff. Assists with the planning and control of large administrations.
Manager	\$525	Generally, 5 to 7 years' chartered accounting or insolvency management experience. University degree; member of CAANZ and, generally, ARITA; sound knowledge of relevant insolvency legislation and issues. Will have conduct of minor administrations and experience in control of a small team of staff. Assists with the planning and control of medium to large administrations.
Executive	\$450	Generally, 3 to 5 years' chartered accounting or insolvency management experience. University degree; completing CAANZ's CA program. Good knowledge of basic insolvency legislation and issues. Assists planning and control of small to medium administrations as well as performing some of the more difficult tasks on larger administrations.
Analyst	\$375	Generally, one to 2 years' chartered accounting or insolvency management experience. University degree, CAANZ's CA program commenced. Required to control tasks on small administrations and is responsible for assisting with medium to large administrations under the supervision of more senior staff.
Personal Assistant / Other	\$250	Appropriate skills, including books and records management and accounts processing particular to the administration.

Notes:

- The hourly rates are exclusive of GST.
- The guide to staff experience is intended only as a general guide to the qualifications and experience of staff engaged in the liquidation. Staff may be engaged under a classification considered appropriate for their experience.
- Time is recorded and charged in six-minute increments.
- Creditor approval will be sought prior to the application of any new rates to this liquidation.

4 Estimated remuneration

We estimate fees for the liquidation of the Company's affairs at \$200,000 to \$400,000 plus applicable GST. This is heavily dependent on the amount of litigation and other issues that may arise during the course of the liquidation.

Accordingly, it should be noted that if, during the course of the liquidation, any unanticipated issues arise, it may be necessary to revisit the fee estimate. In the event that we become aware that our costs will exceed this amount we will advise you accordingly.

5 Disbursements

Disbursements are divided into three types:

- Externally provided professional services. These are recovered at cost. An example is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees. These disbursements are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the liquidation, would generally be charged at cost; although if a data room is utilised, the fee will comprise an initial setup fee and then a fee based on the duration and size of the data room or the number of users per month. Certain services provided by KPMG may require the processing of electronically stored information into specialist review platforms. Where these specialist resources are utilised, the fee will be based on units (e.g. number of computers), size (e.g. per gigabyte) and/or period of time (e.g. period of hosting).

We are not required to seek creditor approval for disbursements paid to third parties, but must account to creditors. However, we must ensure that these disbursements are appropriate, justified and reasonable.

We are required to obtain creditor's consent for the payment of internal disbursements where there may be a profit or advantage. Creditors will be asked to approve our internal disbursements prior to these disbursements being paid from the liquidation.

Details of the basis of recovering disbursements in this administration are provided below:

Disbursement type	Charges (excl GST)
Advertising	At cost
ASIC industry funding model levy – metric events	At prescribed ASIC rates
Couriers	At cost
Data room set-up	\$450.00
Data room hosting – Option A	Variable – see separate table below
Data room hosting – Option B (incl 100GB of data)	\$84.95 per user per month
eDiscovery services	Variable
Photocopying / printing (colour)	\$0.50 per page
Photocopying / printing (mono)	\$0.20 per page
Photocopying / printing (outsourced)	At cost
Postage	At cost
Searches	At cost
Staff travel reimbursement	Up to \$100/day
Staff vehicle use	At prescribed ATO rates
Storage and storage transit	At cost
Telephone calls	At cost

Note: Above rates are applicable for the financial year ending 30 June 2020. Disbursements charged at cost do not require creditor approval.

Data room hosting fees by size (MB)	Charges per month (excl GST)
0-300	\$950
300-1000	\$950 + \$2.50/MB
1000-5000	\$2,500 + \$1.25/MB
5000+	\$7,500 + \$0.60/MB

Dated this 8th day of November 2019



John Ross Lindholm
Liquidator

Annexure E

Short guide to the Personal Property Securities Act

What is the Personal Property Securities Act?

The Personal Property Securities Act 2009 (PPSA) established national legislation governing security interests in personal property. It replaced a large number of existing Commonwealth, State and Territory laws. "Personal Property" is any property that is not "Real Property" being land and buildings or fixtures. Personal Property generally includes all property (tangible and intangible) other than land, fixtures, most water rights and some statutory licences. It includes goods or inventory, intellectual property, shares, debts and contractual rights.

There is a single national Register for parties to record their interests in personal property, called the Personal Property Securities Register (PPSR); on which all security interests in personal property can be registered. The PPSR replaced a number of State and Commonwealth registers, including the ASIC Register of Company Charges and all State Registers of Encumbered Vehicles (REVs). Any holder of a security interest in a personal property must register to ensure they have a priority to claim that property.

The PPSA has changed the way security interests are dealt with across Australia. Legal title to personal property in some situations is no longer enough to protect owners, as this legislation overturns fundamental personal property law concepts.

What is a 'Security Interest'?

A security interest is an interest in personal property, created by a transaction that secures payment or performance of an obligation.

Security interests can include:

- Interests of owners in assets leased to other parties;
- Interests of sellers of goods subject to hire purchase agreements;
- Interests of suppliers in stock delivered but subject to retention of title arrangements.

The PPSA states that a security interest exists regardless of the form of the transaction, or the identity of the person who has title to the property. The concept of a security interest under PPSA covers a broader range of interests than traditional security concepts.

If you have a security interest, it must be perfected. If you have not perfected your security interest, usually by registration on the PPSR, you may lose the ability to enforce your claim.

This document is intended to provide commentary and general information only. It is not intended to provide legal or professional advice, is not intended as a substitute for legal or professional advice, and should not be relied upon as such. Readers of this document should seek their own legal or professional advice with respect to their own circumstances

How does PPSA impact your business?

There are some significant implications for businesses arising from the PPSA, for example:

Retention of title arrangements

Some transactions that were not previously security interests are now registrable on the PPSR. For example, if you sell goods on retention of title terms, you may need to review your terms of trade and register an interest on the PPSR to protect your interest in stock delivered but not paid for.

Leases

Under the PPSA, 'title' or 'ownership' of goods can have a lower status than possession or control of goods if the owner of the goods has not registered their interest on the PPSR. You should register your security interest to 'perfect' your rights. If you do not register, then you may not be able to recover your goods or receive payment if the customer becomes insolvent. You may also lose your rights to another creditor of the customer who has 'perfected' their security interest over the property.

You should seek legal advice about the implications of the PPSA to your individual circumstances.

SecuriSearch is an Android, iOS and Windows application allowing users to search and review the PPSA quickly and easily from a mobile device. Visit our website at: <http://www.securisearch.com.au/>