



## Owner rights & obligations under the TOR Rules & Co-owner Agreement (COA)

Since the commencement of the Trainer and Owner Reforms (TOR) in August 2017 Racing Australia has been continually monitoring its effectiveness, including via feedback from Principal Racing Authorities and industry participants.

Owners are reminded the TOR Rules and COA have created new rights and obligations in respect of their horse ownership ventures, which significantly affect how they interact with their co-owners. It is important that owners read the TOR Rules and the COA and understand how they affect them.

### Key rights & obligations under TOR Rules & COA

- **COA is deemed to apply between co-owners.** Unless co-owners have a separate written ownership agreement they are automatically bound by all the terms in the COA – they don't need to sign the agreement (cl 1.1).
- **COA can be varied.** Co-owners may agree in writing to change any terms in the COA with the required level of consent (cl 1.3).
- **Individual responsibility for share.** Each owner is only responsible for their share and is not liable for a co-owner's default (cl 1.5).
- **Notice of major decisions.** If a decision on a major issue is required (see table below), the manager must provide reasonable notice to all owners to obtain their vote on it (cl 2.1).
- **New sale mechanism for owners.** Now easier for a co-owner to sell their share according to their circumstances (cl 4.2, 4.3).
- **New sale mechanism where owner is in default.** Allows manager to sell another owner's share in certain default circumstances, e.g. where owner fails to make payments for their share (cl 4.4).
- **Dispute resolution.** Owners in dispute should notify the manager and, if it can't be resolved, the parties must attend mediation before commencing legal proceedings (cl 5).

### Changes to COA (effective 1 August 2018)

The following minor changes to the COA take effect on 1 August 2018.

- Clause 1.1 – revised agreement start date.
- Clause 3.6(d) – accept/object to fees notice.
- Clause 4.3 – co-owner's sale of their share.

The revised COA is available here

## Consent requirements under COA

*Note: These consent requirements have not changed under the revised COA.*

The table below sets out the level of consent that is required for the manager to make certain decisions under the COA. All other decisions may be made in the manager's discretion (subject to the manager's obligation to make decisions in the best interests of the owners as a whole).

<b>Majority consent (over 50%)</b>	<b>Special consent (75% or over)</b>	<b>Unanimous consent (100%)</b>
Approve treatment for horse which is likely over \$4,000	If a male horse, whether to stand as a stallion	Make co-owners jointly and severally liable
Geld horse	If a female horse, whether to use as a broodmare	Borrow funds for ownership venture
Enter/terminate training agreement	Change any terms of COA (except to make co-owners jointly and severally liable)	
Accept/object to fees notice		
Engage new trainer		
Sell whole of horse		
Pay nomination/acceptance fees over \$10,000		
Relocate horse to another state, territory or country		
Retire horse		
Pay extra bonus/commission to jockey or trainer		
Change managing owner		
If a male horse is stood as a stallion, the stud and service fee		
If a female horse, whether she is to be bred in a certain year and to which stallion		
Terminate ownership venture		