



Approval to hold a stake in a financial sector company of more than 15%

Financial Sector (Shareholdings) Act 1998

To: Badger International (Pty) Limited (Badger) and the person(s) named in Schedule 1 (the applicants)

SINCE

A. Each of the applicants has applied for approval under section 13 of the *Financial Sector (Shareholdings) Act 1998* (the Act), to hold a stake of 100% in:

- a. Pacific International Insurance Pty Limited ABN 83 169 311 193, an authorised insurance company under the Act (the insurer); and
- b. each company which will be a holding company of the insurer from the time Badger acquires a 100% stake in the insurer – Badger International (NZ) LP, Gramar Family Holdings Pty Ltd and Rapid Solutions Holdings Pty Ltd;

B. I am satisfied it is in the national interest to approve each applicant holding a 100% stake in the insurer and each company that will be a holding company of the insurer from the time Badger acquires a 100% stake in the insurer

I, Louis Serret, a delegate of the Treasurer, under subsection 14(1) of the Act, APPROVE each applicant holding a 100% stake in the insurer and a 100% stake in each company that will be a holding company of the insurer from the time Badger acquires a 100% stake in the insurer.

This instrument comes into force from the time Badger acquires a 100% stake in the insurer.

Dated 7 May 2018

[Signed]

Louis Serret
General Manager
Specialised Institutions Division

Interpretation

In this Notice:

100% subsidiary has the meaning given in section 3 of the Act
authorised insurance company has the meaning given in section 3 of the Act
financial sector company has the meaning given in section 3 of the Act
holding company has the meaning given by section 4 of the Act
stake in relation to a company, has the meaning given in clause 10 of Schedule 1 to the Act.
unacceptable shareholding situation has the meaning given in section 10 of the Act

Note 1 Under paragraph 16(2)(a) of the Act, the Treasurer may, by written notice given to a person who holds an Approval under section 14, impose one or more conditions or further conditions to which the Approval is subject. Under paragraph 16(2)(b) of the Act, the Treasurer may revoke or vary any conditions imposed under paragraph 16(2)(a) of the Act or specified in the Notice of Approval. The Treasurer's powers under subsection 16(2) may be exercised on the Treasurer's own initiative or an application made to the Treasurer in accordance with the requirements of subsection 16(4) of the Act, by the person who holds the Approval (see subsection 16(3) of the Act).

Note 2 A person who holds an Approval under section 14 of the Act may apply to the Treasurer under subsection 17(1) of the Act, to vary the percentage specified in the Approval.

Note 3 Under subsection 17(6) of the Act, the Treasurer may, on the Treasurer's own initiative, by written notice given to a person who holds an Approval under section 14, vary the percentage specified in the Approval if the Treasurer is satisfied it is in the national interest to do so.

Note 4 The circumstances in which the Treasurer may revoke a person's Approval under section 14 are set out in subsection 18(1) of the Act.

Note 5 Section 19 of the Act provides for flow-on approvals. If an Approval has been granted for the holding of a stake in a financial sector company and the financial sector company is a holding company for an authorised deposit-taking institution or an authorised insurance company, then an approval is taken to exist for the holding of a stake of equal value in each financial sector company that is a 100% subsidiary of the holding company.

Note 6 Under section 14 of the Act, the Treasurer must give written notice of this Approval to the applicants and financial sector company concerned and must publish a copy of this notice in the *Gazette*.

Note 7 Under section 11 of the Act, a person or 2 or more persons under an arrangement are guilty of an offence if the person(s) acquires shares in a company and the acquisition has the result, in relation to a financial sector company, that:

- (i) an unacceptable shareholding situation comes into existence; or
- (ii) if an unacceptable shareholding situation already exists in relation to the company and in relation to a person – there is an increase in the stake held by the person in the company;

and the person(s) was reckless as to whether the acquisition would have that result. A maximum penalty of 400 penalty units applies or by virtue of subsection 4B(3) of the *Crimes Act 1914*, in the case of a body corporate, a penalty not exceeding 2,000 penalty units. By virtue of section 39 of the Act, an offence against section 11 is an indictable offence.

Note 8 Under section 32(3) of the Act, if a person has engaged in or is proposing to engage in any conduct in contravention of a condition to which an approval under section 14 is subject, the Federal Court may, on the application of the Treasurer, grant an injunction:

- (i) restraining the person engaging in the conduct; and
- (ii) if in the court's opinion, it is desirable to do so, requiring the person to do something.

SCHEDULE 1 - the persons, in addition to Badger, who applied for approval to hold a 100% stake in the insurer

1. Badger International (NZ) LP (New Zealand)
2. Badger GP Limited (New Zealand)
3. HFT (2017) Limited (New Zealand) as trustee for The Hogan Family (NZ) Trust
4. Badger Mutual Wealth (Pty) Ltd (South Africa)
5. Brad Howard Hogan
6. Lindsay McKinnon Hogan (as a trustee of the Hogan Family Trust)
7. Phillip de Jager (as a trustee of the Hogan Family Trust)

Note 1: The place of incorporation of each of the companies in Schedule 1 appears in the brackets after the name of the company