

14 October 2015

Ms Frieda Orr
Adviser, Listings Compliance Perth
ASX Compliance Pty Ltd
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

BY EMAIL: frieda.orr@asx.com.au

Dear Frieda

EmERCHANTS Limited Late Lodgement of Appendix 3Y

I refer to your letter dated 13 October 2015 regarding the late lodgement of an Appendix 3Y for EmERCHANTS' director, Mr Tony Adcock.

The Company's response to the questions raised in your letter is set out below.

1. *Please explain why the Appendix 3Y was lodged late.*

Unfortunately, Mr Adcock did not disclose to the Company the change in his shareholdings and the details of that change until 12 October 2015. As soon as full details were provided by Mr Adcock of his trades in EmERCHANTS shares the Company lodged the Appendix 3Y.

Soon after the trades Mr Adcock went overseas on holiday and as a result inadvertently forgot to inform the Company of his change of interests within the required timeframe.

2. *What arrangements does the Company have in place with directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?*

All directors have entered into a disclosure agreement with the Company. Under the agreement directors are required to provide to the Chairman and Company Secretary full details of any changes in securities registered in the director's name (or in which the director has a relevant interest) as soon as reasonably possible after the date of the change and in any event no later than 2 business days after the date of the change. Mr Adcock entered into such an agreement with the Company on 22 August 2012.

The above obligation is echoed in the Company's Securities Trading Policy, which is reviewed by the directors on an annual basis. Further, it is a standing item at Board meetings to confirm blackout periods and the requirement that directors inform the Company of any dealings in securities.

3. *If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?*

The Company considers that its current arrangements are adequate. That said, this instance of non-compliance will be considered at the Company's next board meeting in November and the Chair will be

discussing the matter directly with Mr Adcock to ensure that he understands his obligations regarding required disclosures.

Yours faithfully,

Louise Bolger
Company Secretary



13 October 2015

Ms Louise Bolger
Company Secretary
Emerchants Limited
85 Branksome Gardens
CITY BEACH WA 6015

By email: lbolger@emerchants.com.au

Dear Louise

EMERCHANTS LIMITED (“COMPANY”)

We refer to the following.

1. The Company’s announcement lodged with ASX Ltd (“ASX”) on 13 October 2015 regarding a change of director’s interest notice for Mr Tony Adcock (“Appendix 3Y”).
2. 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 an 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). The entity must complete an 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 an Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.*



3. Listing rule 3.19B which states as follows.

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.

As the Appendix 3Y indicates that changes in Mr Adcock's notifiable interest occurred on 21 and 23 September 2015, the Appendix 3Y should have been lodged with the ASX by 28 September 2015. As the Appendix 3Y was lodged on 13 October 2015 it appears that the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions.

1. Please explain why the Appendix 3Y was lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by e-mail to frieda.orr@asx.com.au. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than **3:00 pm WST on Thursday 15 October 2015**.



Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and must separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely,

[Sent electronically without signature]

Frieda Orr
Adviser, Listings Compliance (Perth)