

AUSTRALIAN RESIDENT DIRECTOR SERVICES

1.	<i>Business Redirections.</i>	<p>The partnership called <i>Business Redirections</i> provides the services of Alan Frees and Ian Pyman as Australian resident directors. Alan and Ian are both former partners of the legal firm, Allens/Linklaters (but some time ago now).</p> <p><i>Business Redirections</i> draws a distinction in relation to the resident director services between entities that are carrying on business activities and those that are non-operating or dormant. An entity will be a non-operating company for this purpose if, for example, it's established solely for the purpose of name or brand protection; it simply carries out a role of invoicing customers on behalf of its foreign parent; or it's a non-operating holding company in a group structure.</p> <p><i>Business Redirections</i> will investigate the status of each company with the proposed appointor before accepting the appointment to identify whether an entity will be treated as an operating or non-operating company.</p>
2.	<i>This is not just a regulatory or compliance function.</i>	<p>An Australian resident director has all the statutory and common law duties, obligations and responsibilities of any director of a company.</p> <p>Alan and Ian appreciate though that, where they are acting as a resident director, the governance functions of companies will probably not be as strict as would be the case if they were true non-executive directors in an Australian company. For example, Alan and Ian don't expect the companies would be conducting regular board meetings or that they would have interaction with management in the ordinary way.</p> <p>Despite that, we would expect material decisions (if any) affecting the company to be explained to us and proper board resolutions passed before decisions of that nature are implemented. Also, where documents are submitted to us for signing, <i>Business Redirections</i> requires that they be provided on a timely basis (and not at the last minute) and that the documents are prepared by experienced professional service providers.</p> <p>The <i>Business Redirections</i> indemnity requirements, fee arrangements and other terms reflect the element of added risk in performing the role of Australian resident director.</p>
3.	<i>Our resident director services and fees.</i>	<p>Commonly, one of Alan and Ian is appointed as the Australian resident director with the other as his alternate director. This is to ensure that if the appointed director is away for any reason, the alternate director can undertake actions required of the resident director. <i>Business Redirections</i> does not charge an additional fee for the alternate director.</p>

	<p><i>Our resident director services and fees. (Cont.)</i></p>	<p>The <i>Business Redirections</i> fee structure for the provision of a resident director is commonly:</p> <ul style="list-style-type: none"> • in the range of A\$4,000.00 – A\$6,000.00 per quarter for an entity carrying on business activities (depending upon the level of services required to be provided); and • A\$2,000.00 per quarter for a non-operating entity. <p>Those fees are exclusive of the Australian goods and services tax (GST), which is added to each invoice.</p> <p>If the appointment involves multiple entities, <i>Business Redirections</i> is prepared to consider discounting the fees, but the extent of any discount will depend on the nature of the business activities of each entity and the expected extent to which the appointor will call on the services of the resident director. <i>Business Redirections</i> will discuss and agree any appropriate discount prior to the appointment being accepted.</p> <p>Where an appointor proposes a stricter governance environment, such as regular board meetings, then the fee structure will be different. Whilst the fees will be higher than the range above for an entity carrying on business activities, the amount will be discussed and agreed with the appointor before the appointment is accepted.</p> <p><i>Business Redirections</i> invoices the fees quarterly in advance. Commonly, the invoice is addressed to the Australian entity so it can claim an input tax credit for the GST it pays on the fees. The fees are payable within 30 days of the invoice date.</p>
<p>4.</p>	<p><i>Changes to our fees.</i></p>	<p>The initial quarterly fees would be fixed for a period of at least 18 months from the commencement of the appointment. The fees are reviewed before the end of the fixed period in light of the extent of work the resident director has been asked to do on behalf of the Australian entity.</p> <p>Subject to the work not being greater than Alan and Ian would normally expect for resident directors where they are not directly involved in governance of the organisation, any increase after the fixed period would generally be limited to no more than CPI increases. If <i>Business Redirections</i> proposes to increase the fees by more than 5%, the increase would be subject to consultation and agreement with the appointor.</p>
<p>5.</p>	<p><i>Our standard deed of appointment and indemnity.</i></p>	<p>A copy of the <i>Business Redirections</i> pro forma deed of appointment and indemnity is available on request.</p> <p>Whilst the deed needs to be customised in each case, the material terms of the pro forma deed have been reviewed over time by Allens and several other legal firms and improvements have been made. <i>Business Redirections</i> is satisfied that it provides proper protections for Alan and Ian and their appointor/indemnifier, so <i>Business Redirections</i> is reluctant to make further substantial modifications. Commonly, there is a single deed of appointment and indemnity even where the appointment covers more than one entity.</p>

	<i>Our standard deed of appointment and indemnity. (Cont.)</i>	<i>Business Redirections</i> will also normally issue a single quarterly invoice for the total fees (and GST) applicable to all entities included in the appointment.
6.	<i>Appointment as public officer of an entity.</i>	<p>On occasion, Alan is also asked to accept the role of public officer of an Australian entity for tax purposes. A public officer of an Australian entity is a position quite separate from that of a resident director in both a statutory and legal sense.</p> <p><i>Business Redirections</i> charges a separate quarterly fee (minimum of A\$750 per quarter) for public officer services. The fee is exclusive of the Australian goods and services tax (GST), which is added to each invoice.</p> <p>The amount of the fee depends on the extent of work required of the public officer. For example, if the public officer services require work such as the preparation and/or the signing and lodgement (electronically) of quarterly BAS returns (for GST purposes) and/or annual tax returns, then the quarterly fee will be higher than the minimum amount. In that case, the fee will be agreed with the appointor.</p> <p>Where required, the appointment of the public officer will be covered under the same deed of appointment and indemnity as the resident director services. Like those services, the fee for the public officer is also invoiced quarterly in advance and is subject to review at the end of the fixed fee period.</p>
7.	<i>D&O Insurance.</i>	<p><i>Business Redirections</i> requires evidence that the resident director and his alternate (and, if applicable, Alan as the public officer) are covered by suitable D&O insurance with an insurer having a presence in Australia.</p> <p>Commonly, the appointing group of companies has global D&O insurance which extends to directors and officers of the Australian subsidiaries. If that's the case, <i>Business Redirections</i> needs to see evidence of the terms and currency of the insurance and, on request from time to time, evidence of the currency and renewal of the insurance.</p> <p>If an Australian entity has no, or no suitable, D&O cover, then <i>Business Redirections</i> will organise cover through a local insurance broker and will renew the insurance annually. The cost of the D&O insurance (including renewals) must be paid directly, or reimbursed to <i>Business Redirections</i>, by the Australian entity. The amount of the premium will depend on the risk profile of the Australian entity as assessed by the insurer or underwriter. Arranging the insurance requires completion of a proposal form and that must be done by the appointor.</p> <p><i>Business Redirections</i> requires that the D&O insurance be arranged and paid before the appointment of the resident director commences.</p>

<p>8.</p>	<p><i>Next steps.</i></p>	<p>Normally, the advisers to our appointor prepare the necessary consents to act for signature by Alan and Ian. <i>Business Redirections</i> would liaise directly with the appointor to finalise and execute the deed of appointment and indemnity.</p> <p>For that purpose, <i>Business Redirections</i> needs the name, address and, if one exists, registered number of the indemnifying company; and the name, ACN and registered office address of the Australian entity. The indemnifying company is commonly the offshore entity of financial substance that (directly or indirectly) controls the Australian entity.</p> <p>This terms sheet outlines important terms concerning the appointment of Alan or Ian as a resident director of an Australian entity. <i>Business Redirections</i> is prepared, however, to discuss and clarify any of the terms with a prospective appointor, particularly to ensure that the appointment is customised to suit the circumstances.</p> <p>Please note that this terms sheet simply provides indicative terms of the appointment of an Australian resident director and do not override the specific terms of the deed of appointment and indemnity.</p>
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