



## ASX Clear Operating Rules

### SECTION 1 INTRODUCTION AND GENERAL RULES

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This section deals with:

- (a) the purpose of the Clearing Facility and services provided by ASX Clear;
- (b) the application and binding effect of these Rules on Participants;
- (c) the limitation of ASX Clear's liability;
- (d) the circumstances in which ASX Clear may grant waivers or exercise its discretionary powers;
- (e) the delegation of powers by ASX Clear;
- (f) the disclosure of information to others; and
- (g) a number of miscellaneous matters including the grant of intellectual property licences to Participants, the governing law of agreements, agreement to submit to jurisdiction, how defects and irregularities are to be dealt with, the notification and service of documents and the power of ASX Clear to levy fees and charges payable by Participants for the provision of services and facilities.

#### 1.1 THE CLEARING FACILITY

##### 1.1.1 Purpose of the Clearing Facility

ASX Clear is the holder of an Australian CS facility licence granted under the Corporations Act and provides a facility (the "Clearing Facility") for the following purposes:

- (a) to enable Participants to provide clearing services in relation to Cash CCP Transactions and Derivatives CCP Contracts;
- (b) to remove direct transaction counterparty risk for Cash CCP Transactions and Derivatives CCP Contracts by the assumption, through novation and registration, of those counterparty obligations by ASX Clear;
- (c) to manage counterparty risk exposure including by use of its own financial resources, contributions from Participants, rules governing prudential and participation requirements as well as imposing appropriate risk management techniques including the requirements for Cash

- Cover and Collateral;
- (d) to facilitate settlement of Cash CCP Transactions and Derivatives CCP Contracts; and
  - (e) to provide other services in accordance with these Rules.

Introduced 11/03/04 Amended 01/08/10

### **1.1.2 Services Provided by ASX Clear**

ASX Clear provides or makes available to Participants services and facilities, including, without limitation:

- (a) establishing and administering the Clearing System including any technological platform for effecting and registering Market Transactions and margining Derivatives CCP Contracts and facilitating settlement by electronic and other means;
- (b) providing other services connected with clearing and settlement of Cash CCP Transactions and Derivatives CCP Contracts;
- (c) providing information in relation to clearing and settlement of Cash CCP Transactions and Derivatives CCP Contracts in accordance with the Corporations Act, the Rules and Procedures; and
- (d) other services and facilities as specified from time to time in accordance with these Rules.

Introduced 11/03/04

### **1.1.3 No Limit on Services or Facilities to be Provided**

The description of purpose in Rule 1.1.1 and the description of services in Rule 1.1.2 is not to be taken to limit in any way the services or facilities that are or may be provided or made available by ASX Clear or the powers of ASX Clear.

Introduced 11/03/04

## **1.2 APPLICATION AND EFFECT OF THESE RULES**

### **1.2.1 Operating Rules of ASX Clear**

These Rules are the operating rules of ASX Clear for the purposes of the Corporations Act. These Rules should be read in conjunction with:

- (a) the Procedures;
- (b) the ASX Enforcement and Appeals Rulebook; and
- (c) the Corporations Act.

To the extent of any inconsistency between these Rules and the Procedures, these Rules will prevail.

Introduced 11/03/04 Amended 31/03/08, 01/08/10 Origin OCH 1.1

### **1.2.2 Binding effect of the Rules**

These Rules are binding on ASX Clear, Participants and suitably qualified affiliates in the manner set out in:

- (a) section 822B of the Corporations Act; and
- (b) Rule 1.2.3.

Introduced 11/03/04 Origin OCH 1.2

### **1.2.3 Covenants to observe Rules**

These Rules have effect as a contract under seal between ASX Clear, Participants and suitably qualified affiliates under which:

- (a) each Participant and each suitably qualified affiliate covenants with ASX Clear and each other Participant and suitably qualified affiliate to observe the Rules and to perform the obligations which the Rules purport to impose on the Participant or the suitably qualified affiliate, in the manner provided by the Rules; and
- (b) ASX Clear covenants with each Participant and suitably qualified affiliate to observe the Rules and to perform the obligations which the Rules purport to impose on ASX Clear, in the manner provided by the Rules.

Introduced 11/03/04

### **1.2.4 ASX Enforcement and Appeals Rulebook**

The ASX Enforcement and Appeals Rulebook form part of these Rules where relevant for the purposes of the Corporations Act.

Introduced 31/03/08 Amended 01/08/10

### **1.3 PROCEDURES**

#### **1.3.1 ASX Clear may approve Procedures**

ASX Clear may from time to time approve written Procedures relating to the operations of ASX Clear, the conduct of Participants and the structure and operation of electronic communications between ASX Clear and Participants.

Introduced 11/03/04 Origin SCH 1.8.1 Amended 15/06/15

#### **1.3.2 Procedures are not part of the Rules**

The Procedures do not form part of these Rules. However, if a Rule requires a person to comply with any part of the Procedures, failure by the person to comply with that part of the Procedures is a contravention of the Rule.

Introduced 11/03/04 Origin SCH 1.8.2

#### **1.3.3 Changes to Procedures**

ASX Clear may approve changes to the Procedures from time to time and must give such notice as is reasonable in the circumstances to Participants of any changes to the Procedures before those changes take effect.

Introduced 11/03/04 Origin SCH 1.7.4 and 1.8.4, OCH 18.7 Amended 15/06/15

### **1.4 PAYMENT SYSTEMS & NETTING ACT**

#### **1.4.1 Approval of ASX Clear as a netting market**

Each Participant acknowledges that for the purposes of netting under these Rules, ASX Clear is an approved netting market under the Payment Systems and Netting Act 1998 and further acknowledges the application and effect of that Act as a result.

Introduced 11/03/04 Origin SCH 1.17 Corresponding ASX Settlement 1.5

## **1.5 DEFECTS, IRREGULARITIES AND DEFICIENCIES**

### **1.5.1 Notices of Time**

A decision, resolution, proceeding or act of ASX Clear under these Rules is not invalidated by any:

- (a) defect;
- (b) irregularity; or
- (c) deficiency,

of notice or time unless:

- (d) a Participant concerned by the defect, irregularity or deficiency requests ASX Clear to resolve that the decision, resolution, proceeding or act is invalid;
- (e) ASX Clear reasonably believes that the defect, irregularity or deficiency has caused or may cause substantial injustice which cannot reasonably be avoided; and
- (f) ASX Clear accordingly resolves that the decision, resolution, proceeding or act is invalid.

Introduced 11/03/04 Origin SCH 21.8.1

### **1.5.2 Partial invalidity of Rules**

If any provision of the Rules or the Procedures becomes at any time illegal, invalid or unenforceable in any respect under the law of any jurisdiction, the legality, validity or enforceability of the remaining provisions of the Rules and the Procedures, and the legality, validity or enforceability of the provision under the law of any other jurisdiction is not affected or impaired in any way.

Introduced 11/03/04 Origin OCH 18.8.1

### **1.5.3 Validity of actions**

An action or inaction by ASX Clear under the Rules or the Procedures may not be challenged on the

ground that a Rule, Procedure, direction, decision or requirement of ASX Clear or an agreement made by ASX Clear, is ultra vires or otherwise invalid.

Introduced 11/03/04 Origin OCH 18.8.2

## **1.6 WAIVER**

### **1.6.1 Waiver of rules and procedures**

Subject to Rules 1.6.3 and 1.6.4, ASX Clear may relieve any person or class of persons from the obligation to comply with a provision of these Rules, either generally or in a particular case or category, and either unconditionally or subject to such conditions as ASX Clear thinks fit.

If any conditions on a waiver are imposed, all of the conditions must be complied with for the waiver to be effective. ASX Clear may withdraw a waiver at any time. Any request by a Participant for a waiver under this Rule 1.6 must be in writing.

Introduced 11/03/04 Origin OCH 18.5.1

### **1.6.2 Compliance with conditions**

Failure to comply with a condition imposed under Rule 1.6.1 is a contravention of that Rule.

Introduced 11/03/04 Origin SCH 1.3.6

### **1.6.3 No relief from certain provisions**

ASX Clear must not relieve any person or class of persons under Rule 1.6.1 from an obligation to comply with an indemnity or disclaimer provision of these Rules.

Introduced 11/03/04 Origin SCH 1.3.7

### **1.6.4 Period during which relief applies**

ASX Clear may specify the period or specific event during which any relief from an obligation to comply with a provision of these Rules will apply.

Introduced 11/03/04 Origin SCH 1.3.8

### **1.6.5 Register of relief**

ASX Clear must establish and maintain a register for recording details of relief granted under Rule 1.6.1 and must enter the following details in the register maintained under this Rule 1.6.5:

- (a) the date that the relief takes effect;
- (b) the persons or class of persons relieved from the obligation;
- (c) the provision to which the relief applies;
- (d) brief reasons for the relief; and
- (e) any conditions that applies to the relief.

Introduced 11/03/04 Origin SCH 1.3.10 and 1.3.11

### **1.6.6 Inspection of the register**

A copy of the register maintained under Rule 1.6.5 must be kept at the principal place of business of ASX Clear and must be open for inspection by any person during business hours.

Introduced 11/03/04 Origin SCH 1.3.12

### **1.6.7 Waiver generally**

A failure by ASX Clear to exercise, or any delay in exercising, any of its rights, powers or remedies (in whole or in part) under the Rules does not operate as a waiver of those rights, powers or remedies upon that or any subsequent occasion, nor does any single or partial exercise of any right, power or remedy prevent any further exercise of that or any other right, power or remedy.

Introduced 11/03/04 Origin OCH 18.5.2

## **1.7 NOTICE, NOTIFICATION AND SERVICE OF DOCUMENTS**

### **1.7.1 Notice must be in writing**

If any Rule requires or permits the giving of notice of any matters to a person, the Rule requires or permits the giving to that person of a written document containing those matters.

Introduced 11/03/04 Origin OCH 18.6.1

### **1.7.2 Methods of giving notice in writing**

Without limiting any other provision of this Rule 1.7, any notice to be given by a Participant to ASX Clear must be given to the person holding the position notified by ASX Clear to Participants and may be given in the manner set out in the Procedures. Any notice to be given by ASX Clear to a person, firm or corporation may be given in the manner set out in the Procedures.

Introduced 11/03/04 Origin OCH 18.6.2 Amended 09/07/08

### **1.7.3 Delivery of notice**

For the purposes of any Rule that requires or permits a document to be given to a person, whether the expression 'serve', 'give' or 'send' or any other expression is used, the document may be given, and will be taken to have been received, at the time and in the manner set out in the Procedures.

Nothing in this Rule 1.7.3 or the Procedures prevents documents being sent or given to, or served on, a person in any other manner required or permitted by law.

Introduced 11/03/04 Origin SCH 21.7.4, 21.7.6 and OCH 18.6.3

### **1.7.4 Participant to have e-mail**

A Participant must acquire and maintain an operating e-mail system for the purposes of receiving notices under these Rules.



Introduced 11/03/04 Origin OCH 18.6.5

### **1.7.5 Failure to notify**

If under these Rules ASX Clear is to give notice to some or all Participants, accidental omission by ASX Clear to give notice to one or more Participants does not affect the validity or enforceability of any resolution, decision, proceeding or act in connection with which the notice was to have been given.

Introduced 11/03/04 Origin OCH 18.6.6

## **1.8 DISCLOSURE OF INFORMATION**

### **1.8.1 Disclosure of information regarding Participants**

ASX Clear may, where it considers it appropriate in accordance with Rule 1.15, disclose information regarding its Participants and their activities that are relevant to ASX Clear to:

- (a) the Commission;
- (b) the Reserve Bank of Australia;
- (c) the Australian Prudential Regulation Authority;
- (d) an Approved Market Operator;
- (e) an Approved Settlement Facility; and
- (f) any governmental agency or regulatory authority.

Introduced 11/03/04 Amended 30/12/09

### **1.8.2 ASX Clear may disclose information**

ASX Clear will take all reasonable measures to protect from unauthorised use or disclosure information provided to ASX Clear in confidence by or on behalf of a Participant pursuant to the Rules. For the purposes of this Rule the disclosure of information in the following circumstances does not constitute unauthorised use or disclosure:

- (a) pursuant to a Reciprocal Arrangement;
- (b) required to be disclosed by ASX Clear under any law or any order of any court or tribunal,

- authority or regulatory body;
- (c) which at the time of disclosure to or by ASX Clear, was generally available to and known by the public;
  - (d) for the purposes of monitoring compliance with, or the enforcement of, the Rules or the adjudication of those matters (including, without limitation, to the Old Tribunal (as defined in Rule 19.20) or the Appeal Tribunal);
  - (e) to a Related Body Corporate of ASX Clear, for the purpose of enabling that Related Body Corporate to assess whether the Participant is complying with, will comply with or has complied with the operating rules of, or any contractual arrangement with, that Related Body Corporate;
  - (f) to an Approved Market Operator or Approved Settlement Facility, for the purpose of enabling the Approved Market Operator or Approved Settlement Facility to assess whether the Participant (or a Market Participant or Settlement Participant for whom the Participant clears Cash CCP Transactions or Derivatives CCP Contracts) is complying with, will comply with or has complied with the Approved Market Operator's or Approved Settlement Facility's rules or procedures;
  - (g) to any governmental agency or regulatory authority including, without limitation, an exchange (including, without limitation, an Approved Market Operator), market, clearing house or clearing and settlement facility (in Australia or elsewhere) which requests ASX Clear to provide the information to it, in the proper exercise of its powers relating to:
    - (i) the order and good government of Participants; or
    - (ii) the efficient, honest, fair, competitive and informed trading, clearing and settlement of derivatives or securities (in Australia or elsewhere); and
  - (h) any entity which provides financial backing or insurance to ASX Clear for the purpose of enabling that entity to assess the risk to ASX Clear or that entity from clearing activities generally or to assess any claim made in connection with the Participant's activities.

Introduced 11/03/04 Origin OCH 18.9.1 Amended 04/06/10, 01/08/10

### **1.8.3 OTC Options Market Transaction Information**

Information relating to OTC Options Market Transactions may only be dealt with as set out in the Procedures.

Introduced 28/05/12

## **1.9 INFORMATION EXCHANGE WITH OPERATORS OF DISPUTE RESOLUTION SCHEMES**

### **1.9.1 Information provided by scheme operator**

ASX Clear will take all reasonable measures to protect from unauthorised use or disclosure information provided to ASX Clear in confidence by or on behalf of an operator of a disputes or complaints resolution scheme or similar scheme to which a Participant is a party. For the purposes of this Rule the disclosure of information by ASX Clear, or a Related Party of ASX Clear, to any of the entities or in any of the circumstances set out in Rule 1.8, will not be an unauthorised use or disclosure.

Introduced 11/03/04 Origin OCH 18.9A.1

### **1.9.2 Disclosure of information to scheme operator**

ASX Clear may disclose to the operator of a disputes or complaints resolution scheme, or similar scheme to which a Participant is a party, such information relating to the Participant as ASX Clear has and which it considers relevant to a request for information from the operator or to some other aspect of a complaint involving the Participant.

Introduced 11/03/04 Origin OCH 18.9A.2

### **1.9.3 Use of information by scheme operator**

ASX Clear may only disclose information under Rule 1.9.2 on condition that the operator of the disputes or complaints resolution scheme agrees to maintain the confidentiality of the information except that the operator may disclose the information:

- (a) if required by law or in court proceedings;
- (b) if required for the purpose for which ASX Clear has given it the information;
- (c) if a government authority or agency has requested the information; or
- (d) if the information is already generally known at the time the operator discloses the information.

Introduced 11/03/04 Origin OCH 18.9A.3

## **1.10 DISCLAIMERS**

### **1.10.1 Exclusion of liability of ASX Clear**

Subject to Rule 1.10.2, and without limiting Rules 15.7 or 16.1.10, ASX Clear is not liable to any Participant or any Participant's Clients for any direct, indirect or consequential loss, damage or expense (including legal costs) arising in any way out of:

- (a) the supply of (or the failure to supply or any delay in supplying) clearing services in respect of Cash CCP Transactions or Derivatives CCP Contracts including, without limitation, registration, generation of information and production of documentation relating to a Participant or its Clients ("Clearing Services");
- (b) the supply of any other services relating to clearing ("Other Services");
- (c) any negligent conduct or omission of ASX Clear including, without limitation, any systems malfunctions, systems failure, error in programming or error in input data in relation to any computer used or otherwise in connection with the supply of Clearing Services or Other Services;
- (d) any implied warranties in relation to the supply of Clearing Services or Other Services by ASX Clear; or
- (e) the exercise by ASX Clear of a decision making power under the Rules or by an Approved Market Operator or Approved Settlement Facility of a decision making power under the rules of that Approved Market Operator or Approved Settlement Facility.

Introduced 11/03/04 Origin OCH 18.10.1

### **1.10.2 Certain liability not excluded**

ASX Clear excludes under this Rule 1.10 conditions and warranties implied by statute, general law or custom except any implied condition or warranty the exclusion or limitation of which would contravene any statute (including the Competition and Consumer Act 2010 (Cth)) or cause any part of this Rule 1.10 to be void ("Non-Excludable Condition").

Introduced 11/03/04 Origin OCH 18.10.2 Amended 18/12/06, 01/10/15

### **1.10.3 Limitation of liability**

The liability of ASX Clear under any Non-Excludable Condition may be limited in the discretion of ASX Clear respectively to:

- (a) in the case of services, the supply of the relevant services again or payment of the costs of having the relevant services supplied again; and
- (b) in the case of goods, the repair or replacement of those goods or the payment of the cost of having the goods repaired or replaced.

Introduced 11/03/04 Origin OCH 18.10.3

## **1.11 EXTENSION OF INDEMNITIES AND DISCLAIMERS**

### **1.11.1 Benefits extend to others**

Where a Rule excludes or limits the liability of ASX Clear, releases ASX Clear from liability, or provides for an indemnity in favour of ASX Clear, then to the extent permitted by law, that exclusion, limitation, release or indemnity (as applicable) extends to:

- (a) every officer, agent, delegate, person acting for or on behalf of ASX Clear or contractor of ASX Clear; and
- (b) every Related Body Corporate of ASX Clear and every officer, person acting for or on behalf of that Related Body Corporate, agent, delegate or contractor of that Related Body Corporate, as if a reference in that Rule to ASX Clear included a reference to each of them.

Introduced 11/03/04 Origin OCH 18.10A.1

### **1.11.2 Benefit held by ASX Clear on behalf of those persons**

The benefit of any limitation, exclusion, release or indemnity in favour of any person other than ASX Clear under Rule 1.11.1 is held by ASX Clear for the benefit of those other persons and ASX Clear may enforce that benefit on their behalf.

Introduced 11/03/04 Origin OCH 18.10A.2

## **1.12 DELEGATION OF POWERS**

### **1.12.1 Exercise of powers**

Unless the contrary intention appears, powers conferred on ASX Clear by or under these Rules may be exercised by resolution of the board of ASX Clear or by any authorised delegate of ASX Clear.

Introduced 11/03/04 Corresponds to ASX Settlement 3.4.1

### **1.12.2 Delegation to officers and other representatives**

Unless the contrary intention appears, ASX Clear may delegate, either generally or as otherwise provided by the terms of delegation, any of the powers and functions of ASX Clear to any officer or employee of a person carrying out functions in the Clearing Facility for or on behalf of ASX Clear.

Introduced 11/03/04 Corresponds to ASX Settlement 3.4.2

### **1.12.3 Sub-delegation permitted**

Where ASX Clear delegates any of its powers or functions to one or more officers or employees in accordance with Rule 1.12.2, those delegates may sub-delegate such of the delegated powers as ASX Clear approves from time to time.

Introduced 11/03/04 Origin SCH 1.4.2

### **1.12.4 Other Rules concerning delegation**

If any power or function is delegated:

- (a) performance or exercise by the delegate of the power or function is taken to be performance or exercise by ASX Clear, as the case requires;
- (b) the delegation does not prevent the performance or exercise of the power or function by ASX Clear, as the case requires; and
- (c) where the performance or exercise depends upon the opinion, belief or state of mind of ASX Clear, as the case requires, the power or function may be performed or exercised by the delegate upon the opinion, belief or state of mind of the delegate.

Introduced 11/03/04 Corresponds ASX Settlement 3.4.4

## **1.13 GOVERNING LAW**

### **1.13.1 Governing law of contracts and agreements**

All contracts or agreements between ASX Clear or a Related Body Corporate of ASX Clear and a Participant which are constituted by the Rules or entered into under the Rules or as contemplated by the Rules are governed by the laws of New South Wales.

Introduced 11/03/04 Origin OCH 18.14.1 Amended 15/06/15

## **1.14 SUBMISSION TO JURISDICTION**

### **1.14.1 Submission to jurisdiction by parties**

ASX Clear, each Related Body Corporate of ASX Clear and each party to a contract or agreement referred to in Rule 1.13 irrevocably and unconditionally:

- (a) submit to the non-exclusive jurisdiction of the courts of New South Wales and courts of appeal from them;
- (b) waive any immunity from any action in the courts exercising jurisdiction in New South Wales; and
- (c) waive any right they have to object to any action brought in those courts including, without limitation, by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

Introduced 11/03/04 Origin OCH 18.14.2

## **1.15 REFERENCES TO ASX CLEAR EXERCISING DISCRETION WHERE IT CONSIDERS IT "APPROPRIATE"**

### **1.15.1 ASX Clear to have regard to certain matters**

Where a Rule provides that ASX Clear may act in a manner which it considers "appropriate", when deciding whether or not to act, and how to act, ASX Clear will have regard to:

- (a) the obligations, duties, powers and discretions which ASX Clear has as the holder of, or in connection with, the holding of, an Australian CS facility licence under Part 7.3 of the Corporations Act;
- (b) the obligations, duties, powers and discretions which any Approved Settlement Facility has as the holder of, or in connection with the holding of, a CS facility licence under Part 7.3 of the Corporations Act;
- (c) the obligations, duties, powers and discretions which any Approved Market Operator has as the holder of, or in connection with the holding of an Australian market licence under Part 7.2

- of the Corporations Act; and
- (d) any obligations, duties, powers and discretions which an operator of any Underlying Market may have as the holder of, or in connection with the holding of, an Australian market licence under Part 7.2 of the Corporations Act.

Introduced 11/03/04 Origin OCH 18.16

## **1.16 MULTIPLE ACTION**

### **1.16.1 Action taken by ASX Clear**

Any action taken by ASX Clear under any Rule does not restrict ASX Clear or prohibit ASX Clear from taking any other action under, or enforcing:

- (a) any other Rule; or
- (b) the same Rule in respect of more than one person,  
even if that action or enforcement relates to the same or substantially the same facts or conduct.

Introduced 11/03/04 Origin OCH 18.17

## **1.17 INTELLECTUAL PROPERTY**

### **1.17.1 Grant of CHESS licence**

Subject to payment of fees and charges in accordance with the Rules, ASX Clear grants (and is authorised to grant), either on its own behalf or on behalf of a Related Body Corporate who owns the intellectual property rights, to each Participant a non-exclusive, non-transferable licence to use and communicate with CHESS to the extent and in the manner required or permitted by these Rules and the Procedures.

Introduced 11/03/04 Origin SCH 1.14.1

### **1.17.2 Reservation of rights by ASX Clear**

Subject to the licence granted in Rule 1.17.1, ASX Clear reserves (and it is authorised to reserve)



either on its own behalf or on behalf of a Related Body Corporate who owns the intellectual property rights, all intellectual property rights it has or may have in relation to CHESSE, the CHESSE Software and the information passing into or out of, or held within CHESSE (including any rights ASX Clear may have in relation to the confidentiality of that information).

Introduced 11/03/04 Origin SCH 1.14.2

### **1.17.3 No unauthorised use of CHESSE**

To the fullest extent permitted under the law for the protection of the intellectual property rights referred to in Rule 1.17.2, ASX Clear prohibits (and it is authorised to prohibit) either on its own behalf or on behalf of a Related Body Corporate who owns the intellectual property rights, each Participant from:

- (a) attempting to copy, alter or modify all or part of the CHESSE Software;
- (b) attempting to recreate, reverse engineer or in any other way derive the source code or object code for all or part of the CHESSE Software;
- (c) using or communicating with CHESSE otherwise than as required or permitted by these Rules and the Procedures; or
- (d) allowing a person that is not an Authorised Person access to CHESSE.

Introduced 11/03/04 Origin SCH 1.14.3

## **1.18 FEES AND OTHER CHARGES**

### **1.18.1 ASX Clear to determine fees**

ASX Clear may determine fees to be paid by Participants in connection with the admission of Participants, access to and use of the Clearing Facility, ASX Clear's regulatory functions, its facilities and any other services operated or provided by ASX Clear or a Related Body Corporate of ASX Clear in connection with these Rules. The fees, and any change to those fees, will take effect from the time notified by ASX Clear to Participants.

Introduced 11/03/04 Origin OCH 18.2.1 Amended 15/06/15

### **1.18.2 Late fees**

ASX Clear may impose additional fees where a Participant has failed to pay a fee determined under Rule 1.18.1 by the time specified or to perform an obligation under these Rules by the time required under these Rules.

Introduced 11/03/04 Origin OCH 18.2.1A Amended 15/06/15

### **1.18.3 Payment of fees**

A Participant must pay the fees determined under Rule 1.18.1 (and any late fees imposed under Rule 1.18.2) by the times and in the manner determined by ASX Clear and notified by ASX Clear to Participants.

Introduced 11/03/04 Origin OCH 18.2.2 Amended 15/06/15

## **1.19 DUTIES AND TAXES**

### **1.19.1 Liability for duty and taxes**

A Participant is liable for all stamp duty, transaction taxes, goods and services taxes and all other duties or taxes which may be payable in respect of any:

- (a) Market Transaction, Cash CCP Transaction, Derivatives CCP Contract or Cover;
- (b) transaction between the Participant and ASX Clear or any Related Body Corporate of ASX Clear;
- (c) services provided by ASX Clear or any Related Body Corporate of ASX Clear to the Participant; or
- (d) documents lodged by it with, or issued to it by, ASX Clear or any Related Body Corporate of ASX Clear in connection with the conduct of the Participant's business with ASX Clear or any Approved Market Operator.

Each Participant indemnifies ASX Clear against all liability for payment of those duties or taxes. ASX Clear and any Related Body Corporate of ASX Clear may debit the Account of a Participant with the amount of any such duties or taxes payable by that Participant or a Market Participant for which the Participant clears.

Introduced 11/03/04 Origin OCH 18.3.1

### **1.19.2 Recipient Created Tax Invoices**

This Rule constitutes a written agreement for the purposes of A New Tax System (Goods and Services Tax) Act 1999 Classes of Recipient Created Tax Invoice Determination (No 1) 2000, or any other legislation, regulations or Tax Office rulings in relation to Goods and Services Tax ("GST"), and applies to the issue of recipient created tax invoices ("RCTIs") by ASX Clear (as recipient) to Participants (as suppliers) in relation to Deliverable Derivatives.

Each Participant and ASX Clear acknowledges and agrees that:

- (a) ASX Clear may issue RCTIs to Participants in respect of a taxable supply of a commodity pursuant to Deliverable Derivatives;
- (b) A Participant will not issue a tax invoice in respect of a taxable supply of a commodity pursuant to Deliverable Derivatives where ASX Clear issues an RCTI on behalf of that Participant;
- (c) ASX Clear is registered for GST purposes and will notify each Participant if it ceases to be so registered;
- (d) Each Participant on whose behalf an RCTI is issued is registered for GST purposes and will notify ASX Clear if it ceases to be so registered;
- (e) The Participant indemnifies ASX Clear for any liability for GST or for any penalty arising from any denial of input tax credits arising from ASX Clear not being entitled to an input tax credit as a result of the Participant not being or ceasing to be registered for GST; and
- (f) ASX Clear will not be liable to indemnify the Participant for any costs, expenses or other amounts incurred by the Participant in obtaining any reimbursement from the Australian Tax Office for any overstatement of GST payable on any supply for which ASX Clear issues an RCTI.

Introduced 11/03/04 Origin OCH 18.3.2

## **1.20 TIME FOR PERFORMANCE OF OBLIGATIONS**

### **1.20.1 When ASX Clear taken to have performed its obligations**

Where a Rule or a Procedure specifies a time by which a party to a Cash CCP Transaction or Derivatives CCP Contract must perform its obligations or exercise its rights under the terms of that Cash CCP Transaction or Derivatives CCP Contract, ASX Clear will be taken to have complied with that Rule or that Procedure if it performs its obligations or exercises its rights under the Cash CCP Transaction or Derivatives CCP Contract as soon as practicable after the time specified, unless the Rule or the Procedure expressly provides that ASX Clear must perform or exercise at or before the time specified.

Introduced 11/03/04 Origin OCH 6.4

## **1.21 SETTLEMENT OF CASH CCP TRANSACTIONS AND DERIVATIVES CCP TRANSACTIONS**

### **1.21.1 General**

ASX Clear will, as principal to each Cash CCP Transaction or Derivatives CCP Contract, perform or cause to be performed, the settlement obligations which it has as Seller or Buyer of the Cash CCP Transaction or Derivatives CCP Contract, as the case may be, in accordance with these Rules and the Procedures and the rules and procedures of the relevant Approved Settlement Facility.

Introduced 11/03/04 Origin OCH 10.1

## **1.22 ANNUAL REVIEW OF THE CLEARING SYSTEM**

### **1.22.1 ASX Clear to conduct annual review**

ASX Clear must require an independent auditor to conduct an annual review of the Clearing System and that review must comprise the matters specified in the Procedures.

Introduced 11/03/04 Origin SCH 17.8.1

### **1.22.2 Copy of audit certificate to be provided to Participant**

If a Participant requests that ASX Clear provide a copy of any audit certificate arising from an annual review under Rule 1.22.1, ASX Clear must, without charge, provide a copy of the audit certificate to the Participant within 1 calendar month of:

- (a) ASX Clear receiving the audit certificate; or
  - (b) the request,
- whichever is the later.

Introduced 11/03/04 Origin SCH 17.8.2 Amended 15/06/15

### **1.22.3 Participant may request other review of the Clearing System**

If a Participant gives notice to ASX Clear requesting an audit certificate in relation to any review of the Clearing System other than an annual review under Rule 1.22.1:

- (a) the Participant must in the notice undertake to pay any fee for that service which ASX Clear may notify to Participants from time to time; and
- (b) ASX Clear must request an independent auditor to conduct the requested review and supply an audit certificate in relation to the review to the Participant as soon as reasonably practicable.

Introduced 11/03/04 Origin SCH 17.8.3, 17.8.4 Amended 15/06/15

#### **1.22.4 No other right to inspect ASX Clear records**

Except as expressly provided in these Rules, no Participant has any right of access to, or right to inspect, ASX Clear's Records.

Introduced 11/03/04 Origin SCH 17.8.5 Amended 15/06/15

#### **1.22.5 Participant to accept review by auditor**

Each Participant must accept and treat a review conducted by ASX Clear's auditor under this Section as if that review were conducted by the Participant's own auditor.

Introduced 11/03/04 Origin SCH 17.8.6 Amended 15/06/15

#### **1.22.6 Recovery Rules**

The Recovery Rules supplement and form part of these Rules. Unless expressed to the contrary, the Recovery Rules prevail over these Rules to the extent of any inconsistency between them.

Introduced 01/10/15

### **1.23 RISK CONSULTATIVE COMMITTEE**

#### **1.23.1 Establishment of Risk Consultative Committee**

ASX Clear will invite a selection of Participants to participate in a Risk Consultative Committee subject to the procedures set out in the Procedures, for the purpose of consulting on:

- (a) changes of the risk model of ASX Clear;
- (b) changes to the procedures on a Default set out in Section 15 -- Default, of these Rules; or the total size, structure and composition of the amounts available under Rule 8.3;
- (c) proposed amendments to the Rules that have a material impact on the risk management processes set out in these Rules;
- (d) changes to the method to determine eligible margin or the methods to determine haircuts (provided that ASX Clear will be entitled to make such changes without consultation of the Risk Consultative Committee in individual cases in the normal course of business);
- (e) changes to the required minimum capital;
- (f) policies of ASX Clear which relate to membership approvals, positions or liquidity limits of Participants, and any proposed changes to those policies; and
- (g) all other matters which may have an impact on the risk management of ASX Clear and its Participants.

ASX Clear will invite Clients to participate in the Risk Consultative Committee in accordance with the Procedures.

Proposals and recommendations of the Risk Consultative Committee will be disclosed to the Board. ASX Clear does not have any obligation to accept any proposal or recommendation made by, or take any action proposed by, the Risk Consultative Committee. However, it will provide reasons to the Risk Consultative Committee if it chooses not to follow any proposal or recommendation of the Risk Consultative Committee prior to taking, or not taking, any action.

Introduced 17/08/15

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## SECTION 2 DEFINITIONS AND INTERPRETATION

Please click [here](#) to access a pdf of ASX Clear Operating Rules Section 2. Download in PDF

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This section contains the definitions and sets out a number of general principles by which these Rules are to be interpreted.

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### 2.1 GENERAL PRINCIPLES OF INTERPRETATION

In these Rules unless the context otherwise requires:

- (a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or any legislative provision substituted for, and any regulatory or statutory instrument issued under, that legislation or legislative provision;
- (b) a reference to the operating rules of an Approved Settlement Facility, the operating rules of an Approved Market Operator, the ASX Enforcement and Appeals Rulebook, these Rules or the Procedures is a reference to those operating rules, that rulebook, the Rules or the Procedures as modified or amended from time to time;
- (c) the singular includes the plural and vice-versa;
- (d) a reference to a person, body, corporation, trust, partnership, unincorporated body, firm, association, authority or government includes any of them;
- (e) a word denoting any gender includes all genders;
- (f) if a word or expression is given a particular meaning, another part of speech or grammatical form of that word or expression has a corresponding meaning;
- (g) a reference to power includes a reference to authority and discretion;
- (h) a reference to a Rule (eg Rule 2.4) includes a reference to all sub-Rules included under that Rule (eg Rule 2.4.3);
- (i) a reference to a Section (eg Section 2) includes a reference to all Rules and sub-Rules within that Section;
- (j) a reference to any Rule or Procedure is a reference to that Rule or Procedure as amended from time to time;
- (k) a reference to time is to the time in Sydney, Australia;
- (l) a reference to currency is a reference to Australian currency;
- (m) a reference to writing includes typing, printing, lithography, photography, telex, facsimile or any other mode of representing or reproducing words in a visible form;
- (n) where there is a reference to the power of ASX Clear to make, demand or impose a requirement there is a corresponding obligation of the relevant Participant to comply with that demand or requirement in all respects;
- (o) a reference to ASX Clear notifying or giving notice to a Participant or vice-versa is a reference to notifying or giving notice in accordance with Rule 1.7; and
- (p) a reference to records includes any documents and any electronic records which ASX Clear considers are relevant for the purposes of performing its functions under the Rules.

## **2.2 WORDS AND EXPRESSIONS DEFINED IN THE CORPORATIONS ACT**

### **2.2.1 Words and expressions defined have the same meaning in these Rules**

Words and expressions defined in the Corporations Act will unless otherwise defined or specified in these Rules, or the contrary intention appears, have the same meaning in these Rules.

Introduced 11/03/04 Origin SCH 21.1.2 Amended 12/04/05

### **2.2.2 Definition of "Transaction" for the purposes of the Corporations Regulations**

For the purposes of regulations 7.5.40 and 7.5.41 of the Corporations Regulations, "transactions of a kind or kinds specified in the operating rules" or "transactions (as defined in the operating rules)" are those transactions that are novated to ASX Clear and netted in accordance with Section 12 of these Rules.

Introduced 11/03/04

## **2.3 HEADINGS AND INTRODUCTORY OVERVIEW**

### **2.3.1 Headings and introductory overview for convenience of reference only**

Headings and the introductory overview at the beginning of each Section are for convenience of reference only and do not affect the interpretation of the Rules or the Procedures.

Introduced 11/03/04 Origin OCH 19.2.2

## **2.4 CONDUCT, ACTS AND OMISSIONS**

### **2.4.1 References to conduct or doing any act or thing**



In these Rules:

- (a) a reference to conduct or engaging in conduct includes a reference to doing, refusing to do or omitting to do, any act, including the making of, or the giving effect to a provision of, an agreement; and
- (b) unless the contrary intention appears, a reference to doing, refusing or omitting to do any act or thing includes a reference to causing, permitting or authorising:
  - (i) the act or thing to be done; or
  - (ii) the refusal or omission to occur.

Introduced 11/03/04 Origin SCH 21.3.1, 21.6.5

#### **2.4.2 Conduct by officers, Employees and agents**

In these Rules, conduct engaged in on behalf of a person:

- (a) by an officer, Employee, or other agent of the person and whether or not within the scope of the actual or apparent authority of the officer, Employee, or other agent; or
  - (b) by any other person at the direction or with the consent or agreement (whether express or implied) of an officer, Employee, or other agent of the person, and whether or not the giving of the direction, consent or agreement is within the scope of the actual or apparent authority of the officer, Employee, or other agent,
- is deemed to have been engaged in also by the person.

Introduced 11/03/04 Amended 31/03/08 Origin SCH 21.3.2

#### **2.4.3 State of mind of a person**

If for the purposes of these Rules in respect of conduct engaged in by a person, it is necessary to establish the state of mind of the person, it is sufficient to show that an officer, Employee, or other agent of the person, being an officer, Employee, or other agent by whom the conduct was engaged in and whether or not the conduct was within the scope of the actual or apparent authority of that officer, Employee, or other agent, had that state of mind.

In this Rule 2.4.3, a reference to the state of mind of a person includes a reference to the knowledge, intention, opinion, belief or purpose of the person and the person's reasons for the person's intention, opinion, belief or purpose.

Introduced 11/03/04 Amended 31/03/08 Origin SCH 21.3.1, 21.3.4

## **2.5 REGARD TO BE HAD TO PURPOSE OR OBJECT OF RULE**

### **2.5.1 Construction to promote purpose of Rules**

In the interpretation of a Rule, a construction that would promote the purpose or object underlying the Rules (whether that purpose or object is expressly stated in the Rules or not) is to be preferred to a construction which would not promote that purpose or object.

Introduced 11/03/04 Origin OCH 19.2.4

## **2.6 EXAMPLES AND NOTES**

### **2.6.1 Use of examples and notes**

If these Rules include an example of, or a note about, the operation of a Rule:

- (a) the example or note is not to be taken to be exhaustive; and
- (b) if the example or note is inconsistent with the Rule, the Rule prevails.

Introduced 11/03/04 Origin SCH 21.5.1

## **2.7 CHANGE OF NAME**

### **2.7.1 Reference to a body or office under a former name**

If:

- (a) the name of a body is changed in accordance with the law (whether or not the body is incorporated); or
  - (b) the name of an office is changed by law,
- then a reference in these Rules to the body or office under any former name, except in relation to matters that occurred before the change took effect, is taken as a reference to the body or office under the new name.

Introduced 11/03/04 Origin SCH 21.6

### **2.7.2 References to Australian Stock Exchange Limited**

All references to 'Australian Stock Exchange Limited' in the Rules, Procedures, appendices, schedules, guidance notes, circulars, notices, bulletins, explanatory memoranda and other communications issued or made by ASX Clear under the Rules are as and from 5 December 2006 taken to be references to 'ASX Limited'.

Introduced 20/07/07

### **2.7.3 Change of name of Rules**

As from the Effective Time (as defined in Rule 19.20), these Rules (formerly known as the ACH Clearing Rules) have been renamed the ASX Clear Operating Rules.

Introduced 01/08/10

## **2.8 EFFECT OF AMENDMENT TO RULES AND PROCEDURES**

### **2.8.1 Where amendments to Rules and Procedures are made**

Unless expressly stated otherwise, where a Rule or Procedure is:

- (a) amended;
  - (b) deleted; or
  - (c) lapses or otherwise ceases to have effect,
- that circumstance does not:
- (d) revive anything not in force or existing at the time at which that circumstance takes effect;
  - (e) affect the previous operations of that Rule or Procedure or anything done under that Rule or Procedure;
  - (f) affect any right, privilege, obligation or liability acquired, accrued or incurred under that Rule or Procedure;
  - (g) affect any penalty, forfeiture, suspension, expulsion or other enforcement action taken or incurred in respect of any contravention of that Rule or Procedure; or
  - (h) affect any investigation, proceeding, enforcement process, appeal process or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture, suspension, expulsion or other enforcement action,

and any such investigation, proceeding, enforcement process, appeal process or remedy may be instituted, continued or enforced, and any such penalty, forfeiture, suspension, expulsion or other enforcement action may be imposed as if the circumstance had not taken effect.

Introduced 11/03/04 Origin OCH 19.2.5 Amended 01/08/10

## **2.9 RULES IN FORCE AT TIME OF CONTRAVENTION**

### **2.9.1 Determining a contravention of the Rules**

Unless expressly stated otherwise, in determining whether the act or omission of a party constitutes a contravention of the Rules or constitutes Unprofessional Conduct, the matter shall be determined with regard to the Rules in force at the time of the relevant act or omission.

Introduced 11/03/04 Origin OCH 19.2.6

## **2.10 DEFINITIONS AND INTERPRETATION**

### **2.10.1 Definitions used in the Rules**

In these Rules and in the Procedures, unless the context otherwise requires:  
"**Account**" means a Client Account, a House Account or Cash Market Account.

Amended 07/06/13

"**Accountant**" means a member of the Australian Society of Certified Practising Accountants, the Institute of Chartered Accountants in Australia or other body approved by ASX Clear.

"**ADI**" means an Authorised Deposit-Taking Institution that has been granted an authority to carry on banking business in Australia under the Banking Act 1959.

Introduced 15/06/15

"**ASX Clear**" means ASX Clear Pty Limited ABN 48 001 314 503.

Amended 05/05/05, 01/08/10

"**Admission Documents**" means the documentation required to be lodged in relation to Deliverable

Futures CCP Contracts under Rule 21.7.1.

**"Admission Requirements"** means the requirements set out in Rule 3.2.

**"Alternative Settlement Facility"** means a CS Facility which, in the opinion of ASX Clear in conjunction with the Market Operator, has:

- (a) adequate rules or procedures relating to the operation of the facility, including effective risk management procedures;
- (b) adequate arrangements for supervision and regulation of the facility; and
- (c) sufficient resources to conduct the facility and perform its supervisory and regulatory functions.

**"Appeal Tribunal"** means the tribunal convened in accordance with the provisions of the ASX Enforcement and Appeals Rulebook.

Amended 31/03/08, 01/08/10

**"Approved Financial Product"** means a financial product approved for settlement by ASX Settlement in accordance with the ASX Settlement Operating Rules.

Amended 01/08/10

**"Approved Futures Clearing Facility"** means a CS Facility approved by ASX Clear as an Approved Futures Clearing Facility and specified in the Procedures.

Introduced 02/08/13

**"Approved Listing Market Operator"** means, in respect of a Derivatives Market Contract, Derivatives CCP Contract, Derivatives Market Transaction or Series, the Approved Market Operator on whose market the contract is opened for trading or transaction is effected, as applicable.

Introduced 27/06/11

**"Approved Market Operator"** means a Market Operator approved by ASX Clear as an Approved Market Operator and specified in the Procedures.

**"Approved Representative"** means a person recognised as an Approved Representative of a Participant under Sections 22 and 23.

**"Approved Settlement Facility"** means a CS facility approved by ASX Clear as an Approved Settlement Facility and specified in the Procedures.

**"ASIC Market Integrity Rules"** means the ASIC Market Integrity Rules applying to trading on the financial market operated by ASX.

Introduced 01/08/10

**"ASX Settlement"** means ASX Settlement Pty Limited ABN 49 008 504 532.

Amended 01/08/10

**"ASX"** means ASX Limited ABN 98 008 624 691.

Amended 20/07/07

**"Authorised Person"** means any person who has actual authority of the Participant to cause messages to be transmitted through the Clearing System by that Participant.

**"Bulk Handler"** means any company which operates Delivery Depots with whom ASX Clear has entered into an arrangement for the storage and handling of the Underlying Commodity (details of which are set out in the Procedures).

**"Bulk Handler Agreement"** in respect of a Commodity means a bulk handling agreement with the relevant Bulk Handler governing the storage and handling of an Underlying Commodity.

**"Business Day"** means a day other than:

- (a) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and
- (b) any other day which ASX Clear notifies Participants is not a Business Day.

**"Buyer"** means:

- (a) in relation to a Cash Market Transaction, the party who has an obligation to pay money under the terms of the transaction;
- (b) in relation to:
  - (i) a Cash CCP Transaction;
  - (ii) a CCP Net Batch Instruction;
  - (iii) a CCP Gross Batch Instruction;
  - (iv) a CCP RTGS Instruction,
 the Participant responsible to ASX Clear for performing the obligations of the buyer under the terms of the relevant Cash Market Transaction or Offsetting Transaction Arrangement;
- (c) in relation to a Direct Settlement Instruction, the Participant who has an obligation to pay money under the terms of the relevant Cash Market Transaction;
- (d) in relation to a Derivatives Market Contract which is an Options Market Contract, the party with the exercisable rights under the terms of the contract;
- (e) in relation to a Derivatives Market Contract which is a Futures Market Contract, the party specified as buyer under the terms of the contract;
- (f) in relation to a Derivatives CCP Contract, being a Futures CCP Contract or an Options CCP Contract, the Participant responsible to ASX Clear for performance of the obligations of the buyer under the terms of the relevant Derivatives Market Contract; and
- (g) ASX Clear where a specific Rule refers to ASX Clear as buyer.

Amended 28/04/14

**"Call Option"** means:

- (a) in relation to an Options Market Transaction, an Options Market Contract which the Approved Listing Market Operator specifies as being a call option; and
- (b) in relation to an OTC Options Market Transaction, an Options Market Contract which is notified to ASX Clear as a call option by the relevant Participant.

Amended 27/06/11, 28/05/12

**"Cash Cover"** means the cash balance or balances credited by ASX Clear to a Participant to satisfy the amounts determined by ASX Clear under Rule 14.6.1.

Amended 07/06/13

**"Cash CCP Transaction"** means one of the two matching transactions that arise between ASX Clear and a Participant when a Cash Market Transaction is registered and novated to ASX Clear under Section 12, or in the case of an Offsetting Transaction Arrangement means one of the two transactions that arise between ASX Clear and a Participant under that Offsetting Transaction Arrangement.

Amended 28/04/14

**"Cash Market Account"** means an account established under paragraph (d) of Rule 10.1.1 for the purpose of registering Cash Market Transactions or transactions under an Offsetting Transaction Arrangement.

Introduced 07/06/13 Amended 28/04/14

**"Cash Market Transaction"** means a transaction entered into on or reported to the market of an Approved Market Operator under which:

- (a) one party has an obligation to deliver a particular number and class of transferable Financial Products; and
- (b) the other party has an obligation to pay an amount of money for the delivery.

**"Cash Settled"**, in relation to a Derivatives Market Transaction or a Derivatives CCP Contract, means a transaction on terms which provide for the settlement of all rights and obligations by the payment of money only.

Amended 28/05/12

**"CCP Batch Instruction"** means either a CCP Gross Batch Instruction or a CCP Net Batch Instruction.

Introduced 28/04/14

**"CCP Gross Batch Instruction"** means an instruction generated by ASX Clear for notification to the Approved Settlement Facility and which contains details of payment and delivery obligations in relation to a Cash CCP Transaction that has been excluded from netting in accordance with Rule 12.7.3 and includes an instruction which contains payment and delivery obligations under an Offsetting Transaction Arrangement entered into in respect of a Failed CCP Gross Batch Instruction.

Amended 28/04/14

**"CCP Net Batch Instruction"** means an instruction generated by ASX Clear for notification to the Approved Settlement Facility and which contains details of payment and delivery obligations in relation to a Cash CCP Transaction that has been netted in accordance with Rule 12.6.1 and includes an instruction which contains payment and delivery obligations under an Offsetting Transaction Arrangement entered into in respect of a Failed CCP Net Batch Instruction.

Amended 28/04/14

**"CCP RTGS Instruction"** means an instruction generated by ASX Clear for notification to the Approved Settlement Facility and which contains details of payment and delivery obligations in relation to a Cash CCP Transaction that is to be settled in Real Time Gross Settlement.

**"CHESSE"** stands for the Clearing House Electronic Subregister System as operated by:

- (a) ASX Clear for the purpose of clearing Cash Market Transactions and Cash CCP Transactions; and
- (b) ASX Settlement for the purpose of settling transactions in Approved Financial Products, transferring Financial Products and registering transfers.

**"CHESSE Software"** means all systems and applications programs relevant to the operation of CHESSE including (without limitation) all of the computer software maintained and used by ASX Clear for the purposes of CHESSE (other than software used by a Participant to communicate with CHESSE).

**"Class"**, in relation to a Derivatives Market Contract or a Derivatives CCP Contract, means all transactions with the same Underlying Financial Product, Underlying Commodity, Underlying Derivative or Underlying Index.

**"Clearing Agreement"** means a Client Agreement entered into between a Market Participant and a General Participant for the clearing of Market Transactions which complies with Rule 9.1 and Schedule 3.

**"Clearing Facility"** means the facility provided by ASX Clear as described in Rule 1.1.

**"Clearing Loss"** means the amount ASX Clear determines to be its loss (in connection with its Clearing Obligations) arising in connection with a Participant's event of default referred to in Rule 15.1 after ASX Clear takes action under Rule 15.2 following the Participant's event of default referred to in Rule 15.1. It includes costs and expenses (including interest) incurred in connection with the event of default. ASX Clear may in its absolute discretion determine the value of any Collateral or other securities, assets or property (other than cash or an irrevocable commitment to provide cash) provided to, or received by, ASX Clear for the purpose of determining its Clearing Loss if ASX Clear reasonably expects that that Collateral or other security, asset or property cannot be sold, realised, converted into cash or otherwise dealt with in a manner suitable to ASX Clear in accordance with Rule 15.2.

Amended 01/10/15

**"Clearing Loss Participant"** means, for a Clearing Loss, the Participant whose event of default gives rise to the Clearing Loss.

**"Clearing Message"** means an electronic message communicated through a Gateway.

**"Clearing Obligation"** means an obligation (including an obligation to pay money or deliver an asset) arising directly or indirectly from a Cash CCP Transaction or Derivatives CCP Contract and



imposed on a Participant or ASX Clear, or both, under these Rules.

**"Clearing System"** means the computer systems and associated networks including CHESSE and the Derivatives Clearing System used by ASX Clear for the clearing of Market Transactions or transactions under an Offsetting Transaction Arrangement.

Amended 28/04/14

**"Client"** in relation to a Participant means, as the context requires:

- (a) a Retail Client or a Wholesale Client with whom the Participant has a Client Agreement, including an agreement deemed to arise under these Rules or the rules of an Approved Market Operator; or
- (b) in the case of a General Participant, a Market Participant or another Participant with whom the General Participant has a Clearing Agreement or a Client Agreement.

**"Client Account"**, means an account established by the Participant under paragraphs (a) or (b) of Rule 10.1.1 for the purpose of registering Derivatives Market Contracts.

**"Client Agreement"** means the agreement between a Participant and its Client referred to in Rules 7.1.2, 7.1.3, 7.1.4 and includes a Clearing Agreement under Rule 9.1.

Amended 01/08/14

**"Close Out"** means set off the rights and obligations arising under Derivatives CCP Contracts under Section 15.

**"Collateral"** means property, acceptable to ASX Clear from time to time, which is pledged, mortgaged, charged or otherwise secured by any person (including, without limitation, a Client) in favour of ASX Clear in respect of some or all of the obligations of a Participant to ASX Clear, and may include without limitation bank guarantees, money market securities or shares.

**"Commission"** means the Australian Securities and Investments Commission.

**"Contract Series"** has the meaning given in the rules of the Approved Listing Market Operator.

Introduced 21/11/14

**"Contract Size"** means:

- (a) in relation to a Derivatives CCP Contract resulting from the registration of an Options Market Transaction over Underlying Financial Products or Underlying Commodities, the number of Underlying Financial Products or Underlying Commodities the subject of the Derivatives CCP Contract determined by the Approved Listing Market Operator under its rules; and
- (b) in relation to a Derivatives CCP Contract resulting from the registration of an OTC Options Market Transaction over Underlying Financial Products, the number of Underlying Financial Products the subject of the Derivatives CCP Contract notified to ASX Clear by the relevant Participant.

Amended 27/06/11, 28/05/12, 01/10/15

**"Contribution"** means a Contribution provided by or in respect of a Participant under Rule 8.1.1.

Amended 19/08/09

**"Contribution Provider"** means a person who meets the Contribution Provider criteria in the Procedures, and provides a guarantee or other undertaking under Rule 8.2.2 in satisfaction of a Participant's requirement to make a Contribution.

**"Controller"** means, in relation to a Participant, a person who controls the Participant.

*Note: For these purposes, "control" has the same meaning as in section 50AA of the Corporations Act (Rule 2.2.1).*

Amended 27/06/11, 15/06/15

**"Controlling Participant"** in relation to a CHESS Holding, means the Participant that has the capacity in CHESS to either:

- (a) Transfer or Convert Financial Products from the Holding; or
- (b) Transfer in terms of Rule 13.19.2 of the ASX Settlement Operating Rules; or
- (c) Transmute FDIs from the Holding

Amended 23/10/09

**"Corporations Act"** means the Corporations Act 2001 (Cth).

**"Cover"** means Cash Cover and Collateral.

**"CS Facility"** means a CS facility licensed as such under the Corporations Act.

**"Daily Settlement Price"** is defined in Rule 12.15.2.

**"Deliverable"** in relation to a Derivatives CCP Contract over an Underlying Commodity, means a Derivative under which the Seller has an obligation to make delivery, and the Buyer has an obligation to take delivery, of an Underlying Commodity.

**"Delivery Depot"** means a facility for the storage and handling of the Underlying Commodity in a location approved by the Approved Listing Market Operator in consultation with ASX Clear.

Amended 27/06/11

**"Delivery Month"** means the calendar month in which the Maturity Date falls.

**"Delivery Period"** means:

- (a) in relation to a Futures CCP Contract over an Underlying Commodity which is grain, the period commencing on the second Business Day of the Delivery Month and ending on the Maturity Date; or
- (b) in relation to a Futures CCP Contract over an Underlying Commodity which is wool, the period commencing on the second Thursday of the Delivery Month, or if that day is not a Business Day, the immediately preceding Business Day, and ending on the Maturity Date.

**"Derivative"** means a "derivative" within the meaning of the Corporations Act.

**"Derivatives CCP Contract"** means one of the two matching contracts between ASX Clear and a Participant which arise when a Derivatives Market Contract is registered by and novated to ASX Clear under Section 12.

**"Derivatives Clearing System"** means the computer system and associated network used by ASX Clear for the clearing of Derivatives Market Transactions.

**"Derivatives Market Contract"** means a Futures Market Contract or an Options Market Contract.

**"Derivatives Market Transaction"** means a Futures Market Transaction, an Options Market Transaction or an OTC Options Market Transaction.

Amended 28/05/12

**"Direct Batch Instruction"** means an instruction generated by ASX Clear for the notification to the Approved Settlement Facility which contains the details of payment and delivery obligations to be effected by the counterparties directly.

**"Direct Participant"** means a Participant which is admitted by ASX Clear to clear a category of Market Transaction for itself, its own Clients and Market Participants that are Wholly-Owned Group Entities and their clients.

Amended 02/08/13, 01/08/14

**"Disciplinary Register"** means the register maintained by ASX Clear under Rule 19.8.1.

**"Effective Date"** means the date referred to in a Participant Change Notice on which the novation of a Client Agreement is deemed to have occurred.

**"Employee"**, in relation to a Participant, means a director, employee, officer, agent, representative, consultant or adviser of that Participant or any Related Body Corporate who is involved in its activities as a Participant.

Amended 02/08/13

**"End of Day"** means on any Trading Day, 7:00 pm Sydney time or such other time as ASX Settlement may from time to time determine.

**"Entitlement"** means:

1. property (other than Financial Products) or money transferred or paid to a person because the person is or was the holder of a Financial Product; or
2. a right that a person has because the person is or was the holder of a Financial Product, including, for example:
  - (a) a right to be paid an amount or to be issued with additional Financial Products; or
  - (b) a right that arises out of a reduction in share capital, a scheme of arrangement or compromise or a takeover bid;

and includes a reference to a right, whether existing or future, and whether contingent or not. It includes (without limitation):

- (a) rights;
- (b) bonus issues;
- (c) dividend, interest and trust distribution payments;
- (d) priority issues;
- (e) offers under an equal access scheme; and
- (f) in relation to foreign securities, any equivalent or similar benefit (however described) provided or offered by the issuer of the foreign securities.

Amended 01/01/12

**"Excess Cash"** means a cash balance credited by ASX Clear to a Participant which is not Cash Cover.

**"Exercise"** means the process by which a party to an Options CCP Contract exercises the right to buy or sell the Underlying Financial Product, Underlying Commodity or Underlying Derivative.

**"Exercise Level"** means:

- (a) in relation to an Options CCP Contract resulting from the registration of an Options Market Transaction over an Underlying Index, the level of the Underlying Index specified by the Approved Listing Market Operator under its rules as the Exercise Level of that Options CCP Contract; and
- (b) in relation to an Options CCP Contract resulting from the registration of an OTC Options Market Transaction over an Underlying Index, the level of the Underlying Index notified to ASX Clear by the relevant Participant.

Amended 27/06/11, 28/05/12, 02/02/15

**"Exercise Limit"** means a limit on the exercise of Options CCP Contracts prescribed by ASX Clear under Rule 14.3.1 or by the Approved Listing Market Operator.

Amended 27/06/11

**"Exercise Notice"** means a Clearing Message sent by the Buyer of an Options CCP Contract to exercise the Options CCP Contract.

**"Exercise Price"**, in relation to an Options CCP Contract, means:

- (a) in the case of an Options CCP Contract over an Underlying Derivative, the price at which that Underlying Derivative will be registered upon the exercise of that Options CCP Contract;
- (b) in the case of any other Options CCP Contract resulting from the registration of an Options Market Transaction, the price specified as the Exercise Price by the Approved Listing Market Operator for that Options CCP Contract (as adjusted in accordance with the rules of the Approved Listing Market Operator); and
- (c) in the case of an Options CCP Contract resulting from the registration of an OTC Options Market Transaction, the price notified to ASX Clear as the Exercise Price by the relevant Participant.

Amended 27/06/11, 28/05/12

**"Exercise Value"**, in relation to an Options CCP Contract over Underlying Financial Products, means the Exercise Price of the Options CCP Contract multiplied by the Contract Size.

**"Expiry Date"** means:

- (a) in relation to an Options CCP Contract resulting from the registration of an Options Market Transaction, the date determined by the Approved Listing Market Operator under its rules as the date on which the contract expires; and
- (b) in relation to an Options CCP Contract resulting from the registration of an OTC Options Market Transaction, the date notified to ASX Clear as the Expiry Date by the relevant Participant.

Amended 27/06/11, 28/05/12

**"Expiry Month"**, in relation to an Options CCP Contract, means the month in which the Expiry Date of the contract falls.

**"Fail"** means the removal by the Approved Settlement Facility of the whole or part of:

- (a) a CCP Net Batch Instruction;
- (b) a CCP Gross Batch Instruction; or
- (c) a CCP RTGS Instruction,

from settlement in accordance with the operating rules of the Approved Settlement Facility.

*Note: A Failed CCP Batch Instruction removed from Batch Settlement (as defined in the operating rules of the Approved Settlement Facility) may be notified by the Approved Settlement Facility to ASX Clear for settlement on that day through an Offsetting Transaction Arrangement entered into between ASX Clear and the respective non-defaulting Participant in accordance with Rule 12.8A.*

Amended 28/04/14

**"Family Company"** means a corporation:

- (a) controlled by the person or the Immediate Family of the person; or
- (b) in respect of which the person is beneficially entitled to more than 50% of the issued capital.

**"Family Trust"** means a trust in which:

- (a) the person or the Immediate Family of the person is the sole or majority beneficiary; or
- (b) the person has the ability to remove the trustee of the trust and replace that trustee with his or her own nominee.

**"Financial Product"** means a security within the meaning of section 761A, a derivative within the meaning of section 761D or a financial product within the meaning of section 764A(1)(b) or (ba) of the Corporations Act.

**"Funds Manager"** means an entity whose primary business is to invest money and manage assets and other investments allocated to it by clients for that purpose.

**"Futures CCP Contract"** means one of the two matching contracts between ASX Clear and a Participant which arise when a Futures Market Contract is registered by and novated to ASX Clear under Section 12.

**"Futures Market Contract"** means a derivatives contract under which:

- (a) one party has an obligation to make delivery of a specified quantity and quality of an Underlying Financial Product, an Underlying Derivative or an Underlying Commodity at a particular time in the future and at a price agreed when the transaction was entered into; or
- (b) one party has an obligation to pay or an entitlement to receive an amount of money to be determined by reference to the difference between a price specified by the Approved Listing Market Operator and the price of an Underlying Financial Product, an Underlying Commodity, an Underlying Derivative or an Underlying Index.

Amended 27/06/11

**"Futures Market Transaction"** means a transaction on the market of an Approved Listing Market Operator under which the parties enter into a number of Futures Market Contracts.

Amended 27/06/11

**"Gateway"** means a hardware and software component which provides the communications interface between the Clearing System and the Participant's system.

**"General Participant"** means a Participant which is admitted by ASX Clear to clear a category of Market Transaction for itself, its own Clients, other Participants and their Clients and Market Participants and their Clients.

**"Holder"** means a person who is entitled to possession of the relevant Warehouse Receipt.

**"House Account"**, means an account established under paragraph (c) of Rule 10.1.1 by the Participant for the purposes of registering Derivatives Market Contracts.

**"Immediate Family"** in relation to a person, means that person's spouse and any non-adult children.

**"Implementation Date"** in relation to these Rules means the date on which ASX Clear declares these Rules to come into effect.

**"Index Multiplier"**, in relation to an Options CCP Contract over an Underlying Index, means:

- (a) in relation to an Options CCP Contract resulting from the registration of an Options Market Transaction, the dollar amount specified by the Approved Listing Market Operator under its rules as the Index Multiplier for that Options CCP Contract; and
- (b) in relation to an Options CCP Contract resulting from the registration of an OTC Options Market Transaction, the dollar amount notified to ASX Clear as the Index Multiplier, for that Options CCP Contract, by the relevant Participant.

Amended 27/06/11, 28/05/12

**"Initial Margin"** means an amount of money determined by ASX Clear as the initial margin for a Futures CCP Contract.

**"Instruction"** means:

- (a) a CCP Net Batch Instruction;
- (b) a CCP Gross Batch Instruction; or
- (c) a CCP RTGS Instruction.

**"Interest"**, in relation to an Underlying Commodity, means the interest which ASX Clear has in the Underlying Commodity under the terms of the Bulk Handler Agreement.

**"LEPO"** means an Options CCP Contract resulting from the registration of an:

- (a) Options Market Transaction for European style Call Options in a Contract Series for which the Approved Listing Market Operator specified an Exercise Price of 1 cent at the time that that Contract Series was opened for trading (irrespective of any subsequent adjustment to that Exercise Price in accordance with the rules of the Approved Listing Market Operator); or
- (b) OTC Options Market Transaction for European style Call Options for which the price notified to ASX Clear as the Exercise Price by the relevant Participant was 1 cent (irrespective of any subsequent adjustment to that Exercise Price).

Introduced 21/11/14

**"Local Participant"** means a participant of an Approved Listing Market Operator who is entitled to enter into Derivatives Market Transactions for the participant's own account only.

Amended 27/06/11

**"Market Maker"** means a participant of an Approved Market Operator who is entitled to make markets in accordance with the operating rules of that Approved Market Operator.

**"Market Operator"** means a person licensed to operate a financial market under the Corporations Act.

**"Market Participant"** means a participant of an Approved Market Operator.

**"Market Transaction"** means a Cash Market Transaction or a Derivatives Market Transaction.

**"Maturity Date"** means:

- (a) in relation to a Futures CCP Contract over an Underlying Commodity which is grain, the third Thursday of the month in which the Futures CCP Contract is expressed to mature;
- (b) in relation to a Futures CCP Contract over an Underlying Commodity which is wool, the fourth Thursday of the month in which the Futures CCP Contract is expressed to mature; or
- (c) if the day referred to in paragraphs (a) or (b) is not a Business Day, the immediately preceding Business Day.

**"Misdirected Market Transaction"** means, in respect of a Market Participant which clears through more than one Participant, a Market Transaction of a kind which the Market Participant and a Participant have not agreed in their Clearing Agreement should be directed to the Participant but which is incorrectly directed by the Market Participant to that Participant.

**"NGF Amount"** means the sum of all amounts paid to ASX Clear out of the National Guarantee Fund under section 891A of the Corporations Act 2001 (Cwlth).

**"Non CS Approved Product"** means a Financial Product traded on market operated by ASX which is not settled through a CS Facility.

**"Non-Excludable Condition"** is defined in Rule 1.10.2.

**"NTA Requirements"** means the requirements set out in **Schedule 2**.

**"Offsetting Transaction Arrangement"** means an arrangement entered into between ASX Clear and a Participant under these Rules in respect of a Failed CCP Batch Instruction notified to ASX Clear by the Approved Settlement Facility under the operating rules of the Approved Settlement Facility.

Introduced 28/04/14

**"OPIC"** (Opening Price Index Calculation) in relation to an Options CCP Contract over an Underlying Index:

- (a) will be determined by reference to the Opening Traded Price for each component Financial Product of the Underlying Index on the day on which the Exercise Notice is submitted by the Buyer;
- (b) where a component Financial Product of an Underlying Index does not have an Opening Traded Price on the Expiry Date, will be determined by reference to the last traded price;
- (c) in relation to an Options CCP Contract resulting from the registration of an Options Market Transaction, will be determined by the Approved Listing Market Operator, or reported to the Approved Listing Market Operator by the Reporting Authority and rounded to the nearest one decimal place; and
- (d) in relation to an Options CCP Contract resulting from the registration of an OTC Options Market Transaction, will be determined as specified in the Procedures.

Amended 27/06/11, 28/05/12

**"Opening Traded Price"** means the price of the first recorded trade on a given day for a component Financial Product in an Underlying Index that occurs on the Underlying Market.

**"Option Exercise Reference Price"** means in respect of an Options CCP Contract over an Underlying Financial Product, the reference price of the relevant Underlying Financial Product determined by ASX Clear having regard to the closing price of that Underlying Financial Product as notified by the Approved Listing Market Operator as at the Expiry Date or the day on which an Exercise Notice is submitted by the Buyer (as the case may be) and other factors ASX Clear considers relevant.

Introduced 02/02/15 Amended 30/11/15

**"Options CCP Contract"** means one of the two matching contracts between ASX Clear and a Participant which arise when an Options Market Contract is registered by and novated to ASX Clear under Section 12.

**"Options Market Contract"** means a derivatives contract the terms of which give one party to the contract a right, exercisable at or before a specified time, to:

- (a) acquire or dispose of a specified quantity of an Underlying Financial Product, an Underlying Derivative or an Underlying Commodity at a price to be determined in accordance with the terms of the contract;
- (b) be paid an amount of money to be determined by reference to the difference between a specified price of an Underlying Financial Product and the prevailing market price at the time the right is exercised;
- (c) be paid an amount of money to be determined by reference to the difference between a specified level of an Underlying Index and the level at the time the right is exercised; or
- (d) enter into an Underlying Derivative at a price to be determined in accordance with the terms of the contract.

Amended 30/11/15

**"Options Market Transaction"** means a transaction on the market of an Approved Listing Market Operator under which the parties enter into a number of Options Market Contracts.

Amended 27/06/11

**"OTC Options Market Transaction"** means a transaction which occurs other than on a licensed market under which the parties enter into a number of Options Market Contracts and which meets any requirements specified in the Procedures.

Introduced 28/05/12

**"Other Capital Regime"** is defined in Rule 5.2.1.

**"Overseas Activity"** is defined in Rule 4.19.1.

**"Participant"** means a person admitted by ASX Clear as a Participant under Rule 3.1.

**"Participant Change Notice"** means the notice sent to a Client which complies with the requirements of Rule 7.1.5(a) and (b).



**"Payment Obligation"**, in relation to a Participant, means an obligation of the Participant under these Rules to pay an amount to ASX Clear, including without limitation:

- (a) an amount owed by the Buyer for the purchase of a Derivatives CCP Contract;
- (b) a fee charged by ASX Clear;
- (c) an amount of Initial Margin or other margin;
- (d) an amount arising from the daily settlement or mark to market of a Derivatives CCP Contract;
- (e) an amount which the Seller is required to pay under the terms of a Derivatives CCP Contract;
- (f) a Settlement Amount which the Participant is required to pay; and
- (g) a Termination Amount which the Participant is required to pay.

Amended 30/11/15

**"Payment Right"**, in relation to a Participant, means a right of the Participant under these Rules to receive payment of an amount from ASX Clear, including without limitation:

- (a) an amount due to the Seller for the sale of a Derivatives CCP Contract;
- (b) an amount arising from the daily settlement or mark to market of a Derivatives CCP Contract;
- (c) an amount of Cash Cover;
- (d) an amount due to the Buyer under the terms of a Derivatives CCP Contract;
- (e) a Settlement Amount due to the Participant; and
- (f) a Termination Amount due to the Participant.

Amended 30/11/15

**"Payment Shortfall"** has the meaning given to it under the operating rules of the Approved Settlement Facility.

Introduced 28/04/14

**"Payments Provider"** has the meaning given to it under the operating rules of the Approved Settlement Facility.

Introduced 28/04/14

**"PID"** stands for participant identifier and means a unique identification code allocated by ASX Clear to a Participant that is used as the identification code, or one of the identification codes, of the Participant for the purposes of instructions notified to the Approved Settlement Facility for settlement. ASX Clear may allocate up to a maximum number of PIDs per Participant as specified in the Procedures.

Amended 08/08/13

**"Position Limit"** means a limit on positions prescribed by ASX Clear under Rule 14.1.1 or by the Approved Listing Market Operator.

Amended 27/06/11

**"Premium"**, in relation to a Derivatives Market Contract, means the amount payable by the Buyer to the Seller as consideration for entering into the Derivatives Market Contract.

**"Procedures"** means any document, electronic file or other information (recorded by any mode of representing words or reproducing words) approved by ASX Clear and given where applicable to Regulated Persons and third party providers in accordance with Rule 1.3 and, without limitation, includes the ASX Clear Operating Rule Procedures and the ASX Recovery Handbook as amended from time to time.

Amended 18/12/06, 01/08/10, 01/10/15

**"Put Option"** means:

- (a) in relation to an Options Market Transaction, a Derivatives Market Contract which the Approved Listing Market Operator specifies as being a put option; and
- (b) in relation to an OTC Options Market Transaction, an Options Market Contract which is notified to ASX Clear by the relevant Participant as a put option.

Amended 27/06/11, 28/05/12

**"Real Time Gross Settlement"** means the processing and settling of payment and delivery obligations in real time and on a gross, not net, basis, the fundamental characteristic of which is that the payment and delivery components of a transaction become irrevocable at the time of settlement.

**"Reciprocal Arrangement"** means any agreement or arrangement between ASX Clear and any governmental agency or regulatory authority (including, without limitation, market, clearing house or clearing and settlement facility), in Australia or elsewhere, whose functions include the regulation of trading in, or clearing and settlement of, Financial Products (in Australia or elsewhere) which provides for the disclosure of information between ASX Clear and the other party in relation to dealings in, or clearing and settlement of, Financial Products (in Australia or elsewhere).

**"Recognised Overseas Stock Exchange"** has the meaning it has in the operating rules or procedures of ASX.

Amended 01/08/10

**"Recovery Rules"** means the Recovery Rules applicable to ASX Clear, as amended from time to time.

Introduced 01/10/15

**"Related Body Corporate"** has the same meaning set out in Section 50 of the Corporations Act.

**"Related Party"** means:

- (a) in relation to a body corporate:
  - (i) the meaning in section 228 of the Corporations Act; or
  - (ii) a Substantial Holder of the body corporate;

- (b) in relation to a trust, which is not a registered management investment scheme the management company, trustee and their related parties within the meaning of section 228 of the Corporations Act;
- (c) in relation to a trust which is a registered managed investment scheme, the responsible entity and a related party of the responsible entity under section 228 of the Corporations Act, as modified by section 601LA of the Corporations Act,
- (d) in relation to a person:
  - (i) his or her spouse, de facto spouse, parent, son, or daughter, or a spouse or de facto spouse of that person;
  - (ii) an entity over which one or more of the persons referred to in paragraph (i) has control;
  - (iii) an entity that he or she controls, or its holding company or which is controlled by the holding company;
  - (iv) a person who acts, or proposes to act, in concert with anyone referred to above;
  - (v) a person who was a related party in the previous 6 months, or who would be a related party in the future, under the tests in section 228 of the Corporations Act (applied with any necessary adaptation).

**"Related Entity"** has the same meaning set out in Section 9 of the Corporations Act.

**"Reporting Authority"**, in relation to an Underlying Index, means the person specified by the Approved Listing Market Operator as the official source for calculating and reporting the level of that Underlying Index.

Amended 27/06/11

**"Retail Client"** means a "retail client" as defined in the Corporations Act.

**"Revised Settlement Amount"** means the Settlement Amount revised in accordance with Rule 12.8.5.

**"Risk Based Capital Requirements"** means the requirements set out in Schedule 1.

**"RTGS"** means Real Time Gross Settlement.

**"Rules"** means the operating rules of ASX Clear in accordance with Rule 1.2 including the schedules, the Recovery Rules and any State of Emergency Rules.

Amended 01/10/15

**"Section"** means a section of these Rules.

**"Seller"** means:

- (a) in relation to a Cash Market Transaction, the party who has an obligation to deliver a particular number and class of transferable Financial Products under the terms of the transaction;
- (b) in relation to:
  - (i) a Cash CCP Transaction;
  - (ii) a CCP Net Batch Instruction;
  - (iii) a CCP Gross Batch Instruction; and
  - (iv) a CCP RTGS Instruction,
 the Participant responsible to ASX Clear for performing the obligations of the seller under the relevant Cash Market Transaction or Offsetting Transaction Arrangement;
- (c) in relation to a Direct Settlement Instruction, the Participant who has an obligation to deliver a

particular number and class of transferable Financial Products under the terms of the relevant Cash Market Transaction;

- (d) in relation to a Derivatives Market Contract which is an Options Market Contract, the party with the obligation to acquire or dispose of a specified quantity of an Underlying Financial Product, an Underlying Derivative or an Underlying Commodity, to pay an amount of money, or to enter into an Underlying Derivative under the terms of the contract;
- (e) in relation to a Derivatives Market Contract which is a Futures Market Contract, the party specified as seller under the terms of the contract;
- (f) in relation to a Derivatives CCP Contract, being a Futures CCP Contract or an Options CCP Contract, the Participant responsible to ASX Clear for performance of the obligations of the seller under the terms of the relevant Derivatives Market Contract; and
- (g) ASX Clear where a specific Rule refers to ASX Clear as seller.

Amended 19/08/09, 28/04/14

**"Series"** means:

- (a) in relation to a Derivatives Market Transaction or a Derivatives CCP Contract which is not covered by paragraph (b) below, all transactions in the same Class with the same terms (other than as to price) as set out in the rules of the Approved Listing Market Operator and these Rules;
- (b) in relation to an OTC Options Market Transaction, or a Derivatives CCP Contract resulting from the registration of an OTC Options Market Transaction, all transactions in the same Class with the same terms (other than as to price) as set out in the Procedures.

Amended 27/06/11, 28/05/12

**"Settlement Agreement"** means an agreement entered into between a Participant and a Settlement Participant which complies with Rule 9.2 and Schedule 4.

**"Settlement Amount"** means the amount of money to be paid by one party to a transaction to another party to that transaction on settlement of that transaction, as determined in accordance with these Rules and any applicable terms set out in the operating rules of the relevant Approved Market Operator.

Amended 27/06/11

**"Settlement Date"** means the Business Day on which a Cash CCP Transaction is scheduled to settle in the Approved Settlement Facility.

**"Settlement Participant"** means a participant of an Approved Settlement Facility who has approval to settle transactions in the facility.

**"Settlement Time"** means the time specified in the Procedures or, where settlement is deferred under the Rules, a later time determined by ASX Clear.

**"Specified Quantity"** in respect of a Deliverable Derivatives Market Contract means the quantity of the Underlying Commodity which must be delivered on settlement of the contract, as determined by the Approved Listing Market Operator.

Amended 27/06/11

**"Standard Settlement Price"** means a price determined by reference to bids/offers and the last sale price of a class of Financial Products on one or more Approved Market Operators (as selected by ASX Clear in its absolute discretion) on the Business Day before the Settlement Date on which an Instruction Fails in accordance with the operating rules of the Approved Settlement Facility.

Amended 27/06/11

**"State of Emergency"** means any of the following:

- (a) fire, power failure or restriction, communication breakdown, accident, flood, embargo, boycott, labour dispute, unavailability of data processing or any other computer system or facility, act of God;
- (b) act of war (whether declared or undeclared) or an outbreak or escalation of hostilities in any region of the world which in the opinion of ASX Clear prevents or significantly hinders the operation of the Clearing Facility;
- (c) an act of terrorism; or
- (d) other events which, in the opinion of ASX Clear prevents or significantly hinders the operation of the Clearing Facility.

**"State of Emergency Rules"** means any Rules made by ASX Clear under Rule 16.1.

**"Stock Confirmation Form"** means the document in the form set out in the Procedures providing details of the Admission Documents in relation to the specific Underlying Commodity and issued by ASX Clear in accordance with Rule 21.7.3.

**"Substantial Holder"**:

- (a) for the purposes of Schedule 1, when used to refer to a Substantial Holder in a body corporate, means a person who has or would have a substantial holding if Part 6C of the Corporations Act applied to that body corporate; and
- (b) for the purposes of any other Rule also includes a reference to:
  - (i) a person who has a relevant interest in not less than 5% of a class of non voting shares of the relevant body corporate or its holding company; and
  - (ii) each person who has a relevant interest in voting shares and non voting shares of the relevant body corporate or its holding company and whose aggregate holdings exceed 5% in number of the voting shares on issue of the relevant body corporate or its holding company.

**"Tender Documentation"** means the documentation in the form set out in the Procedures for the purposes of Rule 21.2.1 or 21.8.1.

**"Terms of Trade Acceptance Service"** means the contractual terms on which ASX Clear and an Approved Settlement Facility provide a Trade Acceptance Service to an Approved Market Operator. It includes any operational, technical or other standards promulgated under those contractual terms.

Introduced 27/06/11

**"Trade Acceptance Service"** means a service provided by ASX Clear and an Approved Settlement Facility to an Approved Market Operator under which certain categories of Market Transactions entered into on or reported to the market of the Approved Market Operator are accepted by ASX Clear and the Approved Settlement Facility, subject to and in accordance with the Terms of Trade Acceptance Service, for clearing and settlement in the CS Facilities operated by ASX Clear and the

Approved Settlement Facility.

Introduced 27/06/11

**"Tribunal"** means the Appeal Tribunal.

Amended 01/08/10

**"Underlying Commodity"** means, in relation to a Derivatives Market Contract or a Derivatives CCP Contract, the commodity which underlies that contract, as determined by the Approved Listing Market Operator.

Amended 27/06/11

**"Underlying Derivative"** means, in relation to a Derivatives Market Contract or a Derivatives CCP Contract, the Derivative which underlies that transaction, as determined by the Approved Listing Market Operator.

Amended 27/06/11

**"Underlying Financial Product"** means, in relation to a Derivatives Market Contract or a Derivatives CCP Contract, the financial product (other than a Derivative) underlying the contract.

**"Underlying Index"** means:

- (a) in relation to a Derivatives Market Contract or a Derivatives CCP Contract which is not covered by paragraph (b) below, the index which underlies that contract, as determined by the Approved Listing Market Operator; and
- (b) in relation to a Derivatives Market Contract in relation to an OTC Options Market Transaction or a Derivatives CCP Contract resulting from the registration of an OTC Options Market Transaction, the index which is notified to ASX Clear by the relevant Participant.

Amended 27/06/11, 28/05/12

**"Underlying Market"** means:

- (a) in relation to a Derivatives Market Contract or a Derivatives CCP Contract in respect of an Underlying Commodity or Underlying Financial Product, a market in the Underlying Commodity or the Underlying Financial Product;
- (b) in relation to a Derivatives Market Contract or a Derivatives CCP Contract in respect of an Underlying Index, a market in the securities, commodities or other things which comprise that Underlying Index; and
- (c) in relation to a Derivatives Market Contract or a Derivatives CCP Contract in respect of an Underlying Derivative, a market in the Underlying Derivative or in the market in relation to that Derivatives Market Contract (as defined in paragraph (a) or paragraph (b)).

**"Unprofessional Conduct"** includes:

- (a) conduct which amounts to impropriety affecting professional character and which is indicative of a failure either to understand or to practise the precepts of honesty or fair dealing in relation

- to other Participants, Clients or the public;
- (b) unsatisfactory professional conduct, where the conduct involves a substantial or consistent failure to reach reasonable standards of competence and diligence; and
  - (c) conduct which is, or could reasonably be considered as likely to be, prejudicial to the interests of ASX Clear or its Participants,

by a Participant, or an Employee, whether in the conduct of the Participant's business as a Participant or in the conduct of any other business (and need not involve a contravention of these Rules, the Procedures or any law).

**"Warehouse Receipt"** means a document issued by an approved Wool Warehouse which permits the Holder to take delivery of the quantity of the Underlying Commodity.

**"Wholesale Client"** has the meaning given to it in the Corporations Act.

**"Wholly-Owned Group Entity"** in relation to a Participant means:

- (a) an entity of which the Participant is a wholly-owned subsidiary; or
- (b) a wholly-owned subsidiary of an entity referred to in (a).

For these purposes, an entity (the *subsidiary entity*) is a *wholly-owned subsidiary* of another entity (the *holding entity*) if all the membership interests in the subsidiary entity are beneficially owned by:

- (c) the holding entity; or
- (d) one or more wholly-owned subsidiaries of the holding entity; or
- (e) the holding entity and one or more wholly-owned subsidiaries of the holding entity.

An entity (other than the subsidiary entity) is a *wholly-owned subsidiary* of the holding entity if, and only if:

- (f) it is a wholly-owned subsidiary of the holding entity; or
- (g) it is a wholly-owned subsidiary of a wholly-owned subsidiary of the holding entity; including because of any other application or applications of this provision.

Introduced 02/08/13 Amended 15/06/15

**"Wool Warehouse"** means a facility for the storage and handling of the Underlying Commodity in a location approved by ASX in consultation with ASX Clear.

Introduced 11/03/04 Origin OCH 19.1

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## SECTION 3 PARTICIPATION IN THE CLEARING FACILITY

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This Section 3 covers Participation in ASX Clear's Clearing Facility. A Participant may be either a Direct Participant or a General Participant. An applicant will only be admitted as a Direct Participant or a General Participant if they satisfy the admission requirements of this Section. In addition, an applicant for admission as a Participant must meet any additional admission requirements specified by ASX Clear and set out in the Procedures. Once admitted to participate, a Participant will be authorised to clear a specific category or categories of Market Transactions effected through one or more specified Approved Market Operators. The Rules also provide for a Participant to apply for authorisation to clear additional categories of Market Transactions or to clear Market Transactions effected through additional Approved Market Operators.

A Direct Participant is a Participant that clears Cash CCP Transactions or Derivatives CCP Contracts for itself, its own Clients and Wholly-Owned Group Entities and their clients but not anyone else. A General Participant is a Participant that is a third party clearer that clears Cash CCP Transactions or Derivatives CCP Contracts for itself, its own Clients, Market Participants and their clients and other Participants and their clients. Admission as a General Participant only entitles a Participant to clear transactions for someone else provided the Participant has entered into a Clearing Agreement or Client Agreement as required by these Rules. This section also covers:

- (a) the process by which an applicant may apply to ASX Clear to become a Participant;
- (b) the criteria that must be met before an applicant will be admitted as a Participant;
- (c) the power of ASX Clear to impose conditions on participation;
- (d) what ASX Clear must do if it proposes to reject an application;
- (e) the right of an applicant to appeal against a decision to reject its application or the imposition of conditions;
- (f) the circumstances in which a Participant may resign as a Participant or cease clearing a category of Market Transactions;
- (g) the circumstances in which a Participant's participation may be terminated or suspended; and
- (h) the consequences of a Participant's resignation or termination.

### 3.1 APPLICATION FOR PARTICIPATION

#### 3.1.1 Application process

Subject to Rule 3.1.3A, ASX Clear will admit an applicant as a Direct Participant or a General Participant, subject to any conditions imposed under Rule 3.1.4, if the applicant:

- (a) applies to ASX Clear by completing an application in the form prescribed by ASX;
- (b) satisfies the Admission Requirements; and
- (c) pays to ASX Clear the relevant application fee determined by ASX Clear.

*Note: A Participant will be admitted with authority to clear categories of Market Transaction. See Rule 3.1.4 for the ability of ASX Clear to impose standard conditions specifying the categories of*



*Market Transaction for which Participants are authorised to clear through ASX Clear.*

Introduced 11/03/04 Origin OCH 2.1.1 Amended 15/06/15

### **3.1.2 ASX Clear may request further information**

ASX Clear may request an applicant to provide further information which ASX Clear considers necessary to establish whether the applicant satisfies the Admission Requirements.

Introduced 11/03/04 Origin OCH 2.1.2

### **3.1.3 ASX Clear to determine application within reasonable time**

Subject to Rule 3.1.3A, ASX Clear will use all reasonable endeavours to make its decision whether to accept or reject an application for admission as a Participant within a reasonable time following the receipt of the application.

Introduced 11/03/04 Origin OCH 2.1.5 Amended 15/06/15

#### **3.1.3A Admission as a Participant in ASX Clear's discretion**

The decision as to whether to grant admission as a Participant is at the absolute discretion of ASX Clear. ASX Clear may grant or refuse admission without giving any reasons.

Introduced 15/06/15

### **3.1.4 Conditions on admission**

Where ASX Clear admits an applicant as a Participant, it may at that time, or at any later time impose any conditions on the Participant which it considers appropriate having regard to Rule 1.15. ASX Clear must notify the applicant or the Participant (as applicable) of any condition imposed under this Rule 3.1.4 in writing.

ASX Clear will always impose a standard condition as set out in the Procedures specifying:

- (a) the categories of Market Transactions which the Participant is authorised to clear through ASX Clear; and
- (b) one or more Approved Market Operators in respect of which the Participant is authorised to clear Market Transactions through ASX Clear.

*Note: ASX Clear may impose additional conditions on General Participants or applicants for admission as General Participants under Rule 3.2.2.*

Introduced 11/03/04 Origin OCH 2.1.3 Amended 27/06/11

### **3.1.5 Right to appeal a condition to Appeal Tribunal**

An applicant or Participant (as applicable) may appeal to the Appeal Tribunal against a decision of ASX Clear to impose a condition under Rule 3.1.4 in accordance with the provisions of the ASX Enforcement and Appeals Rulebook.

Introduced 11/03/04 Amended 31/03/08, 01/08/10 Origin OCH 2.1.4

### **3.1.6 Breach of condition does not automatically terminate admission**

Where ASX Clear imposes a condition on the admission of a Participant under Rule 3.1.4 or Rule 3.2.2, a breach of that condition by the Participant does not automatically result in the termination of the admission of the Participant. Any breach of a condition is dealt with in accordance with Section 19.

Introduced 11/03/04

### **3.1.7 Application for authorisation to clear a further category of Market Transaction**

A Participant may at any time make an application to ASX Clear to have conditions relating to the categories of Market Transactions, that a Participant is authorised to clear, amended in order to clear further categories of Market Transactions.

Introduced 11/03/04

### **3.1.8 Application for authorisation to clear Market Transactions effected through additional Approved Market Operator**

A Participant may at any time make an application to ASX Clear to have conditions relating to the Approved Market Operators in respect of which the Participant is authorised to clear Market Transactions, amended in order to clear Market Transactions effected through additional Approved Market Operators. The application must be made in the form prescribed by ASX Clear in the Procedures. If a Participant makes an application in that form and complies with Rule 3.2.3 (if applicable), ASX Clear will approve the application and the amendment to the conditions will take effect from the time notified to the Participant by ASX Clear.

Introduced 27/06/11

## **3.2 ADMISSION REQUIREMENTS**

### **3.2.1 General requirements for admission**

For an applicant to be eligible to be admitted as a Participant the applicant must satisfy ASX Clear that:

- (a) it is a body corporate carrying on business in its own right and not as a trustee of a trust;
- (b) if the applicant is incorporated or carrying on business outside Australia, it complies with Rule 4.19.4;
- (c) it holds an Australian financial services licence which authorises the applicant to carry on its business as a Participant (unless such a licence is not required by the Corporations Act);
- (d) it meets the business integrity requirements of this Section;
- (e) it meets the organisational requirements of this Section;
- (f) it meets the technical and performance requirements of this Section;
- (g) it meets the capital regime requirements in Section 5;
- (h) it has insurance in place which complies with the requirements of Rule 4.3;
- (i) if the applicant seeks to be authorised to clear Options Market Transactions and/or OTC Options Market Transactions but is not, and is not seeking to be, authorised to clear the Cash Market Transactions associated with those Options Market Transactions and/or OTC Options Market Transactions, it has appointed a Participant that is authorised to clear those Cash Market Transactions and entered into, and maintains, a Clearing Agreement with that Participant; and
- (j) if the applicant is not itself able to settle Cash Market Transactions in an Approved Settlement Facility, it has appointed a Settlement Participant that is authorised to settle Cash Market Transactions and entered into, and maintains, a Settlement Agreement with that Settlement Participant.

Introduced 11/03/04 Origin OCH 2.3.1, 2.3.2 Amended 01/01/09, 28/05/12, 15/06/15

### **3.2.2 Additional requirements for admission**

If an applicant wishes to be admitted as a Participant it must, in addition to complying with Rule 3.2.1, comply with any requirements specified by ASX Clear in the Procedures.

Introduced 11/03/04 Amended 02/08/13

### **3.2.3 Additional requirements for Participants clearing Market Transactions effected through multiple Approved Market Operators**

If an applicant for admission, or an existing Participant, wishes to clear Market Transactions effected through two or more Approved Market Operators, the applicant or Participant must, in addition to complying with Rule 3.2.1, comply with any requirements specified by ASX Clear in the Procedures.

Introduced 27/06/11

## **3.3 WAIVER**

### **3.3.1 Waiver of Admission Requirements**

ASX Clear may, by notice in writing to an applicant waive any Admission Requirement on any conditions it considers appropriate having regard to Rule 1.15. If any conditions on a waiver are imposed, all of the conditions must be complied with for the waiver to be effective. ASX Clear may withdraw a waiver at any time. If a waiver lapses in accordance with its terms or is withdrawn by ASX Clear, the waiver ceases to be effective from that time and the relevant Admission Requirement the subject of the waiver applies from that time. Any request by a Participant for a waiver under this Rule must be in writing.

Introduced 11/03/04 Origin OCH 2.3.8

## **3.4 BUSINESS INTEGRITY REQUIREMENTS**

### **3.4.1 Applicant to have high business integrity**

The business integrity requirements of this Section are that the applicant must be of high business integrity. To enable ASX Clear to assess whether the applicant meets this requirement, the applicant must provide to ASX Clear the information set out in the Procedures.

Introduced 11/03/04 Origin OCH 2.3.6 Amended 02/08/13, 15/06/15

## **3.5 ORGANISATIONAL REQUIREMENTS**

### **3.5.1 Applicant to meet organisational requirements**

The organisational requirements of this Section are that the applicant must have adequate resources and processes to comply with its obligations as a Participant under these Rules. For these purposes, "resources" include financial, technological and human resources and "processes" include management supervision, training, compliance, risk management, business continuity and disaster recovery processes.

In assessing whether an applicant meets these requirements, ASX Clear may have regard to the matters set out in the Procedures and to any other matters it considers appropriate.

Origin OCH 2.3.3C, 2.3.4 Amended 18/12/06, 27/06/11, 02/08/13 Amended 15/06/15

## **3.6 TECHNICAL AND PERFORMANCE REQUIREMENTS**

### **3.6.1 Applicant to have necessary organisational and technical resources**

The technical and performance requirements of this Section are that the applicant must:

- (a) have the necessary organisational and technical resources to ensure that:
  - (i) Clearing Messages submitted by the Participant do not interfere with:
    - (A) the efficiency and integrity of the Clearing System; or
    - (B) the proper functioning of the Clearing System; and
  - (ii) the Participant has the capacity to:
    - (A) communicate reliably with the Clearing System; and
    - (B) correctly process Clearing Messages, including, without limitation, the timely reconciliation of Clearing Messages transmitted to the Participant in respect of Market Transactions with communications received by the Participant from each relevant Approved Market Operator, and, where applicable, Market Participant, in respect of those Market Transactions; and

- (b) comply with any additional requirements specified by ASX Clear in the Procedures.

Introduced 11/03/04 Origin OCH 2.3.3 Amended 27/06/11

### **3.7 BUSINESS CONNECTION REQUIREMENTS -- [DELETED]**

#### **3.7.1 Connections requiring ACH consent -- [Deleted]**

Introduced 11/03/04 Origin OCH 2.3A.1 Deleted 01/08/10

#### **3.7.2 Access to records -- [Deleted]**

Introduced 11/03/04 Origin OCH 2.3A.3 Deleted 01/08/10

#### **3.7.3 Undertakings -- [Deleted]**

Introduced 11/03/04 Origin OCH 2.3A.4 Deleted 01/08/10

### **3.8 APPLICANTS INCORPORATED OR CARRYING ON BUSINESS OUTSIDE AUSTRALIA**

#### **3.8.1 Power of ASX to impose additional admission requirements**

If an applicant is incorporated or intends to carry on any part of its business as a Participant outside Australia, then ASX may impose additional requirements for it to be eligible for admission as a Participant, including (but not limited to) those specified in the Procedures.

Introduced 11/03/04 Origin OCH 2.3.7 Amended 15/06/15

### **3.9 REJECTION OF APPLICATION FOR ADMISSION AS PARTICIPANT**

#### **3.9.1 Proposed rejection**

ASX Clear must not reject an application made under Rule 3.1 unless, before doing so, it:

- (a) gives notice to the applicant of the reasons why it proposes to reject the application;
- (b) affords the applicant a period of 10 Business Days after giving the notice (or a longer period as ASX Clear considers the applicant reasonably requires not exceeding 30 Business Days) in which to provide further information or otherwise take steps to address the reasons stated in the notice; and
- (c) after the end of the period referred to in paragraph (b), considers whether any further information provided or steps taken by the applicant address the reasons in the notice.

Introduced 11/03/04 Origin OCH 2.4.1

#### **3.9.2 Notice of rejection**

If, after following the procedure in Rule 3.9.1, ASX Clear is not satisfied that the applicant has complied with this Rule 3 or that the applicant meets the Admission Requirements, ASX Clear will give notice to the applicant rejecting the application and giving reasons why the application is rejected.

Introduced 11/03/04 Origin OCH 2.4.2

#### **3.9.3 Right to appeal to Appeal Tribunal**

An applicant may appeal to the Appeal Tribunal against a decision to reject its application in accordance with the provisions of the ASX Enforcement and Appeals Rulebook.

Introduced 11/03/04 Amended 31/03/08, 01/08/10 Origin OCH 2.4.3

### **3.10 RESIGNATION OF PARTICIPATION**

#### **3.10.1 Participant to notify ASX Clear of intention to cease clearing a category of Market Transaction or Approved Market Operator**

If a Participant wishes to cease clearing:

- (a) a category of Market Transaction; or
- (b) Market Transactions effected through a particular Approved Market Operator, in respect of which it has authority to clear, it must:
- (c) give at least 20 Business Days written notice to ASX Clear of its intention and proposed date of cessation and deliver a copy of that notice to:
  - (i) (in the case of ceasing to clear a category of Market Transaction) each Approved Market Operator in respect of which the Participant is authorised to clear Market Transactions through ASX Clear; and
  - (ii) (in the case of ceasing to clear Market Transactions effected through a particular Approved Market Operator) the Approved Market Operator in respect of which the Participant intends to cease clearing Market Transactions;
- (d) satisfy ASX Clear that it has taken or will have taken before the proposed date of cessation, proper steps for the orderly winding down of its business in respect of the relevant category of Market Transaction, or Market Transactions effected through the relevant Approved Market Operator, as applicable, with ASX Clear;
- (e) not enter into, or have the Clearing Obligations for any Market Transaction in relation to the relevant category or effected through the relevant Approved Market Operator, as applicable, nor accept allocation of any Market Transaction in relation to the relevant category or effected through the relevant Approved Market Operator, as applicable, except with the consent of ASX Clear; and
- (f) comply with any reasonable direction of ASX Clear in relation to the orderly winding down of its business in respect of the relevant category of Market Transaction, or Market Transactions effected through the relevant Approved Market Operator, as applicable, with ASX Clear.

Introduced 11/03/04 Origin OCH 2.5.1 Amended 27/06/11

### **3.10.2 Participant to notify ASX Clear of intended resignation as a Participant**

If a Participant wishes to resign as a Participant, the Participant must:

- (a) give at least 20 Business Days' written notice to ASX Clear of its intention to resign and the proposed date of resignation and deliver a copy of that notice to each Approved Market Operator in respect of which the Participant is authorised to clear Market Transactions;
- (b) satisfy ASX Clear that it has taken or will have taken before the proposed date of resignation, proper steps for the orderly winding down of its business in respect of ASX Clear;
- (c) not enter into, or have the Clearing Obligations for any Market Transaction, nor accept allocation of any Market Transaction; and
- (d) comply with any reasonable direction of ASX Clear in relation to the orderly winding down of its business in respect of ASX Clear.



Introduced 11/03/04 Amended 27/06/11, 01/10/15

### **3.10.3 ASX Clear to accept notice**

A notice given by a Participant under Rule 3.10.1(c) or 3.10.2(a) is not effective until the notice is accepted by ASX Clear. ASX Clear may accept a Participant's notice when the Participant has:

- (a) complied with Rule 3.10.1 or Rule 3.10.2, as the case requires;
- (b) no Cash CCP Transactions or Derivatives CCP Contracts, as the case requires;
- (c) no Clearing Obligations in relation to relevant Market Transactions; and
- (d) satisfied all its obligations to ASX Clear including, without limitation, paid all outstanding fees and amounts owing by the Participant under these Rules.

ASX Clear will not unreasonably refuse to accept a notice given by a Participant under Rule 3.10.1(c) or 3.10.2(a).

Introduced 11/03/04 OCH 2.5.2 Amended 27/06/11, 01/10/15

### **3.10.4 Notice to Participants**

ASX Clear will notify Participants when it has accepted a Participant's notice under this Rule 3.10.1(c) or 3.10.2(a).

Introduced 11/03/04 Origin OCH 2.5.3 Amended 27/06/11

### **3.10.5 No effect on the Recovery Rules**

Nothing in this Rule 3 (including without limitation Rules 3.10 and Rules 3.13) limits the Recovery Rules.

*Note: The Recovery Rules will govern the resignation of a Participant in the circumstances set out in the Recovery Rules.*

Introduced 01/10/15

## **3.11 INACTIVE PARTICIPANT**

### **3.11.1 ASX Clear may give notice**

Where ASX Clear considers a Participant has not cleared a category of Market Transaction for which it is authorised to clear under these Rules for a continuous period of 6 months, ASX Clear may notify the Participant that it intends to terminate the Participant's authority to clear that, all or any categories of Market Transaction.

Introduced 11/03/04 Origin OCH 2.5A.1

### **3.11.2 Participant may make submissions**

On receipt of a notice given under Rule 3.11.1, the Participant may make written submissions to ASX Clear explaining why, in its view, the Participant's authority to clear all or any category of Market Transaction should not be terminated. Any written submission must be received by ASX Clear within 10 Business Days following receipt of the notice from ASX Clear, unless ASX Clear grants an extension in writing.

Introduced 11/03/04 Origin OCH 2.5A.2

### **3.11.3 Termination of authority to clear if no submission received**

Where no submission is received by ASX Clear under Rule 3.11.2, ASX Clear may terminate the Participant's authority to clear all or any category of Market Transaction following the end of the 10 Business Day period, or any extension, referred to in that Rule.

Introduced 11/03/04 Origin OCH 2.5A.3

### **3.11.4 Termination of authority to clear if submission received**

Where a submission is received by ASX Clear under Rule 3.11.2, ASX Clear may terminate the Participant's authority to clear all or any category of Market Transaction if ASX Clear is not satisfied that the Participant will enter into, or clear, all or any category of Market Transaction under these Rules, within a further 20 Business Days following the receipt of the submission. If the Participant fails to enter into or clear a Market Transaction in that period, ASX Clear may terminate the Participant's authority to clear all or any category of Market Transaction following the end of that

further period.

Introduced 11/03/04 Origin OCH 2.5A.4

### **3.12 SUSPENSION AND TERMINATION OF PARTICIPATION**

#### **3.12.1 When ASX Clear may suspend or terminate a Participant's participation**

ASX Clear may also suspend or terminate a Participant's participation under Rules 15 and 19.

Introduced 11/03/04 Origin OCH 2.6

### **3.13 EFFECT OF RESIGNATION OR TERMINATION ON OBLIGATIONS**

#### **3.13.1 Obligations of Participant prior to resignation and termination**

A Participant is bound by the Rules until ASX Clear has accepted a notice by the Participant under Rule 3.10 or until the Participant's authority to clear all or any category of Market Transaction is terminated under Rules 3.11, 15 or 19 (as the case may be).

The acceptance by ASX Clear of the Participant's notice or the termination by ASX Clear of the Participant's authority to clear does not affect any accrued rights which ASX Clear, a Related Body Corporate of ASX Clear, or other Participants have against the Participant or any accrued obligations which the Participant has to ASX Clear, a Related Body Corporate of ASX Clear or to other Participants.

Introduced 11/03/04 Origin OCH 2.7.1 Amended 01/10/15

#### **3.13.2 Certain obligations to continue following resignation or termination of Participant**

Without limiting Rule 3.13.1, following ASX Clear's acceptance of the Participant's notice or termination by ASX Clear of the Participant's authority to clear all or any category of Market Transaction under these Rules:

- (a) the Rules continue to apply and ASX Clear will continue to have jurisdiction in respect of the Participant concerning any conduct or any failure to comply with the Rules which occurred before the acceptance of the notice or termination of authority, whether that conduct or failure

was by the Participant or by any other person for whose conduct the Participant was responsible;

- (b) the Participant continues to be bound by any indemnity given by the Participant under these Rules; and
- (c) other Rules continue to apply in respect of the Participant to the extent required to give effect to paragraphs (a) and (b).

*Note: The Recovery Rules may impact on the operation of this Rule.*

Introduced 11/03/04 Origin OCH 2.7.2 Amended 01/10/15

### **3.13.3 Certain obligations to continue following resignation or termination of Regulated Person who is not a Participant -- [Deleted]**

Introduced 11/03/04 Deleted 15/06/15

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4 of 23 DOCUMENTS: ASX Clear Operating Rules/ASX Clear Operating Rules/ASX Clear Operating Rules/SECTION 4 RIGHTS AND OBLIGATIONS OF PARTICIPANTS



## **SECTION 4 RIGHTS AND OBLIGATIONS OF PARTICIPANTS**

Please click here to access a pdf of ASX Clear Operating Rules Section 4. Download in PDF

This Section sets out various rights and obligations of Participants.

### **4.1 PARTICIPANTS ONGOING COMPLIANCE**

#### **4.1.1 General compliance**

A Participant must at all times:

- (a) continue to satisfy the applicable Admission Requirements;
- (b) comply with any conditions on admission imposed under Rule 3.1.4;
- (c) comply with any provisions of the Corporations Act governing:
  - (i) the provision of periodic reports or statements to the Participant's Clients in relation to the service provided by the Participant;
  - (ii) the treatment of money paid, or property given, to the Participant in connection with services provided to, or products held by, clients of the Participant in respect of their business. In addition to the client arrangements required under this Rule, ASX Clear may, having regard to Rule 1.15, prescribe additional client arrangements by way of Procedures, practices, directions or requirements;
- (d) not dispose, transfer, lease, assign or encumber any rights or obligations under these Rules, except:
  - (i) as expressly permitted under these Rules; or
  - (ii) with the prior written approval of ASX Clear.
- (e) ensure that it does not engage (by act or omission) in Unprofessional Conduct;
- (f) [deleted]
- (g) comply with the disaster recovery requirements of this Section;
- (h) comply with the insurance requirements of this Section;
- (i) comply with the financial record requirements of this Section;
- (j) comply with the audit requirements of this Section;
- (k) comply with the record keeping requirements of this Section;
- (l) comply with the notification requirements of this Section;
- (m) [deleted]
- (n) [deleted]
- (o) [deleted]
- (p) comply with the credit requirements of this Section;
- (q) comply with the nominee holding requirements of this Section;
- (r) comply with the authorised signatory requirements of this Section;
- (s) comply with the legal proceedings requirements of this Section;
- (t) comply with the information requirements of this Section;
- (u) comply with the periodic reporting requirements of this Section;
- (v) comply with the undertaking requirements of this Section; and
- (w) comply with the reconciliation of client money requirements in this Section.

Introduced 11/03/04 Origin OCH 2.9.1, 2.9G.1, 2B.5, 2.8, 2B.6 Amended 19/10/05, 06/10/09, 15/06/15

## **4.2 DISASTER RECOVERY REQUIREMENTS**

### **4.2.1 Participant to maintain disaster recovery and business continuity arrangements**

The disaster recovery requirements of this Section are that a Participant must, at all times, having regard to the nature and extent of a Participant's operations, maintain adequate disaster recovery and business continuity arrangements to ensure the timely recovery of its usual operations. This includes addressing the matters specified in the Procedures or as advised by ASX Clear from time to time including without limitation, undertaking testing of a Participant's disaster recovery and business continuity arrangements at such times and in such a manner as prescribed by ASX Clear in the Procedures or as otherwise notified by ASX Clear.

Introduced 11/03/04 Amended 27/06/11

### **4.3 INSURANCE REQUIREMENTS**

#### **4.3.1 Obligation to have insurance**

The insurance requirements of this Section are that:

- (a) subject to Rule 4.3.2 every Participant must where the Participant acts for any person other than itself or a Related Body Corporate take out and maintain, at all times, a professional indemnity (or equivalent) insurance policy that the Participant determines (acting reasonably) to be adequate, having regard to the nature and extent of the business carried on by the Participant in connection with its business as a Participant and the responsibilities and risks assumed or which may be assumed by the Participant in connection with that business and retain a copy of the certificate evidencing the insurance;
- (b) the professional indemnity (or equivalent) insurance must include insurance against a breach of duty it owes in a professional capacity, whether owed in contract or otherwise at law, arising from any act or omission of the Participant and its Employees;
- (c) in relation to any liability or potential liability of the type referred to in this Rule 4.3.1, a Participant must immediately notify ASX Clear of any notification to its insurer of any claim, potential claim or circumstance that might give rise to a claim, that relates in any way to its activities as a Participant and must include the following details:
  - (i) any circumstance which is likely to give rise to a claim or potential claim against the Participant;
  - (ii) the receipt of a notice from any person of any intention to make a claim or potential claim against the Participant; and
  - (iii) the details of any claim, potential claim or circumstance against the Participant including the gross contingent liability, the net contingent liability, the full name of the Participant's insurer and the date the Participant notified its insurer of the claim, potential claim or circumstance; and
- (d) a Participant must also advise ASX Clear of any other matter which ASX Clear requires in relation to any insurance policy maintained under this Rule 4.3.1.

### **4.3.2 Insurance with Related Body Corporate**

If the insurance referred to in Rule 4.3.1 is provided by a Related Body Corporate, the Participant must receive confirmation from the Related Body Corporate that it is the insurer or the self-insurer covering and indemnifying the Participant against the liabilities referred to in Rule 4.3.1 and retain a copy of the confirmation.

Introduced 11/03/04 Origin OCH 2.9E.2, ASX 5B.6.2 Amended 18/12/06, 15/06/15

## **4.4 FINANCIAL RECORD REQUIREMENTS**

### **4.4.1 Application**

This Rule 4.4 sets out the financial record requirements of this Section.

Introduced 11/03/04

### **4.4.2 Records**

A Participant must maintain financial records which comply with the provisions of the Corporations Act which govern the maintenance of financial records. The financial records must be made as soon as practicable after the events to which they relate. Without limiting this Rule, the Participant must keep accurate records in sufficient detail to show particulars of the matters set out in the Procedures.

Introduced 11/03/04 Origin OCH 2.10.1

### **4.4.3 Financial statements**

A Participant must prepare and deliver to ASX Clear by the time set out in the Procedures:

- (a) financial statements, in a form acceptable to ASX Clear, which gives a true and fair view of the financial position and performance of the business as at the end of the financial year and which is prepared in accordance with accounting standards and principles which are generally accepted in Australia, unless ASX Clear determines otherwise; and

- (b) an auditor's report in a form acceptable to ASX Clear.

If the financial year end of the Participant is other than 30 June, the Participant must notify ASX Clear of its financial year end. Any change to a Participant's financial year end must be notified to ASX Clear within 10 Business Days of the change taking effect.

Introduced 11/03/04 Origin OCH 2.10.4 Amended, 15/06/15

#### **4.4.4 Extension of time for lodgement**

ASX Clear may extend by up to one month the time by which the Participant must deliver the financial statements under Rule 4.4.3, if it considers that an extension is appropriate in the circumstances.

Introduced 11/03/04 Origin OCH 2.10.5

### **4.5 AUDIT REQUIREMENTS**

#### **4.5.1 Application**

This Rule 4.5 sets out the audit requirements of this Section.

Introduced 11/03/04 Origin OCH 2.10.2, 2.10.3, 2.10.6, 2.10.7

#### **4.5.2 Auditor**

A Participant must:

- (a) appoint an auditor to hold office, subject to ASX Clear having no objection, until the auditor is removed from office or retires; and
- (b) appoint an auditor to fill a vacancy within 10 Business Days of the vacancy occurring or such other time as prescribed by law.

Introduced 11/03/04 Origin OCH 2.10.2



#### **4.5.3 Notification of change of auditor**

A Participant must notify ASX Clear of the appointment, removal or resignation of an auditor no later than 10 Business Days following the event.

Introduced 11/03/04 Origin OCH 2.10.3 Amended 15/06/15

#### **4.5.4 Audit of internal control procedures**

A Participant must immediately notify ASX Clear in writing if an auditor identifies a significant issue in an ASIC Form FS 71 or equivalent report lodged with the Commission pursuant to section 989B(3) of the Corporations Act.

Introduced 11/03/04 Origin OCH 2.10.6 Amended 30/12/09, 04/06/10, 15/06/15

#### **4.5.5 Scope of audits**

A Participant must give its auditor access to its premises and Employees and all records, documents, explanations and other information required by the auditor in respect of any audit conducted under this Rule 4.5. A Participant must:

- (a) not impose any limitation on the extent of any audit required under these Rules; and
- (b) permit and direct the auditor to notify ASX Clear immediately if any limitation is imposed on the auditor, or if the auditor is hindered or delayed in the performance of the auditor's duties.

The records of each of the Participant's nominee companies must be included in the audit.

Introduced 11/03/04 Origin OCH 2.10.7

#### **4.5.6 Additional audits may be required**

ASX Clear may direct a Participant to have a further audit conducted of the Participant's internal control procedures or other matters and to deliver an auditor's report (in a form acceptable to ASX Clear) in respect of that audit if it considers that there has been a material change in circumstances or

where it considers the audit is appropriate having regard to Rule 1.15.

Introduced 11/03/04 Origin OCH 2.10.8

#### **4.5.7 Returns and reports generally**

Where a Participant is required by ASX Clear under these Rules to prepare or submit a financial return or report:

- (a) the Participant must prepare or submit that return or report in the manner and form and by the time specified in the Rule or otherwise required by ASX Clear;
- (b) the Participant must ensure that the information contained in the return or report is extracted accurately from the records of the Participant; and
- (c) ASX Clear may require a director of the Participant to certify that paragraphs (a) and (b) have been complied with.

Introduced 11/03/04 Origin OCH 2.10.9 Amended 15/06/15

## **4.6 RECORD KEEPING REQUIREMENTS**

### **4.6.1 Records to be in writing and in English**

The record keeping requirements of this Section are that all records which a Participant is required to maintain under these Rules must be kept in writing and in the English language or in a manner which will enable them to be readily accessible by ASX Clear and readily converted into writing in the English language.

ASX Clear may direct a Participant to convert records into writing and into English. That direction must be complied with by the time specified by ASX Clear when giving the direction and at the cost of the Participant.

Introduced 11/03/04 Origin OCH 2.11.1 Amended 15/06/15

### **4.6.2 Records kept outside of Australia**

If the records which a Participant is required to maintain under these Rules are kept outside Australia:

- (a) the Participant must send, or cause to be sent, to Australia records which will enable true and

- fair financial statements to be prepared; and
- (b) ASX Clear may direct a Participant to produce any of its records in Australia.

A Participant must comply with any direction given by ASX Clear under paragraph (b) by the time specified by ASX Clear when giving the direction and at the cost of the Participant.

Introduced 11/03/04 Origin OCH 2.11.2 Amended 15/06/15

## 4.7 NOTIFICATION REQUIREMENTS

### 4.7.1 General notification requirements

The notification requirements of this Section are that a Participant must notify ASX Clear in writing:

- (a) if the Participant changes its name, or the name under which the Participant carries on business as a Participant, before the change becomes effective;
- (b) if the Participant changes any address at which the Participant carries on business as a Participant, before the change becomes effective;
- (c) within 10 Business Days of the appointment, resignation or removal of a director;
- (d) immediately if:
  - (i) a person who is not a Controller becomes a Controller or a person who is a Controller ceases to be a Controller;
  - (ii) there is any change to a licence or other authorisation affecting its activities as a Participant; or
  - (iii) there is any other material change in information concerning its business as a Participant from that previously provided to ASX Clear;
- (e) on or before the next Business Day, if the Participant is informed by the Commission or its delegates (or any other person authorised under the Corporations Act), an exchange, a market operator, a clearing and/or settlement facility or a regulatory body that action is being or may be taken against the Participant or any of its Employees that relates in any way to its activities as a Participant: and
- (f) as soon as reasonably practicable of information concerning any matters specified by ASX Clear in the Procedures.

The notice must include full details of the change, action or information as the case may be.

*Note: Participants should also refer to Rule 19.1A for self-reporting requirements.*

Introduced 11/03/04 Origin OCH 2.9B1, 2.9B.2, 2.9C.1, 2.9C.2, 2.9C.3 Amended 12/04/05, 27/06/11, 02/08/13, 15/06/15

### 4.7.2 Annual group structure chart

If a Participant is not an ADI, the notification requirements of this Section also include that the Participant must provide to ASX Clear annually in the manner and by the time set out in the Procedures, a copy of the Participant's group structure chart as at the preceding 30 June. The chart must show the Participant's corporate ownership structure from its ultimate holding company to the Participant and from the Participant to all of its subsidiaries (including any nominee company). It must also show the relationship between the Participant and any other entity with which it has inter-group balances.

If the Participant's group structure chart has not changed from the last version provided to ASX Clear, the Participant may satisfy this obligation by referring to the date on which that last version was provided to ASX Clear and stating to ASX Clear that the Participant's group structure chart provided to ASX Clear on that date has not changed.

Introduced 15/06/15

#### **4.8 MANAGEMENT REQUIREMENTS -- [DELETED]**

##### **4.8.1 Management structure -- [Deleted]**

Introduced 11/03/04 Origin OCH 2.3.3A Amended 19/10/05 Deleted 15/06/15

##### **4.8.2 Branch offices -- [Deleted]**

Introduced 11/03/04 Origin OCH 2.3.3B Deleted 19/10/05

#### **4.9 REPRESENTATIVE REQUIREMENTS -- [DELETED]**

##### **4.9.1 Conduct of representatives -- [Deleted]**

Introduced 11/03/04 Origin OCH 2.9.3 Amended 02/08/13 Deleted 15/06/15

#### **4.10 DEALING REQUIREMENTS -- [DELETED]**

##### **4.10.1 Consent Required for Trading by Employees -- [Deleted]**

Introduced 11/03/04 Origin OCH 2.12.2 Deleted 01/08/10

#### **4.10.2 Prior written approval -- [Deleted]**

Introduced 11/03/04 Deleted 01/08/10

#### **4.10.3 Circumstances to be taken into account -- [Deleted]**

Introduced 11/03/04 Deleted 01/08/10

#### **4.10.4 Confirmation of transactions -- [Deleted]**

Introduced 11/03/04 Deleted 01/08/10

### **4.11 NOMINEE HOLDING REQUIREMENTS**

#### **4.11.1 Participant nominee company requirements**

The nominee holding requirements of this Section are that a Participant:

- (a) must not cause the ownership of a Financial Product which relates to a Cash Market Transaction of which it is not the beneficial owner to be registered in its own name or in the name of its partners, directors or employees. Any such Financial Products may only be registered in the name of a nominee company which:
  - (i) is incorporated in the Commonwealth of Australia with a name which contains the word "nominee";
  - (ii) has a constitution that precludes the nominee company from owning any Financial Products or other property except cash beneficially; and
  - (iii) is a directly held legally and beneficially wholly owned subsidiary of the Participant which is operated by the Participant unless, subject to Rule 4.11.1(b), the Participant appoints a Settlement Participant as its agent and that Settlement Participant uses a nominee company for and on behalf of the Participant;
- (b) must not use or cause to be used a nominee company operated by its appointed Settlement

Participant unless the Participant is satisfied that:

- (i) the nominee company of the Settlement Participant complies with the provisions of this Rule 4.11.1;
  - (ii) the Settlement Participant maintains detailed records for the custodial nominee company operated by the Settlement Participant in accordance with the rules of the Approved Settlement Facility; and
  - (iii) the nominee company of the Settlement Participant is a directly legally and beneficially wholly owned subsidiary of the Settlement Participant; and
- (c) must, if it uses the nominee company of a Settlement Participant, ensure that the nominee company does not use Financial Products beneficially owned by the Participant or a Client of the Participant to settle a transaction for another person unless the Participant, or the Participant's Client, has given its prior written approval for their Financial Products to be so used.

Introduced 11/03/04 Origin ASX 3.12

## **4.12 AUTHORISED SIGNATORIES REQUIREMENTS**

### **4.12.1 Participant to submit details of authorised signatories**

The authorised signatories requirements of this Section are that a Participant must:

- (a) submit to ASX Clear, in the manner and form set out in the Procedures, details of persons who are authorised by the Participant to sign documentation and to deal with clearing issues in connection with the operation of its business as a Participant; and
- (b) promptly notify ASX Clear in writing if any of the persons whose names are submitted under this Rule 4.12.1 cease to be authorised by the Participant to sign the relevant documentation or to deal with clearing issues or if any new person is given that authority.

ASX Clear is entitled to rely on the list referred to in Rule 4.12.1(a) as updated from time to time under Rule 4.12.1(b) as evidence that the persons whose names are on the list at any given time are authorised to sign on behalf of the Participant documentation presented to ASX Clear or to deal with clearing issues in connection with the operation of its business as a Participant.

Nothing in this Rule 4.12.1 limits the persons whom ASX is entitled to assume are authorised by the Participant to sign documentation and to deal with clearing issues in connection with the operation of its business as a Participant or the operation of Rule 4.17.1.

Introduced 11/03/04 Origin OCH 18.1.1, 18.1.2 Amended 15/06/15

### **4.12.2 ASX Clear entitled to rely on list**

ASX Clear is entitled to rely on the list referred to in Rule 4.12.1 as updated from time to time as evidence that the persons whose names are on the list at any given time are authorised to sign on behalf of the Participant documentation presented to ASX Clear.

Introduced 11/03/04 Origin OCH 18.1.3

## **4.13 LEGAL PROCEEDINGS REQUIREMENTS**

### **4.13.1 Obligation to notify**

The legal proceedings requirements of this Section are that if:

- (a) a Participant commences legal proceedings against, or has legal proceedings commenced against it by, another Participant, a Market Participant, a Settlement Participant, an Approved Market Operator, the Commission or other regulatory authority or a Client in connection with their role as a Participant; and
- (b) those legal proceedings may affect the operations of ASX Clear or the interpretation of the Rules,

the Participant must, upon commencing or upon becoming aware of the proceedings, immediately notify ASX Clear in writing of the particulars of the proceedings.

Introduced 11/03/04 Origin OCH 18.11.1 Amended 27/06/11

### **4.13.2 Rights of ACH to participate in proceedings -- [Deleted]**

Introduced 11/03/04 Origin OCH 18.11.2 Deleted 12/04/05

## **4.14 INFORMATION REQUIREMENTS**

### **4.14.1 Information given by Participant**

The information requirements of this Section are that a Participant must:

- (a) ensure that all information which the Participant or its Employees give to ASX Clear is complete, accurate and not misleading; and
- (b) if the Participant becomes aware that information which it, or its Employees, have given

previously to ASX Clear was incomplete, inaccurate or misleading, promptly notify ASX Clear in writing.

Introduced 11/03/04 Origin OCH 18.13.1, 18.13.2 Amended 15/06/15

## **4.15 PERIODIC REPORTING REQUIREMENTS**

### **4.15.1 Monthly statements to Clients**

Subject to Rule 4.15.3, the periodic reporting requirements of this Section are that if:

- (a) a Derivatives Market Contract is transacted on behalf of a Client in a particular month; or
- (b) at the end of or during a particular month, the Participant has a Derivatives CCP Contract for a Client,

the Participant must, within 7 days after the end of that month, or such other time as prescribed by ASX Clear and set out in the Procedures, send to the Client a written statement, or subject to Rule 4.15.2 an electronic statement, setting out:

- (c) the name under which the Participant carries on business as a Participant and the address of the principal place at which the Participant carries on business;
- (d) the opening cash balance for that month held by the Participant in respect of that Client Account;
- (e) all Derivatives Market Contracts referred to in Rule 4.15.1(a) and all debits and credits recorded by the Participant in respect of that Client Account for that month;
- (f) details of expiry, exercise and assignment of Derivatives CCP Contracts;
- (g) the cash balance held by the Participant in respect of that Client Account at the end of the month;
- (h) particulars of each of the Derivatives CCP Contracts referred to in Rule 4.15.1(b);
- (i) details of Collateral in respect of the Client Account; and
- (j) each outstanding call for payment in respect of the Client Account under Rule 14.7.1 or Rule 14.7.3.

Introduced 11/03/04 Origin OCH 2B.5.1 Amended 23/10/09

### **4.15.2 Electronic monthly statements**

If a Participant chooses to send monthly statements electronically under Rule 4.15.1, the Participant must be able to reproduce a copy of each electronic statement sent.



Introduced 11/03/04 Origin OCH 2B.5.2

#### **4.15.3 Clients other than Retail Clients**

A Participant is not required to comply with Rule 4.15.1 in respect of a client that is not a Retail Client, except at the request of the relevant Client.

Introduced 23/10/09

#### **4.16 UNDERTAKING REQUIREMENTS -- [DELETED]**

##### **4.16.1 Undertakings -- [Deleted]**

Introduced 11/03/04 Origin OCH 2.9A.1 Amended 18/12/06 Deleted 15/06/15

##### **4.16.2 ASX Clear may request information -- [Deleted]**

Introduced 11/03/04 Origin OCH 2.9A.2 Amended 18/12/06 Deleted 15/06/15

#### **4.17 OTHER PARTICIPANT RESPONSIBILITIES, AUTHORITY AND RIGHTS**

##### **4.17.1 Responsibility for individuals involved in business**

A Participant is responsible for all actions and omissions of persons involved in its business as a Participant including, without limitation, its Employees.

Introduced 11/03/04 Origin OCH 2.9.2 Amended 15/06/15

#### **4.18 RECORDS**

#### 4.18.1 Participant may inspect and make copies of particulars

A Participant is not entitled to the return of any particulars, notices or any other documentation lodged with ASX Clear under the Rules but a Participant may, upon giving 24 hours notice in writing to ASX Clear as applicable, inspect and make copies, at the Participant's cost, of those particulars, notices or other documentation in respect of dealings by that Participant with ASX Clear.

The Participant must pay the costs, if any, of ASX Clear as applicable of making available to the Participant those particulars, notices or documentation.

Introduced 11/03/04 Origin OCH 18.4

### 4.19 FOREIGN PARTICIPANTS AND OTHER PARTICIPANTS WITH OVERSEAS ACTIVITY

#### 4.19.1 Approvals in respect of overseas activity

A Participant that proposes to locate or relocate any part of its business as a Participant (including, without limitation, any Gateway or other means of communicating Clearing Messages to ASX Clear or any Employees) outside Australia ("**Overseas Activity**") must comply with the requirements set out in the Procedures.

Introduced 11/03/04 Origin OCH 2.9D.1 Amended 15/06/15

#### 4.19.2 Duty to disclose taxes

If a Participant is incorporated outside Australia or conducts any part of its business as a Participant outside Australia and:

- (a) any tax or duty of any kind would be liable to be paid by ASX Clear, a Related Body Corporate of ASX Clear or any other person bound by these Rules (each an "**Entity**");
- (b) the Participant would be required by any law or regulation to withhold payment of an amount or deduct a tax or duty of any kind from an amount payable by it to any Entity; or
- (c) an Entity or Entities are required by any law or regulation to withhold payment of an amount or deduct a tax or duty of any kind from an amount payable by the Entity or Entities,

in respect of any transaction or agreement between that Participant and any other Entity or Entities and that duty or tax would not be liable to be paid or would not be required to be withheld or deducted if the Participant were incorporated in Australia and conducting its business as a Participant wholly in Australia, then the Participant must disclose to each relevant Entity that the duty or tax may be payable, or withholding or deduction may have to be made, before the relevant transaction or agreement to which the duty or tax relates is entered into or instructions are accepted. The disclosure

must be in writing and include the nature of the duty, tax or withholding and the amount of the likely duty, tax or withholding or the appropriate rate of duty or tax.

Introduced 11/03/04 Origin OCH 2.9D.3 Amended 15/06/15

#### **4.19.3 Indemnity**

Without limiting any other indemnity given by a Participant under these Rules, each Participant indemnifies ASX Clear in respect of any loss or damage caused to ASX Clear as a result of a failure by that Participant to observe the requirements of Rules 4.19.1-4.19.3.

Introduced 11/03/04 Origin OCH 2.9D.4 Amended 15/06/15

#### **4.19.4 Communication requirements**

A Participant must ensure, even if part of its business as a Participant or some of its Employees are located outside Australia, that it has in place appropriate arrangements so that the Participant and ASX Clear (and Related Bodies Corporate of ASX Clear) can communicate with each other and receive each other's responses quickly on a day-to-day operational basis and so that the Participant can promptly comply with the Rules or a request of ASX Clear (or a Related Body Corporate of ASX Clear).

Introduced 15/06/15

#### **4.19.5 Agent for service of process**

A Participant that is not incorporated or registered as a foreign company under the Corporations Act must:

- (a) appoint an agent, approved by ASX Clear, which is resident in Australia for service of process in Australia generally (including, without limitation, by ASX and ASIC);
- (b) provide ASX Clear as soon as practicable with a copy of any agent's acceptance of such appointment;
- (c) inform ASX Clear of the intended effective date of any agent ceasing for any reason to act as agent for the Participant; and
- (d) if paragraph (c) applies, appoint as soon as practicable, and in any case before an outgoing agent ceases acting as agent for the Participant, a new agent, approved by ASX Clear.

Introduced 15/06/15

## **4.20 PARTICIPANT'S SETTLEMENT OBLIGATIONS**

### **4.20.1 Settlement of Cash Market Transactions and Cash CCP Transactions**

A Participant which is authorised to clear Cash Market Transactions and Cash CCP Transactions has under these Rules the obligation to ensure that those transactions are settled:

- (a) in an Approved Settlement Facility in accordance with the operating rules of the Approved Settlement Facility, or in the case of Cash CCP Transactions underlying a Failed CCP Batch Instruction notified to ASX Clear by the Approved Settlement Facility under the operating rules of the Approved Settlement Facility, settled through a Cash CCP Transaction that is a transaction under the first leg of an Offsetting Transaction Arrangement in accordance with Rule 12.8A; and
- (b) on the third Business Day following the date that the transaction was created on or reported to the market of the relevant Approved Market Operator, or in the case of a Cash CCP Transaction that is a transaction under:
  - (i) the first leg of an Offsetting Transaction Arrangement, on the date that the Offsetting Transaction Arrangement was entered into; or
  - (ii) the second leg of an Offsetting Transaction Arrangement, on the first Business Day following the date that the Offsetting Transaction Arrangement was entered into, unless otherwise permitted in the Procedures.

Introduced 11/03/04 Amended 27/06/11, 28/04/14

### **4.20.2 Settlement of reported Market Transactions**

A Participant which is a party to a Market Transaction which is reported to an Approved Settlement Facility under Rule 12.1.2 has under these Rules the obligation to ensure that the transaction is settled in the Approved Settlement Facility in accordance with the operating rules of the Approved Settlement Facility.

Introduced 11/03/04

### **4.20.3 Settlement of Cash Market Transactions in Non CS Approved Products**

A Participant with settlement obligations in relation to Cash Market Transactions in Non CS

Approved Products must discharge those obligations in accordance with the operating rules of ASX.

#### **4.20.4 Breach of settlement obligation**

A failure by a Participant which has an obligation under Rules 4.20.1, 4.20.2 or 4.20.3 to fully discharge that obligation in accordance with the operating rules of the Approved Settlement Facility or ASX constitutes a breach of these Rules and ASX Clear may take such action under these Rules as it considers appropriate, including disciplinary action under Section 19.

Introduced 11/03/04

#### **4.21 PARTICIPANT'S AUTHORITY TO INCLUDE PID**

##### **4.21.1 Participant irrevocably authorises ASX Clear to include PID**

Each Participant irrevocably authorises ASX Clear to include its PID in each:

- (a) CCP Net Batch Instruction;
- (b) CCP Gross Batch Instruction;
- (c) CCP RTGS Instruction; and
- (d) each Cash Market Transaction accepted for reporting by ASX Clear under Rule 12.1.2, as the PID of the delivering Participant or receiving Participant, as the case requires.

Introduced 11/03/04 Origin SCH 9.22.2

#### **4.22 RESPONSIBLE EXECUTIVE REQUIREMENTS -- [DELETED]**

##### **4.22.1 Responsible Executive obligations -- [Deleted]**

Introduced 11/03/04 Origin OCH 2.9.4 Amended 19/10/05, 02/08/13 Deleted 15/06/15

##### **4.22.2 Suitably qualified affiliate -- [Deleted]**

Introduced 11/03/04 Origin OCH 2.9.5 Deleted 15/06/15

#### **4.22.3 Assessment of character -- [Deleted]**

Introduced 11/03/04 Origin OCH 2.3.5 Deleted 15/06/15

### **4.23 RECONCILIATION OF CLIENT MONEY REQUIREMENTS**

#### **4.23.1 Application**

This Rule 4.23 sets out the reconciliation of client money requirements of this Section.

Introduced 06/10/09

#### **4.23.2 Obligation to comply with Corporations Act**

Money in relation to Market Transactions to which Division 2 of Part 7.8 of the Corporations Act applies is to be held in trust by the Participant.

Introduced 06/10/09

#### **4.23.3 Trust accounts -- Cash Market Transactions, Options Market Transactions and OTC Options Market Transactions**

A Participant must establish one or more clients' trust accounts for money received by the Participant in connection with dealings in Cash Market Transactions or Options Market Transactions or OTC Options Market Transactions.

Introduced 06/10/09, Amended 28/05/12

#### **4.23.4 Segregated accounts or trust accounts -- Futures Market Transactions**

A Participant must establish either one or more clients' trust accounts or clients' segregated accounts for money received by the Participant in connection with dealings in:

- (a) Futures Market Transactions; and
- (b) Options Market Transactions over an Underlying Product which is a Futures market Contract.

Introduced 06/10/09

#### **4.23.5 Reconciliation of clients' segregated accounts**

A Participant must perform a reconciliation, in the time, form and manner set out in the Procedures and that is accurate in all respects, of the aggregate balance held by it at the time specified in the Procedures on each Business Day in clients' segregated accounts maintained pursuant to Rule 4.23.4 and the corresponding balance as recorded in the Participant's accounting records. The Participant must be able to produce the reconciliation to ASX upon request.

Introduced 06/10/09 Amended 15/06/15

#### **4.23.6 Reconciliation of trust accounts**

A Participant must perform a reconciliation, in the time, form and manner set out in the Procedures and that is accurate in all respects of:

- (a) the aggregate balance held by it at the close of business on each Business Day in clients' trust accounts maintained pursuant to Rule 4.23.3 or 4.23.4 and the corresponding balance as recorded in the Participant's accounting records; and
- (b) the balance held by it at the close of business on the last Business Day of each week on trust for each client in a trust account maintained pursuant to Rule 4.23.3 or 4.23.4 and the corresponding balance as recorded in the Participant's accounting records,

The Participant must be able to produce the reconciliation to ASX upon request.

Introduced 06/10/09 Amended 15/06/15

#### **4.23.7 Obligation to notify ASX Clear in respect of reconciliation**

A Participant must notify ASX Clear within 2 Business Days in the manner set out in the Procedures if:

- (a) a reconciliation has not been performed in accordance with Rule 4.23.5 and the Procedures under that Rule;
- (b) a reconciliation has not been performed in accordance with Rule 4.23.6 and the Procedures under that Rule;
- (c) according to a reconciliation performed pursuant to Rule 4.23.5, Total Deposits (as defined in the form set out in the Procedure to Rule 4.23.5) is less than Total Third Party Client Monies (as defined in the form set out in the Procedure to Rule 4.23.5); or
- (d) according to a reconciliation performed pursuant to Rule 4.23.6, there is a deficiency of funds in its trust accounts (or, in respect of a reconciliation performed pursuant to Rule 4.23.6(b), a deficiency in respect of any particular client) or if it is unable to reconcile its trust accounts pursuant to Rule 4.23.6.

*Note: A Participant may notify ASX Clear of the matters referred to in this Rule 4.23.7 by copying ASX Clear in on any corresponding notification given to ASIC under Rule 3.5.10 of the ASIC Market Integrity Rules (ASX Market) 2010.*

Introduced 06/10/09 Amended 15/06/15

#### **4.23.8 Schedule of trust amounts -- [Deleted]**

Introduced 06/10/09 Deleted 28/04/14

## **4.24 REIMBURSEMENT OUT OF TRUST ACCOUNT**

### **4.24.1 Accessing trust account money**

Unless otherwise specified in Rule 4.24.2, a Participant must not withdraw from a clients' trust account maintained pursuant to Rule 4.23 money received by the Participant in connection with the purchase of Financial Products under a Cash Market Transaction until the Participant (or if the Participant appoints a Settlement Participant as its agent, that Settlement Participant) has taken all the steps specified in the Procedures in order for the Financial Products to be registered or held in the name of the client or such other person as instructed by the client.

Introduced 28/04/14

### **4.24.2 Exceptions from withdrawal restrictions**

The restriction in Rule 4.24.1 on withdrawing from a clients' trust account money received by the Participant in connection with the purchase of Financial Products under a Cash Market Transaction does not apply to the extent that:

- (a) the money was paid by way of remuneration payable to the Participant in connection with that Cash Market Transaction or the Participant is entitled to deduct from the money remuneration payable to the Participant in connection with that Cash Market Transaction;
- (b) the money is paid out of the clients' trust account to defray brokerage and other proper charges in connection with that Cash Market Transaction;
- (c) the money is paid out of the clients' trust account:
  - (i) in accordance with the written direction of the client; or
  - (ii) to the Participant where the Participant is entitled to the money, in connection with a transfer authorised by the client of Financial Products acquired under that Cash Market Transaction which is a transfer other than a transfer to a Holding contemplated in Rule 4.24.1;
 or
- (d) the money is paid out of the clients' trust account to the client.

*Note: The circumstances in which Rule 4.24.2(c) is contemplated to apply include a transfer authorised by the client in respect of contras (ie purchase and sale transactions for the same class of Financial Products settling on or about the same day) and a transfer authorised by the client which is effected through DvP messaging.*

Introduced 28/04/14

## **4.25 PAYMENTS TO AND FROM TRUST ACCOUNT AT SETTLEMENT**

### **4.25.1 Facilitating payments to and from trust account at settlement**



In connection with Rules 6.3B and 10.10A of the operating rules of the Approved Settlement Facility:

- (a) if the Participant settles its Cash CCP Transactions through the Approved Settlement Facility in its capacity as a Settlement Participant, the Participant must do all things in its capacity as a Participant to enable compliance by it as a Settlement Participant with its obligations under those Rules;
- (b) if the Participant has appointed a Settlement Participant as its agent to settle its Cash CCP Transactions through the Approved Settlement Facility, all obligations under those Rules for the Settlement Participant to pay an amount to the clients' trust account maintained by the Participant pursuant to Rule 4.23 (or to ensure that such payment occurs), are to be treated also as obligations of the Participant under these Rules and the Participant must do all things in its capacity as a Participant to enable compliance by the Settlement Participant with its obligations under those Rules.

Introduced 25/05/15

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5 of 23 DOCUMENTS: ASX Clear Operating Rules/ASX Clear Operating Rules/ASX Clear Operating Rules/SECTION 5 RISK MANAGEMENT CAPITAL REQUIREMENTS



## SECTION 5 RISK MANAGEMENT CAPITAL REQUIREMENTS

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This section sets out 3 different capital regimes for Clearing Participants. All Clearing Participants will be required to comply with the capital regime that is appropriate for the Market Transactions that they clear. The three capital regimes are:

(a) Risk Based Requirements

This regime is required for all Clearing Participants wishing to clear Cash Market Transactions or Options Market Transactions.

A Clearing Participant clearing Futures Market Transactions may choose to comply under this regime instead of NTA requirements if they wish. The detailed requirements are in Schedule 1;

(b) NTA Requirements -- Net Tangible Assets

This regime is permissible for Clearing Participants clearing Futures Market Transactions only.

The detailed requirements are in Schedule 2; and  
(c) Other Capital Regime which ASX Clear considers appropriate:  
This is in anticipation of applicants such as ADIs which are supervised by APRA.

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## **5.1 CAPITAL REQUIREMENTS**

### **5.1.1 Applicable capital regime**

A Participant must comply with the Risk Based Capital Requirements set out in Schedule 1 unless Rule 5.1.2 or Rule 5.2 applies.

Introduced 11/03/04 Origin OCH 2A.1.1

### **5.1.2 Non-Risk Based Capital Requirements**

- (a) Subject to Rule 5.1.3, a Participant that is authorised to clear only Futures Market Transactions will be permitted to comply with the NTA Requirements in Schedule 2.
- (b) Subject to Rule 5.1.3, where a Participant described in Rule 5.1.2(a) is also a Participant of an Approved Futures Clearing Facility, the Participant satisfies the NTA Requirements in Schedule 2 by satisfying the capital requirements of the Approved Futures Clearing Facility.

Introduced 11/03/04 Origin OCH 2A.1.1 Amended 19/08/09, 02/08/13

### **5.1.3 Capital regime for Participants carrying on dual purposes**

A Participant which meets the description in Rule 5.1.2(a) but which also:

- (a) is authorised to trade; and/or
- (b) undertakes referral business in;

Cash Market Transactions and/or Options Market Transactions, where the underlying is not a Futures Market Contract, must comply with the Risk Based Capital Requirements set out in Schedule 1.

Introduced 19/08/09 Amended 02/08/13

### **5.1.4 Change of Capital Requirements**

A Participant to which the NTA Requirements or the Risk Based Capital Requirements applies is not entitled to change to the other requirements without the prior written consent of ASX Clear.

Introduced 11/03/04 Origin OCH 2A.1.2 Amended 19/08/09

## **5.2 OTHER CAPITAL REGIMES**

### **5.2.1 ASX Clear may recognise other prudential supervision regimes**

ASX Clear may, if requested in writing, exempt a Participant from the requirement to comply with the Risk Based Capital Requirements or the NTA Requirements under Rule 5.1 if the Participant can satisfy ASX Clear that the Participant is subject to an appropriate level of prudential supervision (the "Other Capital Regime").

For the purposes of this Rule 5.2.1 the Participant must:

- (a) be an ADI; and
- (b) comply with such requirements as ASX Clear determines.

Introduced 11/03/04 Origin OCH 2A.3.1 Amended 19/08/09, 02/08/13, 15/06/15

### **5.2.2 ASX Clear may impose conditions**

ASX Clear may impose conditions on the Participant in connection with any exemption under Rule 5.2.1 including, without limitation a condition to the effect that the exemption will only apply for as long as there is an arrangement in place between ASX Clear and the regulator responsible for the Other Capital Regime governing access to, and the exchange of, information relating to compliance and non-compliance with the Other Capital Regime.

Introduced 11/03/04 Origin OCH 2A.3.2

### **5.2.3 Provision of information**

A Participant which relies on an exemption under Rule 5.2.1 must provide to ASX Clear all documentation and information relating to compliance (or non-compliance) by the Participant with the Other Capital Regime which ASX Clear requests. The documentation and information must be

provided by the time and in the manner and form specified by ASX Clear.

Introduced 11/03/04 Origin OCH 2A.3.3

#### **5.2.4 Exchange of information between other regulator and ASX Clear**

If a Participant relies on an exemption under Rule 5.2.1, the Participant acknowledges that the regulator responsible for the Other Capital Regime and ASX Clear may provide any documents or other information, in relation to the Participant's capital position and the Participant's performance under the Rules or under the requirements of the Other Capital Regime, to the other and to any Related Body Corporate of ASX Clear or any relevant Approved Market Operator.

Introduced 11/03/04 Origin OCH 2A.3.4 Amended 27/06/11, 02/08/13

#### **5.2.5 Costs of obtaining and translating information**

Where documentation or information is provided or made available by or on behalf of a Participant or regulator under Rules 5.2.3 or 5.2.4 in a language other than English or in a form which is not readily accessible by ASX Clear, the Participant indemnifies and will keep indemnified ASX Clear against any costs and expenses ASX Clear incurs in connection with translating that documentation or information into English and obtaining access to that documentation or information.

Introduced 11/03/04 Origin OCH 2A.3.5

#### **5.2.6 Obligation to comply with Other Capital Regime**

A Participant which relies on an exemption under Rule 5.2.1 must at all times comply with the Other Capital Regime. If a Participant ceases to be subject to the Other Capital Regime, it must notify ASX Clear in writing immediately and subject to Rule 5.1, specify whether it elects to comply with the Risk Based Capital Requirements or the NTA Requirements and, from that time, the Participant must comply with those requirements.

Introduced 11/03/04 Origin OCH 2A.3.6

### **5.2.7 Obligation to report non-compliance with Other Capital Regime**

A Participant which relies on an exemption under Rule 5.2.1 must notify ASX Clear in writing immediately of any failure by the Participant to comply with the Other Capital Regime or any condition imposed by ASX Clear under Rule 5.2.2.

Introduced 11/03/04 Origin OCH 2A.3.7

### **5.2.8 ASX Clear not liable for bona fide exercise of power, right or discretion**

Without limiting Rule 1.10, none of ASX Clear, its officers, representatives, agents or contractors is liable to a Participant or to any other person for any loss, liability, damage, cost or expense arising in any way (including, without limitation, by negligence) from the bona fide exercise of any power, right or discretion conferred upon ASX Clear by Rule 5.2.

Introduced 02/08/13

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6 of 23 DOCUMENTS: ASX Clear Operating Rules/ASX Clear Operating Rules/ASX Clear Operating Rules/SECTION 6 COMMUNICATIONS WITH ASX CLEAR



## **SECTION 6 COMMUNICATIONS WITH ASX CLEAR**

Please click [here](#) to access a pdf of ASX Clear Operating Rules Section 6. Download in PDF

This Section governs a Participant's communication with ASX Clear and the Clearing System and sets out:

- (a) a Participant's responsibility for the accuracy of all communications;

- (b) a Participant's obligation to conduct its clearing operations in a manner that does not disrupt the Clearing System, to notify ASX Clear if it is unable to communicate reliably with the Clearing System and not to take advantage of any errors, breakdowns or malfunctions;
- (c) ASX Clear's power to give directions to a Participant, require a Participant to undergo testing or to restrict access to the Clearing System; and
- (d) the circumstances in which ASX Clear will endeavour to provide emergency assistance to Participants.

## **6.1 RESPONSIBILITY OF PARTICIPANT**

### **6.1.1 Participant's responsibilities**

A Participant:

- (a) is responsible for the accuracy of details, the integrity and bona fides, of all communications, including Clearing Messages, it submits into the Clearing System;
- (b) must notify ASX Clear as soon as practicable if it is unable to communicate reliably with the Clearing System; and
- (c) must conduct its clearing operations in a manner which does not disrupt the Clearing System, ASX Clear's Clearing Facility, an Approved Settlement Facility's systems or processes, or the orderly conduct of any market conducted by an Approved Market Operator or any Underlying Market.

In discharging its obligations under this Rule, a Participant must not intentionally take advantage of a situation arising as a result of:

- (d) a breakdown or malfunction in the procedures or systems of ASX Clear, an Approved Market Operator, an Approved Settlement Facility or any of their Related Bodies Corporate; or
- (e) an error in entries made by ASX Clear, an Approved Market Operator, an Approved Settlement Facility or any of their Related Bodies Corporate in their clearing, trading or settlement systems.

Introduced 11/03/04 Origin OCH 3.1.1, 3.1.3, 3.1.4, SCH 9.22.2

## **6.2 TESTING REQUIREMENTS**

### **6.2.1 ASX Clear may require Participant to undertake testing**

ASX Clear may, on reasonable notice, require a Participant to undertake testing as specified by ASX Clear in the Procedures, or as otherwise directed by ASX Clear, for the purpose of confirming:

- (a) the ability of the Participant to communicate reliably with the Clearing System and to correctly process Clearing Messages including, without limitation, to reconcile in a timely manner Clearing Messages transmitted to the Participant in respect of Market Transactions with communications received by the Participant from each relevant Approved Market

- Operator, and, where applicable, Market Participant, in respect of those Market Transactions;  
and
- (b) any other matters as specified by ASX Clear in the Procedures.

Introduced 11/03/04 Origin OCH 3.2.1 Amended 27/06/11

## **6.3 ASX CLEAR'S POWER TO GIVE DIRECTIONS**

### **6.3.1 ASX Clear may take such steps as necessary**

If:

- (a) after a Participant has undertaken the testing referred to in Rule 6.2.1, ASX Clear reasonably believes that the ability of the Participant to communicate reliably with the Clearing System or to correctly process Clearing Messages is or will be impaired; or
- (b) the Participant has not, within the time specified by ASX Clear, complied with ASX Clear's requirement to undertake the testing referred to in Rule 6.2.1,

ASX Clear may immediately take such steps as it considers necessary or desirable for the efficiency and integrity of its Clearing Facility or the proper functioning of the Clearing System, including:

- (c) giving instructions or directions to the Participant to prevent or minimise impairment to those communications with the Clearing System or the correct processing of Clearing Messages; or
- (d) restricting the Participant's access to the Clearing System until such time as ASX Clear is satisfied that the ability of the Participant to communicate reliably with the Clearing System or to correctly process Clearing Messages is or will no longer be impaired.

A Participant must observe and give effect to any instruction or direction given to it by ASX Clear under this Rule.

Introduced 11/03/04 Origin OCH 3.2.2, 3.2.3

## **6.4 ASX CLEAR'S POWER TO RESTRICT ACCESS**

### **6.4.1 ASX Clear may restrict access to Clearing System**

If ASX Clear reasonably considers it necessary for the efficiency and integrity of the clearing facilities of ASX Clear or the proper functioning of the Clearing System, it may restrict access to the Clearing System by:

- (a) a Participant whose actions have adversely impacted on the efficiency and integrity of the clearing facilities of ASX Clear or the proper functioning of the Clearing System; or
- (b) Participants generally,  
until implementation of a satisfactory resolution, in the reasonable opinion of ASX Clear, of the act,

omission or circumstance which gave rise to the need to restrict access to the Clearing System.

Introduced 11/03/04 Origin OCH 3.4.1

## **6.5 NOTIFICATION TO PARTICIPANT**

### **6.5.1 ASX Clear may notify Participants generally**

If ASX Clear takes steps under Rule 6.3.1 or 6.4.1, ASX Clear must promptly notify the Participant concerned or Participants generally as the case may require.

Introduced 11/03/04 Origin OCH 3.2.4, 3.4.2

## **6.6 PARTICIPANT'S RIGHT TO HEARING**

### **6.6.1 Participant may appeal notice**

If ASX Clear takes steps under Rule 6.3.1 or 6.4.1 the Participant may appeal the decision in accordance with the provisions of the ASX Enforcement and Appeals Rulebook. ASX Clear may exercise its rights under 6.3.1 or 6.4.1 before any hearing is conducted under this Rule 6.6.1.

Introduced 11/03/04 Amended 31/03/08, 01/08/10 Origin OCH 3.2.5, 3.4.3

## **6.7 IDENTIFICATION OF CLEARING MESSAGES FROM A PARTICIPANT**

### **6.7.1 Clearing Message taken to have been submitted by Participant**

A Clearing Message that:

- (a) is submitted into the Clearing System by a Participant; or
- (b) in the case of a Cash CCP Transaction, specifies the PID of the Participant, is taken for all purposes under these Rules to have been submitted by, and with the knowledge of, that Participant.

Introduced 11/03/04 Origin SCH 4.5.1, OCH 3.1.2 Corresponds to ASX Settlement 16.17



## **6.8 IDENTIFICATION OF CLEARING MESSAGES FROM ASX CLEAR**

### **6.8.1 Clearing Message taken to have been submitted by ASX Clear**

Where a Clearing Message specifies the PID of ASX Clear, that Clearing Message is taken for all purposes under these Rules to have been submitted by ASX Clear.

Introduced 11/03/04 Origin SCH 4.5.1, OCH 3.1.2 Corresponds to ASX Settlement 16.17

## **6.9 ASX CLEAR EMERGENCY ASSISTANCE**

### **6.9.1 Participant may request ASX Clear for assistance**

If a Participant advises ASX Clear that it is no longer able to transmit Clearing Messages, the Participant may request ASX Clear on a reasonable endeavours basis to:

- (a) act as the Participant's agent to send and receive Clearing Messages on the Participant's behalf in communicating with the Clearing System; or
- (b) make available other emergency facilities in accordance with the Procedures.

Introduced 11/03/04 Origin OCH 3.3.1

## **6.10 EMERGENCY ASSISTANCE NOT PROVIDED BY ASX CLEAR**

### **6.10.1 Where ASX Clear does not provide assistance**

A Participant cannot claim that because ASX Clear does not assist a Participant under Rule 6.9.1, the Participant is unable to comply with the Rules and Procedures.

Introduced 11/03/04 Origin OCH 3.3.4

## **6.11 EXCLUSION OF LIABILITY**

### **6.11.1 ASX Clear not liable for emergency assistance**

Without limiting Rule 1.10, ASX Clear accepts no liability for activities it undertakes on behalf of a Participant or the use of its other emergency facilities under Rule 6.9.1.

Introduced 11/03/04 Origin OCH 3.3.2

## **6.12 INDEMNITY FOR EMERGENCY ASSISTANCE**

### **6.12.1 Participant to indemnify ASX Clear where ASX Clear provides emergency assistance**

The Participant indemnifies and will keep indemnified ASX Clear against all actions, proceedings, claims, demands, damages, costs, expenses and any other amounts against or incurred by ASX Clear arising out of or in connection with any action taken or any inaction by any of ASX Clear, or its officers, agents, persons acting for or on behalf of ASX Clear or contractors under Rule 6.9.

Introduced 11/03/04 Origin OCH 3.3.3

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## **SECTION 7 CLIENT REQUIREMENTS**

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This Section deals with the contractual relationships between Clients and Participants. It:

- (a) outlines what steps a Participant must take before accepting a new Client including the requirement to have and maintain a written Client Agreement except in some limited circumstances;

- (b) governs the terms of the Client Agreement;
  - (c) sets out what rights a Participant has where there is a default by a Client;
  - (d) provides for what is to happen where a Client that is a natural person dies and what powers may be exercised by a Participant in these circumstances; and
  - (e) addresses a client's right to make a claim on the NGF in respect of Cash CCP Transactions.
- 

## **7.1 CLIENTS -- DERIVATIVES MARKET TRANSACTIONS**

### **7.1.1 Steps to be taken before agreeing to clear for a Client**

Subject to Rule 7.1.3, before agreeing to clear Derivatives Market Transactions for a client, a Participant must:

- (a) have entered into an agreement with the client in accordance with Rule 7.1.2; and
- (b) give the client all of the documents which the Participant is required to give to a client under the Corporations Act, these Rules and the Procedures.

In this Rule 7, the agreement entered into between the Participant and the client is known as a Client Agreement.

Introduced 11/03/04 Origin OCH 2B.1.1 Amended 01/08/05

### **7.1.2 Terms of agreement with Client**

Participants are required to enter into a written agreement incorporating the terms set out in Schedule 5 including provisions which provide form and give effect to, the novation of the Client Agreement upon a change of Participant in accordance with Rule 7.1.5. The Client Agreement may include other terms and conditions agreed between the Participant and the Client, provided those terms are not inconsistent with the terms set out in Schedule 5. To the extent of any inconsistency, the terms set out in Schedule 5 prevail.

Introduced 11/03/04 Origin OCH 2B.1.2 Amended 01/08/05

### **7.1.3 Terms of agreement**

A Participant does not need to enter into a Client Agreement incorporating the terms set out in Schedule 5 where:

- (a) in relation to an Options Market Transaction, the Participant's client is a Wholesale Client and the Participant has satisfied itself that the Wholesale Client has previously executed and

- lodged with ASX Clear a client agreement in accordance with the operating rules of the Approved Listing Market Operator and the ASIC Market Integrity Rules (as applicable); or
- (b) in relation to a Futures Market Transaction, the General Participant's client is a Market Participant and the services provided by the General Participant to the Market Participant are only those that are covered by a Clearing Agreement which complies with Rule 9.1.

If a Participant clears for a person and that person has lodged, or is taken to have lodged a Wholesale Client Agreement with the ASX Clear, that person, the Market Participant and the Participant are taken to have entered into an agreement in accordance with the terms of that Wholesale Client Agreement.

Introduced 11/03/04 Origin OCH 2B.1.4 Amended 01/08/05, 01/08/10, 27/06/11

#### **7.1.4 Participant to maintain and keep copy of Client Agreement**

The Participant and the Client must maintain a Client Agreement which complies with this Rule 7 for as long as the person continues to be a Client of the Participant. The Participant must retain a copy of each Client Agreement which it enters into for at least 7 years following the date on which the agreement is terminated.

Introduced 11/03/04 Origin OCH 2B.1.3

#### **7.1.5 Novation of Client Agreements on change of Participant**

If a Participant proposes to change the Participant for all Derivatives CCP Contracts which it holds in a Client Account (for example because the Participant has transferred its business to another Participant) then the Participant must do the following:

- (a) no later than 20 Business Days before the proposed change of Participant, a Participant Change Notice must be sent to the relevant Client of the Participant, setting out details of the proposed change of Participant and other relevant information about the reasons for the proposed change and the costs (if any) to the Client of the proposed change;
- (b) any conditions stipulated by ASX Clear in connection with the transfer have been met and ASX Clear consents to the transfer;
- (c) the Participant Change Notice must clearly state that the Client is under no obligation to agree to a change of Participant, and may choose to do any of the things set out in paragraphs (d) or (e) below;
- (d) a Client who receives a Participant Change Notice may choose to terminate the existing Client Agreement in accordance with the terms of the Client Agreement or by instructing the Participant to transfer its Derivatives CCP Contracts to another Participant;
- (e) if a Client does not take any action to terminate the Client Agreement in accordance with paragraph (d) above, and does not give any other instructions to the Participant which would indicate that the Client does not agree to the change of Participant then, on the Effective Date,

the existing Client Agreement will have been taken to be novated to the new Participant and will be binding on all parties as if, on the Effective Date:

- (i) the new Participant is a party to the Client Agreement in substitution for the existing Participant;
  - (ii) any rights of the existing Participant are transferred to the new Participant; and
  - (iii) the existing Participant is released by the Client from any obligations arising on or after the Effective Date;
- (f) the novation in paragraph (e) above will not take effect until the Client has received a notice from the new Participant confirming that the new Participant consents to acting as the Participant for the Client, and the Effective Date may as a result be later than the date set out in the Participant Change Notice;
- (g) the Client will be taken to have consented to the events referred to in paragraph (e) above, by the doing of any act which is consistent with the novation of the Client Agreement to the new Participant (for example by giving an instruction to the new Participant), on or after the Effective Date, and such consent will be taken to be given as of the Effective Date;
- (h) the existing Client Agreement continues for the benefit of the existing Participant in respect of any rights and obligations accruing before the Effective Date and, to the extent that any law or provision of any agreement makes the novation in paragraph (e) not binding or effective on the Effective Date, then the Client Agreement will continue for the benefit of the existing Participant until such time as the novation is effective, and the existing Participant will hold the benefit of the Client Agreement (to the extent it relates to a Derivatives CCP Contract transferred to the New Clearing Participant) on trust for the new Participant;
- (i) nothing in this Rule will prevent the completion of Derivatives Market Transactions and Derivatives CCP Contracts by the existing Participant where the obligation to complete those transactions arises before the Effective Date and the existing Client Agreement will continue to apply to the completion of those transactions, notwithstanding the novation of the Client Agreement to the new Participant under this Rule.

Introduced 11/03/04 Amended 28/11/05

## **7.2 DEFAULT BY A CLIENT**

### **7.2.1 Participant may exercise rights**

If:

- (a) a Client fails to pay, or provide security for, amounts payable by the Client to the Participant under these Rules;
- (b) a Client fails to discharge any obligation in connection with the settlement of a Cash CCP Transaction or Derivatives CCP Contract in accordance with its terms; or
- (c) any other event occurs which under the Client Agreement entitles the Participant to take action in respect of the Client,

the Participant may exercise any rights which the Participant has under these Rules, the Client Agreement or otherwise. The Client must account to the Participant for any deficiency and is entitled

to any surplus which may result from the exercise of those rights.

Introduced 11/03/04 Origin OCH 2B.4

## **7.3 DEATH OF CLIENT AND OTHER CIRCUMSTANCES**

### **7.3.1 Application of Rule 7.3**

Rules 7.3.2 and 7.3.3 only apply where the Client is a natural person.

Introduced 11/03/04

### **7.3.2 No knowledge of Client's legal representative**

If a Participant becomes aware of the death of a Client and, after reasonable enquiry, the Participant does not know the identity of the legal representative of the Client, the Participant may exercise the powers under Rule 7.3.5.

Introduced 11/03/04 Origin OCH 2B.3.1

### **7.3.3 No undertaking from legal representative**

If:

- (a) a Participant becomes aware of the death of a Client;
  - (b) the Participant knows the identity of the legal representative who has been appointed to the Client's estate; and
  - (c) the legal representative does not, after being requested by the Participant to do so, undertake to meet the Client's obligations in respect of one or more Cash CCP Transactions or Derivatives CCP Contracts for the benefit of the Client's estate,
- the Participant may exercise the powers under Rule 7.3.5 in respect of those transactions or contracts for which the undertaking is not given.

Introduced 11/03/04 Origin OCH 2B.3.2

### **7.3.4 Client unable to be contacted**

If the Participant, after reasonable enquiry, has been unable to contact a Client to obtain instructions in respect of the exercise of any rights or the performance of any obligations in connection with a Cash CCP Transaction or Derivatives CCP Contract, the Participant may exercise the powers under Rule 7.3.5.

Introduced 11/03/04 Origin OCH 2B.3.3

### **7.3.5 Powers of Participant**

Where Rule 7.3.2, 7.3.3 or 7.3.4 applies, the Participant may, without giving prior notice to the Client or the legal representative (as the case may be), take any action, or refrain from taking action, which it considers reasonable in the circumstances in connection with the Cash CCP Transactions or Derivatives CCP Contracts and, without limitation, the Participant may (as relevant):

- (a) take any action, in conjunction with the requirements of the Approved Settlement Facility and its Settlement Participants, in accordance with these Rules and the rules of that Approved Settlement Facility;
- (b) enter into, or cause to be entered into, one or more Derivatives Market Transactions to effect the close out of one or more Derivatives CCP Contracts in accordance with these Rules;
- (c) exercise one or more Options CCP Contracts; or
- (d) exercise, or cause to be exercised, any other rights or perform any other obligations conferred by the Rules or the Client Agreement in respect of the Cash CCP Transactions or Derivatives CCP Contracts.

Introduced 11/03/04 Origin OCH 2B.3.4

### **7.3.6 Client Liability**

The Client or the estate of the Client (as the case may be) must account to the Participant as if the actions of the Participant under Rule 7.3.5 were taken on the instructions of the Client.

Without limitation, the Client or the estate of the Client (as the case may be) must account to the Participant for any deficiency and is entitled to any surplus which may result.

Introduced 11/03/04 Origin OCH 2B.3.4

### 7.3.7 Records

A Participant must keep records in writing containing full particulars of all enquiries made and action taken under this Rule 7.3.

Introduced 11/03/04 Origin OCH 2B.3.5

### 7.3.8 NGF Coverage -- Cash CCP Transactions -- [Deleted]

Introduced 11/03/04 Origin SCH 7.8.6 Deleted 18/12/06

## 7.4 NGF COVERAGE

### 7.4.1 Cash CCP Transactions

This Rule applies only in respect of Cash CCP Transactions.

If a Participant has a Clearing Obligation in relation to a Cash CCP Transaction registered in respect of a client that is not a Participant that is settled by net delivery or net payment under these Rules:

- (a) the net settlement constitutes performance of the Participant's obligation to the client to settle the transaction;
- (b) the Participant's obligation to account to the client for Financial Products bought or for the consideration for the sale of Financial Products is not affected by net settlement;
- (c) the client has such proprietary rights as the law recognises in respect of Financial Products and consideration held by or under the control of the Participant;
- (d) the client's rights to claim on the National Guarantee Fund under Regulations 7.5.24 and 7.5.26 of the Corporations Regulations are not affected by the use of net settlement under these Rules; and
- (e) where the Participant settles by making a net delivery of Financial Products, the Participant is taken to have effected a Transfer (as that term is used by the Approved Settlement Facility) on behalf of the client if (and to the extent to which), according to the Participant's records, the Financial Products which are delivered in Batch Settlement (as that term is used by the Approved Settlement Facility) are deducted from or attributed to Financial Products held by or on behalf of the client.

*Note: This Rule 7.4.1 is intended to reflect Regulation 7.5.53(3) of the Corporations Regulations.*

This Rule 7.4.1 does not apply to the settlement of a Failed CCP Batch Instruction which occurs pursuant to the set-off under Rule 12.8A of obligations and entitlements under the Failed CCP Batch Instruction against entitlements and obligations under the first leg of an Offsetting Transaction Arrangement entered into in respect of the Failed CCP Batch Instruction. Any settlement of a Failed CCP Batch Instruction which occurs pursuant to such set-off under Rule 12.8A does not constitute performance of or otherwise affect the Participant's settlement obligation to a client in relation to a



Cash CCP Transaction which underlied such CCP Batch Instruction.

This Rule 7.4.1 however continues to apply to the settlement by net delivery or net payment under these Rules of the Cash CCP Transaction that is a transaction under the second leg of an Offsetting Transaction Arrangement entered into in respect of a Failed CCP Batch Instruction underlying which was a Cash CCP Transaction registered in respect of a client that is not a Participant. For the purposes of the application of this Rule 7.4.1 in such circumstances:

- (a) Clearing Obligations under the Cash CCP Transaction that is a transaction under the second leg of an Offsetting Transaction Arrangement are treated as if they were Clearing Obligations in relation to each Cash CCP Transaction which underlied the Failed CCP Batch Instruction that Offsetting Transaction Arrangement is in respect of; and
- (b) settlement of the Cash CCP Transaction that is a transaction under the second leg of an Offsetting Transaction Arrangement is treated as if it was settlement of each Cash CCP Transaction which underlied the Failed CCP Batch Instruction that Offsetting Transaction Arrangement is in respect of by net delivery or net payment under these Rules.

*Note: As a mechanism for facilitating the set-off and settlement on the Settlement Date of obligations between ASX Clear and the respective Participant under a Cash CCP Transaction which underlies a CCP Batch Instruction Failed due to a Payment Shortfall (or to limit a Settlement Participant's net obligation to make payment in respect of that Payment Facility to the amount previously notified under the operating rules of the Approved Settlement Facility) or if there is a suspension or termination of a Payments Provider that would affect payment under such instruction, Rule 12.8A provides for the entry into of an Offsetting Transaction Arrangement between ASX Clear and the non-defaulting Participant in relation to the Failed CCP Batch Instruction.*

*The discharge of obligations under a Failed CCP Batch Instruction by way of set-off against equal but opposite entitlements under the first leg of an Offsetting Transaction Arrangement entered into in respect of that Failed CCP Batch Instruction will not however trigger a Transfer (as that term is defined under the operating rules of the Approved Settlement Facility) of Financial Products nor the performance of the Participant's settlement obligation to the client in relation to a Cash CCP Transaction which underlied such Failed CCP Batch Instruction until the underlying obligations and entitlements of the transaction as reflected in the second leg of the Offsetting Transaction Arrangement are settled by net delivery or net payment under these Rules.*

Introduced 18/12/06 Origin SCH 7.8.6 Amended 28/04/14

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## SECTION 8 CLEARING FUND CONTRIBUTIONS AND PRIORITY OF APPLICATION OF CLEARING ASSETS

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This Section enables ASX Clear to seek Contributions from Participants.

Any Contribution received by ASX Clear is to be held by ASX Clear as its absolute legal and beneficial property. ASX Clear is obliged to pay interest to Participants in accordance with the Procedures in respect of Contributions.

This Sections also sets out:

- (a) the form in which a Contribution is to be made;
- (b) how the amount of the Contribution is to be calculated and reviewed;
- (c) the consequences if a Participant does not provide a Contribution;
- (d) the circumstances in which a Participant's Contribution may be used; and
- (e) the priority in which various assets may be used if the Participant defaults.

*Note: the previous Section 8 introduced on 11 March 2004 entitled "Clearing Fund Contributions and Priority of Application of Clearing Assets" has been deleted and replaced with this Section 8. Origin references to former ACH Rules are references to the Section 8 Rules in force prior to 31 March 2005.*

### 8.1 CONTRIBUTIONS

#### 8.1.1 ASX Clear may seek Contribution

In relation to all or any category of Market Transaction ASX Clear may determine that all Participants with authority to clear that category or all categories must make a Contribution to the financial support of ASX Clear in accordance with this Section 8. The Contribution will be able to be readily, unequivocally and irrevocably applied to support and discharge the financial obligations of ASX Clear under Derivatives CCP Contracts or Cash CCP Transactions, in the case of an event of default, in accordance with Rule 8.3.

ASX Clear must give such prior notice to Participants affected by any Contribution determination as is reasonable in the circumstances, and the notice must specify the time within which each affected Participant must provide the Contribution.

Introduced 31/03/05 Origin OCH S 3.2.1 and former ACH 8.1.1 Amended 01/10/15

#### 8.1.2 Calculation of Contribution amount

ASX Clear may specify in the Procedures the amount of Contribution required from Participants clearing a category of Market Transaction by reference to:

- a) a fixed amount per Participant or per Market Transaction; or
- b) an amount calculated using a specified formula, such that the amount is referable to the volume, value, margin requirements or risk measurement of Market Transactions cleared by each Participant in a specified preceding period; or
- c) any combination of these matters referred to in paragraphs (a) and (b).

ASX Clear may specify in the Procedures arrangements for the regular review and recalculation of Contributions.

Introduced 31/03/05 Origin OCH S 3.3.1, S 3.3.2 and former ACH 8.3.1

### **8.1.3 Increase following Review**

Following a review and recalculation by ASX Clear of Contributions required from Participants in accordance with the Procedures, ASX Clear may give notice of an increase in Contribution and the time within which the Participant must make a further Contribution.

Introduced 31/03/05 Origin OCH S 3.3.7 and former ACH 8.3.2 Amended 01/10/15

### **8.1.4 Form and value of Contribution**

A Contribution must be in a form acceptable to ASX Clear in its absolute discretion. ASX Clear may prescribe limits on the securities or collateral which may be provided.

ASX Clear may in its absolute discretion determine the value of any Contribution provided otherwise than in cash or irrevocable commitment to provide cash for the purpose of determining whether a Participant has provided a Contribution of an amount which satisfies the provisions of the Rules.

Introduced 31/03/05 Origin OCH S 3.2.2, S 3.2.3 and former ACH 8.2.1 and 8.2.2 Amended 01/10/15

### **8.1.5 ASX Clear may direct a change in Contribution**

ASX Clear may direct a Participant who has provided a non-cash Contribution to change the form of the Contribution and the Participant must effect the alteration by such time as ASX Clear requires. If the Participant does not comply with the direction, then ASX Clear may convert into cash some or all

of any non-cash Contribution and hold the cash as the Participant's Contribution. If, for any reason, ASX Clear is unable or unwilling to do so, the Participant is to be deemed not to have provided a Contribution as required.

Introduced 31/03/05 Origin OCH S 3.2.4 and former ACH 8.2.3 Amended 01/10/15

#### **8.1.6 Contributions -- ASX Clear's absolute legal and beneficial property**

Any Contribution received by ASX Clear is ASX Clear's absolute legal and beneficial property.

Introduced 31/03/05 Origin OCH S 3.2.5 and former ACH 8.2.4

#### **8.1.7 Interest and accommodation fee**

ASX Clear may in its absolute discretion pay each Participant an accommodation fee in respect of its Contribution in recognition of and to compensate for the assumption of risk by the Participant. Such fee shall be as determined from time to time by the board of ASX Clear with due regard for the risk, exposure and amount of the Contribution of a Participant and may be, set on different bases for different categories of Participants.

ASX Clear will pay a Participant interest on a Contribution provided in cash at the rate determined by ASX Clear from time to time, provided that ASX Clear may withhold any interest where in the opinion of the board withholding such interest is necessary to ensure that the Participant is in compliance with Rule 8.1.1 and in such case such interest may be used by the board as part of the Participant's Contribution.

Introduced 31/03/05 Origin OCH S 3.2.6 and former ACH 8.2.5 Amended 01/10/15

#### **8.1.8 Consequences of not providing Contribution**

Failure to provide a Contribution is a contravention of the Rules and constitutes an event of default under the Rules.

Introduced 31/03/05 Origin former ACH 8.1.2 Amended 01/10/15

### **8.1.9 Transitional arrangements for the introduction of margining of Cash CCP Transactions**

Any Contribution held by ASX Clear under the Contributions Determination dated 8 March 2007 on the Implementation Date will be taken for all purposes under these Rules, on and from that date, to have been provided by the Participant instead as additional Cover called by ASX Clear under Rule 14.6.1.

For the purpose of this Rule 8.1.9, the Implementation Date means the date for commencement of margining of Cash CCP Transactions as determined by ASX Clear and notified to Participants as the Implementation Date.

Introduced 07/06/13

### **8.1.10 Nature of Contribution**

A Contribution is a debt due and payable to ASX Clear.

A Participant that fails to pay ASX Clear a Contribution when due for payment must pay interest to ASX Clear on the unpaid amount. Interest is to be calculated according to the formula set out in the Procedures.

Introduced 01/10/15

## **8.2 EMERGENCY ASSESSMENTS -- [DELETED]**

Introduced 31/03/05 Deleted 01/10/15

## **8.3 APPLICATION OF CLEARING ASSETS**

### **8.3.1 Priority of Application and Assets**

If there is a Clearing Loss, ASX Clear must apply the following assets in the following order (starting from the assets in paragraph (a)) to enable ASX Clear to meet the Clearing Loss:

- (a) any Cover, and any cash or bank guarantee provided by the Clearing Loss Participant under Rule S1.2.11, available to ASX Clear to discharge the obligations of the Clearing Loss Participant;
- (b) any asset of the Clearing Loss Participant which ASX Clear has a right under the Rules to

apply to discharge the Clearing Loss Participant's obligations, which includes without limitation any amounts of variation margin or other amounts which would otherwise be payable to the Clearing Loss Participant;

- (c) any Contributions of the Clearing Loss Participant;
- (d) any NGF Amount remaining;
- (e) ASX Clear's assets held in liquid form existing immediately before the Clearing Loss calculation starts, up to the amount prescribed in the Procedures;
- (f) the proceeds of any insurance policies held by ASX Clear or other financial backing available to ASX Clear (as designated for the purposes of this paragraph and set out in the Procedures) for the purpose of meeting its Clearing Obligations;
- (g) any Contributions of other Participants;
- (h) Recovery Assessments received from one or more Participants; and
- (i) ASX Clear's other assets which have been expressly prescribed in the Procedures for the purposes of this paragraph as being available for application up to the amount specified in the Procedures (but excluding any other assets of ASX Clear which have not been so prescribed).

A Contribution cannot be applied by ASX Clear to discharge, or to compensate ASX Clear for discharging, a Clearing Obligation incurred before ASX Clear makes its determination under Rule 8.1.1 to require the Contribution.

ASX Clear may apply the assets referred to in this Rule in or towards the satisfaction of the Clearing Loss irrespective of whether it has finally determined the amount of a Clearing Loss in respect of a Clearing Loss Participant or Clearing Loss Participants.

The application of any of the assets referred to in this Rule with respect to a Clearing Loss or Clearing Losses does not preclude the use of any remaining assets in any subsequent Clearing Loss or Clearing Losses.

Introduced 31/03/05. Origin OCH S3.5.2 and former ACH 8.5.4 Amended 28/11/08, 01/01/10, 01/10/15

### **8.3.1A Application of clearing assets for multiple Clearing Loss Participants**

ASX Clear may choose to treat the Clearing Losses which arise in respect of multiple Clearing Loss Participants during a Default Period as one combined Clearing Loss and apply the assets referred to in Rule 8.3.1 to that Clearing Loss if ASX Clear considers it would be appropriate to do so. If ASX Clear does not choose to treat the Clearing Losses which arise in respect of multiple Clearing Loss Participants during a Default Period as one combined Clearing Loss, ASX Clear will apply the assets referred to in Rule 8.3.1 separately and consecutively in respect of each Clearing Loss Participant.

Introduced 01/10/15

### **8.3.2 Application of Contributions**

Where some but not all of the aggregate amount available to ASX Clear under Rule 8.3.1(g) is required to enable ASX Clear to meet a Clearing Loss, ASX Clear must apply the Contributions of the Participants referred to in that paragraph pro rata to the total of their Contributions existing at the time the Default Period commences.

Introduced 31/03/05 Origin OCH S 3.5.5 and former ACH 8.5.6 Amended 01/10/15

### **8.3.3 ASX Clear may borrow or make other financial arrangements**

To enable ASX Clear to discharge its obligations in a timely manner, ASX Clear may borrow or make other financial arrangements which it considers appropriate and apply the proceeds of any Contribution, insurance policies referred to in Rule 8.3.1(f) and Recovery Assessments to repay those borrowings or to otherwise discharge its obligations under those financial arrangements (including interest obligations).

Introduced 31/03/05 Origin OCH S 3.5.5 and former ACH 8.5.6 Amended 01/10/15

### **8.3.4 Application of assets in different order**

Despite Rule 8.3.1, ASX Clear may apply the assets referred to in Rule 8.3.1 in any order it considers appropriate to enable ASX Clear to meet its Clearing Obligations in a timely manner. If ASX Clear acts in this way, ASX Clear subsequently must make the adjustments it considers necessary to restore ASX Clear and the Participants to the position they would have been in had the assets been applied in the order set out in Rule 8.3.1.

Introduced 31/03/05 Origin OCH S 3.5.6 and former ACH 8.5.7

### **8.3.5 Liability of defaulting Participant**

Action by ASX Clear under this Rule 8.3 does not release a Clearing Loss Participant from any liability which they have to ASX Clear or another Participant.

Introduced 31/03/05 Amended 01/10/15

### **8.3.6 Recovery by ASX Clear against Clearing Loss Participant**

ASX Clear may seek to recover from a Clearing Loss Participant all amounts owing by them to ASX Clear. However, ASX Clear must seek recovery if one or more of the other Participants, or entities which have resigned from being Participants, who are Contributors under the Recovery Rules (excluding any Clearing Loss Participants):

- (a) indemnifies ASX Clear (on terms acceptable to ASX Clear) against all costs, expenses, liabilities and obligations which ASX Clear may incur by seeking recovery; and
- (b) provides security for the costs of ASX Clear in the form and amount required by ASX Clear, unless ASX Clear believes that to seek recovery would be contrary to the best interests of ASX Clear or the Participants (other than the Participant against which recovery action is proposed), or otherwise not appropriate having regard to Rule 1.15.

Introduced 31/03/05 Origin OCH S 3.5.8 and former 8.5.9 Amended 01/10/15

### **8.3.7 Recovery by non-defaulting Participant against defaulting Participant -- [Deleted]**

Introduced 31/03/05 Deleted 01/10/15

### **8.3.8 Top up of Contributions -- [Deleted]**

Introduced 31/03/05 Origin OCH S 3.5.11 and former ACH 8.5.12 Deleted 01/10/15

## **8.4 RETURN OF CONTRIBUTIONS**

### **8.4.1 Proceeds of recovery action against Clearing Loss Participant -- [Deleted]**

Introduced 31/03/05 Origin OCH S 3.5.9 and former ACH 8.5.10 Deleted 01/10/15

### **8.4.2 Proceeds of recovery action against Unpaid Amount Participant -- [Deleted]**



Introduced 31/03/05 Deleted 01/10/15

#### **8.4.3 No obligation to account in certain circumstances -- [Deleted]**

Introduced 31/03/05 Deleted 01/10/15

#### **8.4.4 Retention of amounts recovered in some cases -- [Deleted]**

Introduced 31/03/05 Origin OCH S 3.5.10 and former ACH 8.5.11 Deleted 01/10/15

#### **8.4.5 Release of Contribution**

Subject to Rule 8.4.6, and to the extent that it has not been applied to meet any Clearing Loss under Rule 8.3.1 or retained in accordance with the Recovery Rules, ASX Clear must return a Contribution made by a Participant in relation to a category of Market Transaction if:

- (a) the Participant's authority to clear the category of Market Transaction is terminated and the Participant has no Cash CCP Transactions or Derivatives CCP Contracts in relation to that category; or
- (b) as a result of a review and recalculation under Rule 8.1.2, ASX Clear determines that a Participant's Contribution for a category of Market Transaction has reduced and ASX Clear is satisfied that, immediately following the release, ASX Clear would continue to hold the total amount of Contribution required from that Participant under these Rules.

Unless otherwise retained in accordance with the Recovery Rules, the Contribution is to be returned to the Participant after the review and recalculation of Contributions which next follows the resignation of the Participant or the termination of the Participant's authority to clear the category of Market Transaction in relation to which the Contribution was made becoming effective.

If the Participant has any overdue debt obligations to ASX Clear at that time, ASX Clear may set off against the overdue debt obligations the amount that would otherwise be returned.

A Participant's Contribution shall remain available for application by ASX Clear in accordance with Rule 8.3 in respect of an event of default by any Participant that occurs prior to the Participant's resignation or termination becoming effective in accordance with the Rules. ASX Clear must not apply the Participant's Contribution in accordance with Rule 8.3 in respect of an event of default by another Participant that occurs after the Participant's resignation or termination becomes effective.

*Note: The Recovery Rules affect the circumstances in which ASX Clear will be required to release any Contribution made by a Participant.*

Introduced 31/03/05 Origin OCH S 3.3.8, S 3.4.4 and former ACH 8.3.3 and 8.4.1 Amended 01/10/15

#### **8.4.6 Effect of event of default by Participant**

Where ASX Clear is entitled to take any action against a Participant under Rule 15 or where any such action is under way (irrespective of whether the action is being taken in respect of the Participant who has requested a reduction or return of Contribution), ASX Clear may determine that any reduction or return of Contribution to any Participant is not to take place until the later of:

- (a) any action taken under Rule 15 is resolved; or
- (b) any Clearing Loss being fully satisfied.

*Note: The Recovery Rules may affect the operation of this Rule 8.4.6.*

Introduced 31/03/05 Origin OCH S 3.3.9 and former ACH 8.4.2 Amended 01/10/15

#### **8.4.7 Contributions remaining following a default**

The application of any Contributions under Rule 8.3 in relation to one Clearing Loss does not preclude ASX Clear from applying any remaining amount of a Contribution in relation to another Clearing Loss.

Introduced 31/03/05 Origin OCH S 3.5.7 and former ACH 8.5.8

#### **8.4.8 Lodgment of replacement Contribution**

ASX Clear must return a Participant's Contribution if the Participant lodges a replacement Contribution with ASX Clear of a type and in a manner acceptable to ASX Clear.

Introduced 31/03/05 Origin OCH S 3.4.4 and former ACH 8.4.1

#### **8.4.9 Emergency Assessment remaining following a Clearing Loss -- [Deleted]**

Introduced 31/03/05 Deleted 01/10/15

## **8.5 ADDITIONAL FUND**

### **8.5.1 ASX Clear may establish separate fund**

ASX Clear may, where it considers it appropriate, also establish a separate fund for a particular category or categories of Market Transactions to which all of Section 8 will apply

Introduced 31/03/05 Origin former ACH 8.6.1

## **8.6 RECOVERY RULES**

### **8.6.1 No effect on Recovery Rules**

Nothing in this Rule 8 limits the Recovery Rules.

*Note: The Recovery Rules may affect the operation of this Rule 8.*

Introduced 01/10/15

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**SECTION 9 THIRD PARTY CLEARING AND SETTLEMENT ARRANGEMENTS**

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A General Participant must have a Clearing Agreement in place with a Market Participant before that General Participant can clear Market Transactions for that Market Participant. In addition, before a Participant can clear Market Transactions, it must either be a Settlement Participant of an Approved Settlement Facility or have entered into a Settlement Agreement with such a Settlement Participant. This Section sets out:

- (a) the matters that must be included in a Clearing Agreement and a Settlement Agreement;
- (b) the obligations of Participants to provide ASX Clear with a copy of each Clearing Agreement and Settlement Agreement, to notify ASX Clear of any amendments to those agreements and to notify ASX Clear if it intends to terminate the Clearing Agreement or Settlement Agreement;
- (c) the power of ASX Clear to give directions to a Participant requiring it to make or refrain from making amendments to the Clearing Agreement or the Settlement Agreement and whether or not to accept a notice of termination ; and
- (d) the nature of the Clearing Obligation assumed by a General Participant who has agreed to clear Market Transactions for a Market Participant, including where a General Participant uses a Settlement Participant, and the responsibilities of that General Participant where a Market Participant for whom the Market Transaction is cleared is suspended or the Settlement Participant is suspended or terminated.

## 9.1 CLEARING AGREEMENT

### 9.1.1 Clearing Agreement required

A Participant must not clear Market Transactions for a Market Participant unless:

- (a) the Participant is admitted as a General Participant authorised to clear that category of Market Transaction;
- (b) a current Clearing Agreement is in force between the General Participant and the Market Participant which covers the category of Market Transaction which the General Participant is authorised to clear;
- (c) the Clearing Agreement contains the minimum requirements set out in Schedule 3; and
- (d) the Clearing Agreement addresses each of the following functions in compliance, where applicable, with any requirements specified by ASX Clear in the Procedures:
  - (i) procedures with respect to receipt and delivery of funds;
  - (ii) risk management provisions including dealings and position limits;
  - (iii) where applicable controls and filters (including if the Market Participant is to make automated client order processing available);
  - (iv) communications and trade confirmation;
  - (v) fees, government duty and any other applicable taxes;
  - (vi) reporting between the Market Participant and the General Participant;
  - (vii) extension of credit;
  - (viii) delivery of assets for a Cash CCP Transaction;
  - (ix) where applicable, opening, approving and monitoring of Accounts for Derivatives CCP Contracts;
  - (x) where applicable, Derivatives CCP Contract exercise;
  - (xi) where applicable, payment of Initial Margin or other margins for Derivatives CCP Contracts;
  - (xii) where applicable, the terms upon which the General Participant will accept instructions

- from the Market Participant on behalf of a mutual client, governing the exercise of a Derivatives CCP Contract;
- (xiii) where applicable, procedures with respect to the settlement of Cash Market Transactions in Non CS Approved Products;
  - (xiv) procedures for dealing with any Misdirected Market Transaction which is cleared by the General Participant;
  - (xv) procedures for dealing with any Market Transaction submitted by an Approved Market Operator to ASX Clear which identifies in error (or alleged error) the General Participant as a clearing counterparty to the Market Transaction, other than a Misdirected Market Transaction; and
  - (xvi) procedures with respect to the restriction, suspension and termination of clearing arrangements between the Market Participant and the General Participant.

Introduced 11/03/04 Origin OCH 6.7.1 Amended 9/12/04, 12/04/05, 04/06/10, 27/06/11

### **9.1.2 Clearing Agreement may contain other terms**

The Clearing Agreement may include other terms and conditions agreed between the parties, provided those terms are not inconsistent with the terms set out in Schedule 3. To the extent that there is any inconsistency, the terms set out in Schedule 3 prevail.

Introduced 11/03/04 Origin OCH 6.7.1

### **9.1.3 Copy of Clearing Agreement to ASX Clear**

The General Participant must give ASX Clear a copy of each Clearing Agreement (and any amendments) to which it is a party at the time specified in the Procedures.

Introduced 11/03/04 Origin OCH 6.7.1 Amended 01/08/14

### **9.1.4 General Participant bound by minimum terms**

In relation to a General Participant clearing Market Transactions for a Market Participant, the General Participant is bound by each term set out in Schedule 3, whether or not that term is actually incorporated in a Clearing Agreement with that Market Participant.

Introduced 11/03/04 Origin OCH 6.7.2 Amended 18/12/06

### **9.1.5 Obligation to notify of amendments**

Other than where set out in the Procedures, a General Participant must notify ASX Clear in writing of any amendments to a Clearing Agreement to which they are a party at the time specified in the Procedures.

Introduced 11/03/04 Origin OCH 6.7.3 Amended 18/12/06, 01/08/14

### **9.1.6 ASX Clear requirements concerning amendments**

ASX Clear may give reasonable directions to a General Participant requiring it to make (or refrain from making) amendments to the terms of any Clearing Agreement, and the General Participant must comply with those directions within the time specified by ASX Clear.

Introduced 11/03/04 Origin OCH 6.7.4

### **9.1.7 Nature of Clearing Obligations**

Where a General Participant has agreed to clear a Market Transaction for a Market Participant, the General Participant assumes the Clearing Obligations immediately the transaction is entered into by the Market Participant, so that the Clearing Obligations are owed by the General Participant (subject to any allocation of a Derivatives Market Contract which is accepted by another General Participant under these Rules):

- (a) in place of corresponding obligations owed by the Market Participant; and
- (b) as principal, regardless of whether the Market Participant entered into the Market Transaction as principal or agent (including as agent for an undisclosed principal).

For the purposes of this Rule, a General Participant which has agreed to clear a Market Transaction for a Market Participant is taken to have agreed to clear any Misdirected Market Transaction and assumes the Clearing Obligations immediately the Misdirected Market Transaction is entered into by the Market Participant.

Introduced 11/03/04 Origin OCH 6.7.5 SCH 7.7 Amended 9/12/04

### **9.1.8 Same General Participant on both sides of Market Transaction**

Where Rule 9.1.7 would cause the Clearing Obligations on each side of a single Market Transaction to be cleared by a single General Participant because either:

- (a) the General Participant is the General Participant of two Market Participants involved; or
- (b) the Market Participant and its General Participant entered into a Derivatives Market Contract, no form of merger or extinguishment will occur and the respective Clearing Obligations will continue to subsist in such a way as to be regarded for the purposes of the Rules as separately existing Clearing Obligations of the General Participant.

Introduced 11/03/04 Origin OCH 6.7.6

### **9.1.9 Suspension of Market Participant**

If a Market Participant is suspended under the operating Rules of an Approved Market Operator, the General Participant continues to have the Clearing Obligations for all Market Transactions entered into by the Market Participant prior to its suspension.

Introduced 11/03/04 Origin OCH 6.7.7

### **9.1.10 Termination of Clearing Agreement by General Participant**

If a General Participant intends to terminate its Clearing Agreement with a Market Participant, the General Participant must notify ASX Clear and each relevant Approved Market Operator in writing of the time and date when this will occur.

Introduced 11/03/04 Origin OCH 6.7.8 Amended 27/06/11

### **9.1.11 Effect of notice of termination**

The termination of a Clearing Agreement is not effective until ASX Clear accepts the termination in writing. In deciding whether to accept a termination, ASX Clear may have regard to whether:

- (a) the Market Participant is suspended by each relevant Approved Market Operator and all orders

- of the Market Participant are removed from the trading facility operated by the Approved Market Operator;
- (b) the Market Participant has become a Participant authorised to clear those categories of Market Transaction;
  - (c) the Market Participant has entered into a Clearing Agreement with another General Participant; and
  - (d) appropriate arrangements have been made for the settlement, close out or transfer of any Cash CCP Transactions or Derivatives CCP Contracts registered to the General Participant.

Introduced 11/03/04 Origin OCH 6.7.9 Amended 27/06/11

#### **9.1.12 General Participant to continue to have Clearing Obligations**

Unless alternative arrangements have been made for the settlement, close out or transfer of any Cash CCP Transactions or Derivatives CCP Contracts registered to the General Participant in relation to the Market Participant, the General Participant continues to have the Clearing Obligations for Market Transactions entered into by the Market Participant prior to the termination of the Clearing Agreement.

Introduced 11/03/04 Origin OCH 6.7.10

#### **9.1.13 Non performance by participant Client**

A General Participant must inform ASX Clear immediately if a Market Participant with whom the General Participant has a Clearing Agreement defaults on a financial or delivery obligation in respect of a Cash CCP Transaction or Derivatives CCP Contract.

Introduced 11/03/04 Origin OCH 6.7.12

#### **9.1.14 Direct Participants who clear for Wholly-Owned Group Entities**

In this Rule 9.1 a reference to a General Participant includes a Direct Participant when the Direct Participant clears for a Market Participant that is a Wholly-Owned Group Entity and its clients.



Introduced 02/08/13

## **9.2 THIRD PARTY SETTLEMENT ARRANGEMENTS**

### **9.2.1 Settlement Agreement required**

If a Participant is not a Settlement Participant of an Approved Settlement Facility for a category of Cash Market Transactions, the Participant must not clear transactions of that category unless:

- (a) a Settlement Agreement is in force between the Participant and a Settlement Participant of an Approved Settlement Facility under which the Participant appoints the Settlement Participant as its agent for the purpose of settling the category of Cash Market Transactions through the Approved Settlement Facility; and
- (b) the Settlement Agreement contains the minimum requirements set out in Schedule 4; and
- (c) the Settlement Agreement addresses each of the following functions:
  - (i) procedures with respect to receipt and delivery of funds;
  - (ii) fees, government duty and any other applicable taxes;
  - (iii) reporting between the Participant and the Settlement Participant; and
  - (iv) delivery of assets for settlement.

If a Participant changes Settlement Participants they must inform ASX Clear. ASX Clear may request a copy of the new Settlement Agreement.

Introduced 11/03/04

### **9.2.2 Settlement Agreement may contain other terms**

The Settlement Agreement may include other terms and conditions agreed between the parties, provided those terms are not inconsistent with the terms set out in Schedule 4. To the extent that there is any inconsistency, the terms set out in Schedule 4 prevail.

Introduced 11/03/04

### **9.2.3 Copy of Settlement Agreement to ASX Clear**

The Participant must if requested to do so by ASX Clear, give ASX Clear within 2 Business Days a copy of the Settlement Agreement (and any amendments) to which it is a party.

Introduced 11/03/04

#### **9.2.4 Non-compliance with minimum terms**

In relation to each Cash Market Transaction settled in accordance with a Settlement Agreement, the Participant must comply with each term in Schedule 4, whether or not that term is actually incorporated in the Settlement Agreement.

Introduced 11/03/04

#### **9.2.5 Obligation to notify of amendments**

Other than where set out in the Procedures, a Participant must notify ASX Clear in writing of any amendments to their Settlement Agreement at least 10 Business Days before the amendment becomes effective.

Introduced 11/03/04 Amended 18/12/06

#### **9.2.6 ASX Clear requirements concerning amendments**

ASX Clear may give reasonable directions to a Participant requiring it to make (or refrain from making) amendments to the terms of any Settlement Agreement, and the Participant must comply with those directions within the time specified by ASX Clear.

Introduced 11/03/04

#### **9.2.7 Nature of Clearing Obligations**

The Participant remains at all times responsible to ASX Clear to discharge its Clearing Obligations whether or not the Participant uses another Settlement Participant as its agent to do so. This applies even when:

- (a) the Participant is suspended or terminated as a Settlement Participant; or
- (b) the Participant uses a Settlement Participant and that Settlement Participant is suspended or terminated.

Introduced 11/03/04

### **9.2.8 Termination of Settlement Agreement**

If a Participant intends to terminate its Settlement Agreement with a Settlement Participant, the Participant must notify ASX Clear in writing of the time and date when this will occur.

Introduced 11/03/04

### **9.2.9 Effect of notice of termination**

The termination of a Settlement Agreement is not effective until ASX Clear accepts the termination in writing. In deciding whether to accept a termination, ASX Clear may have regard to whether:

- (a) the Participant has become a Settlement Participant in the Approved Settlement Facility authorised to settle the category of Cash Market Transactions for which the Participant has Clearing Obligations;
- (b) the Participant has entered into a Settlement Agreement with another Settlement Participant; and
- (c) appropriate arrangements have been made for the settlement or transfer of any Cash CCP Transactions registered to the Participant.

Introduced 11/03/04

### **9.2.10 Participant to continue to have Clearing Obligations**

The Participant remains responsible for discharging its Clearing Obligations notwithstanding the termination of its Settlement Agreement.

Introduced 11/03/04

### **9.2.11 Non performance by Settlement Participant**

A Participant must inform ASX Clear immediately that it becomes aware that it may not be able to discharge its Clearing Obligations for any reason related to the non performance of a settlement requirement under the operating rules of an Approved Settlement Facility by the Participant or the Settlement Participant acting on behalf of the Participant.

Introduced 11/03/04

### **9.3 THIRD PARTY EXERCISE OF DERIVATIVES CCP CONTRACTS**

#### **9.3.1 Participant may use another Participant to clear Exercise or Expiry**

If an Options CCP Contract gives rise upon exercise or expiry to a Cash Market Transaction and the Participant clearing the contract (the "Derivatives Participant") is not authorised to clear that Cash Market Transaction, the Derivatives Participant must nominate another General Participant (the "Cash Participant") to do so provided that a current Clearing Agreement is in force between them and the Cash Participant is authorised to clear that category of Market Transaction.

Introduced 11/03/04

#### **9.3.2 Application of Rule 9.3.1 to clearing arrangements for Cash Market Transaction**

If a nomination referred to in Rule 9.3.1 is made, then Rule 9.1 applies to the Clearing Agreement and the relationship between the parties as if:

- (a) references in Rule 9.1 to the Market Participant were references to the Derivatives Participant;
- (b) references in Rule 9.1 to the Participant or General Participant were references to the Cash Participant; and
- (c) references in Rule 9.1 to the transaction being entered into were references to the exercise or expiry of the Options CCP Contract.

Introduced 11/03/04

#### **9.3.3 Suspension of General Participant**

If the second Participant is suspended from access to the Clearing System or participation under these Rules, ASX Clear may then suspend the first Participant, take other action ASX Clear considers

appropriate or both until:

- (a) the suspension is removed; or
- (b) the first Participant has in the reasonable opinion of ASX Clear made appropriate alternative arrangements.

Introduced 11/03/04 Origin OCH S 2A.3.1 Amended 12/04/05

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10 of 23 DOCUMENTS: ASX Clear Operating Rules/ASX Clear Operating Rules/ASX Clear Operating Rules/SECTION 10 ACCOUNTS



## SECTION 10 ACCOUNTS

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This Section deals with the establishment of Accounts for the registration of Derivatives Market Contracts and Cash Market Transactions and the recording of Cash Cover, Collateral and Excess Cash in respect of both Derivatives CCP Contracts and Cash CCP Transactions. It sets out:

- (a) a Participant's obligation to establish a Client Account and a House Account and the circumstances in which Derivatives Market Contracts are to be registered in these Accounts;
- (b) a Participant's obligation to instruct ASX Clear to establish a Cash Market Account and the circumstances in which Cash Market Transactions are to be registered in this Account;
- (c) the responsibility of Participant's for the performance of obligations which arise in respect of those Accounts;
- (d) the time at which the premium payable in respect of an Options CCP Contract will be debited or credited by ASX Clear to an Account;
- (e) the circumstances in which ASX Clear will record Cash Cover in respect of an Account, the value of Collateral attributed to each Account and the aggregate amount of Excess Cash credited in respect of Accounts;
- (f) the obligation of ASX Clear to pay Participants interest on Cash Cover and Excess Cash credited to that Participant; and
- (g) how ASX Clear may treat Cash Cover and Excess Cash relating to Client Accounts, House Accounts and Cash Market Accounts, Client Accounts for different Approved Market Operators and in the event of a Participant's

insolvency.

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## **10.1 GENERAL**

### **10.1.1 Participant to establish Accounts**

A Participant must establish with ASX Clear, in accordance with the Procedures, the following Accounts in the name of the Participant:

- (a) a general Client Account for the registration of Derivatives Market Contracts of Clients other than where Derivatives Market Contracts are to be registered in a Client Account established under paragraph (b);
- (b) one or more Client Accounts for the registration of Derivatives Market Contracts for:
  - (i) each Client that requests a separate Client Account;
  - (ii) each Market Maker for whom the Participant provides clearing services;
  - (iii) each Local Participant for whom the Participant provides clearing services; and
  - (iv) each Client for whom the Participant wishes to register Derivatives Market Contracts separately;
- (c) one or more House Accounts for the registration of Derivatives Market Contracts undertaken by the Participant on its own account; and
- (d) a Cash Market Account for the registration of Cash Market Transactions or transactions under an Offsetting Transaction Arrangement.

A Participant must also establish any additional Accounts specified in the Procedures or as otherwise directed by ASX Clear from time to time.

Introduced 11/03/04 Origin OCH 4.1.1, 4.1.1A, 4.1.2 Amended 07/06/13, 28/04/14

## **10.2 RESPONSIBILITY, RECORDS AND INTEREST**

### **10.2.1 Responsibility of Participant**

A Participant is responsible to ASX Clear for the performance of all obligations which arise in respect of all Accounts established by the Participant.

Introduced 11/03/04 Origin OCH 4.1.3

### **10.2.2 Record of Cash Cover**

ASX Clear will record the amount of Cash Cover credited to a Participant in respect of each Account. If Derivatives CCP Contracts referable to more than one Approved Listing Market Operator are registered in the same Account, ASX Clear may if the Participant requests it, or will if ASX Clear determines it necessary, also record separately the amount of Cash Cover credited in respect of each Approved Listing Market Operator.

Introduced 11/03/04 Origin OCH 4.1.4 Amended 27/06/11

### **10.2.3 Record of Collateral**

ASX Clear will record the value of Collateral attributed to each Account under Rule 14.6.4. If Derivatives CCP Contracts referable to more than one Approved Listing Market Operator are registered in the same Account, ASX Clear will specify in the Procedures the extent to which the Collateral may be applied to discharge Payment Obligations in respect of those transactions.

Introduced 11/03/04 Origin OCH 4.1.5 Amended 27/06/11

### **10.2.4 Record of Excess Cash**

ASX Clear will record:

- (a) the amount of Excess Cash credited to a Participant in respect of its Cash Market Account; and
- (b) the aggregate amount of Excess Cash credited to a Participant in respect of all House Accounts for a particular Approved Listing Market Operator; and
- (c) the amount of Excess Cash credited to a Participant in respect of each Client Account for a particular Approved Listing Market Operator.

Introduced 11/03/04 Origin OCH 4.1.6 Amended 27/06/11, 07/06/13, 30/11/15

### **10.2.5 Interest on Cash Cover and Excess Cash**

ASX Clear must pay to a Participant, in accordance with the Procedures, interest on Cash Cover and Excess Cash credited to that Participant. ASX Clear may charge and deduct an administration fee from the interest otherwise payable to a Participant. ASX Clear will determine the interest rate and the administration fee that will apply from time to time. ASX Clear will notify Participants of any alteration to the interest rate and the administration fee and will notify each Participant in the manner specified in the Procedures of any interest credited or administration fee debited to that Participant.

Introduced 11/03/04 Origin OCH 4.1.7 Amended 07/06/13

### **10.3 APPLICATION OF CASH COVER AND EXCESS CASH**

#### **10.3.1 Cash Cover and Excess Cash represents property of ASX Clear**

All Cash Cover and Excess Cash credited by ASX Clear to a Participant in accordance with Rule 10.2.2 or Rule 10.2.4 is the absolute legal and beneficial property of ASX Clear and represents a debt equal to the credit balance of the Cash Cover and Excess Cash owing by ASX Clear to the Participant. The Participant has no proprietary right or proprietary interest in Cash Cover and Excess Cash credited to it.

Introduced 11/03/04 Origin OCH 4.2.1

#### **10.3.2 Treatment of Cash Cover and Excess Cash relating to Client Accounts for different Approved Market Operators**

ASX Clear must not, unless the Client is the same legal entity, apply or set off any amount of Cash Cover or Excess Cash recorded under Rule 10.2.2 or Rule 10.2.4 in respect of Client Accounts established for an Approved Listing Market Operator in or towards payment or satisfaction of the Participant's obligations to ASX Clear in respect of Client Accounts established for any other Approved Listing Market Operator.

Introduced 11/03/04 Origin OCH 4.2.2 Amended 27/06/11

#### **10.3.3 Treatment of Cash Cover and Excess Cash relating to Client Accounts, House Accounts and Cash Market Accounts**

ASX Clear must not, except in accordance with Rule 10.3.4 or Rule 12.17.3, apply or set off any amount of Cash Cover recorded under Rule 10.2.2 in respect of a Client Account or any amount of Excess Cash recorded in respect of a Client Account under Rule 10.2.4 in or towards payment or satisfaction of the Participant's obligations to ASX Clear in respect of Derivatives CCP Contracts registered in any House Account or any other Client Account, or any Cash CCP Transaction registered in a Cash Market Account.



Introduced 11/03/04 Amended 10/06/04 Origin OCH 4.2.3 Amended 07/06/13, 30/11/15

### **10.3.4 Insolvency of Participant**

If a Participant becomes insolvent, ASX Clear will not apply or set off any amount of Cash Cover recorded under Rule 10.2.2 in respect of a Client Account or Excess Cash recorded in respect of a Client Account under Rule 10.2.4 in or towards payment or satisfaction of the Participant's obligations to ASX Clear in respect of Derivatives CCP Contracts registered in any House Account or any other Client Account, or Cash CCP Transaction registered in any Cash Market Account provided that (and only to the extent that) the liquidator confirms in writing to ASX Clear that:

- (a) the liquidator will deposit that amount in the account maintained by the Participant under Rule 4.1.1(c)(ii) for the holding of Client money, if ASX Clear pays that amount to the Participant; and
- (b) the liquidator will either distribute that amount to Clients of the Participant or apply that amount to discharge liabilities of the same amount that Clients owe to the Participant.

Nothing in this Rule 10.3.4 affects the operation of Rule 10.3.1 or creates any proprietary right or interest in any Cash Cover or Excess Cash in favour of the Participant or its Clients.

Introduced 11/03/04 Origin OCH 4.2.4 Amended 07/06/13, 30/11/15

## **10.4 ACCOUNTING FOR PREMIUM**

### **10.4.1 Premium to be debited to Buyer**

The Procedures will specify whether the Premium payable by the Buyer of a Options CCP Contract will be debited by ASX Clear to the relevant Account of the Buyer:

- (a) at the time the contract is closed out, exercised or lapses, as applicable; or
- (b) at the time the contract is registered with ASX Clear.

Introduced 11/03/04 Origin OCH S 2.1.1

### **10.4.2 Premium to be credited to Seller**

The Procedures will specify whether the Premium payable to the Seller of a Options CCP Contract will be credited by ASX Clear to the relevant Account of the Seller:

- (a) at the time the contract is closed out, allocated an Exercise Notice or lapses, as applicable; or

- (b) at the time the contract is registered with ASX Clear.

Introduced 11/03/04 Origin OCH S 2.1.2

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## **SECTION 11 DERIVATIVES MARKET CONTRACTS -- ALLOCATION, PRICE AVERAGING AND DESIGNATION**

Please click here to access a pdf of ASX Clear Operating Rules Section 11.Download in PDF

Section 11 only deals with Derivatives Market Contracts and Derivatives CCP Contracts and covers:

- (a) the circumstances in which a Participant may allocate a Derivatives Market Contract prior to registration;
- (b) the circumstances in which a Participant may nominate a Derivatives Market Contract for accumulation and price averaging; and
- (c) the requirement for a Participant in whose name a Derivatives Market Contract is to be registered to designate that contract to either a Client Account, an individual Client Account or a House Account.

### **11.1 ALLOCATION OF DERIVATIVES MARKET CONTRACTS**

#### **11.1.1 Participant may allocate Derivatives Market Contracts**

If a Derivatives Market Contract is reported to ASX Clear for registration in the name of a Participant (the "**First Participant**"), the First Participant may, before the Derivatives Market Contract is registered, allocate the contract to another Participant (the "**Second Participant**") in accordance with this Rule 11.1 and the Procedures. An allocation under this Rule 11.1 will only be effective if the

Second Participant is admitted as a participant of the Approved Listing Market Operator to which the Derivatives Market Contract relates and the allocation of that contract complies with this Rule 11.1.

Introduced 11/03/04 Origin OCH 5.2.1 Amended 27/06/11

### **11.1.2 Client to consent to allocation and have client agreement in place**

The First Participant must not allocate to the Second Participant a Derivatives Market Contract entered into in respect of a Client unless:

- (a) the Second Participant has entered into a Client Agreement with the Client which complies with Rule 7.1; and
- (b) the Client has consented to its allocation to the Second Participant.

Introduced 11/03/04 Origin OCH 5.2.2

### **11.1.3 When allocation effective**

An allocation of a Derivatives Market Contract is not effective unless and until the Second Participant accepts the allocation by the time and in the manner specified in the Procedures.

Introduced 11/03/04 Origin OCH 5.2.3

### **11.1.4 Effect of allocation**

Upon acceptance by the Second Participant of the allocation of a Derivatives Market Contract, that Derivatives Market Contract is discharged and replaced by novation with a Derivatives Market Contract on the same terms between the Second Participant and the counterparty to the discharged Derivatives Market Contract.

Introduced 11/03/04 Origin OCH 5.2.4

### **11.1.5 Effect of non-acceptance of allocation**

If the Second Participant does not accept the allocation of a Derivatives Market Contract before the time of registration under Rule 12.1.5, the Derivatives Market Contract must, subject to Rules 12.13.1 and 12.14.1, be registered in an Account (of the type set out in the Procedures) of the First Participant.

Introduced 11/03/04 Origin OCH 5.2.5 Amended 18/12/06

### **11.1.6 Further allocations**

A Participant to which a Derivatives Market Contract is allocated under this Rule 11.1 may allocate the Derivatives Market Contract arising under Rule 11.1.4 to another Participant. Rules 11.1.1 to 11.1.5 apply to every allocation as if the Participant to which the Derivatives Market Contract is last allocated is the First Participant and the Participant to which the Derivatives Market Contract is last allocated is the Second Participant.

Introduced 11/03/04 Origin OCH 5.2.6

## **11.2 PRICE AVERAGING**

### **11.2.1 Price averaging for Client Accounts**

This Rule 11.2.1 applies where:

- (a) a Participant enters into, or clears for a Market Participant, Derivatives Market Contracts on behalf of a Client and does not allocate the Derivatives Market Contracts to another Participant;
- (b) a Participant allocates to another Participant the Derivatives Market Contracts entered into on behalf of a Client by the Participant (or by a Market Participant for which it clears); or
- (c) a Participant accepts the allocation of the Derivatives Market Contracts entered into by another Participant (or by a Market Participant for which it clears) on behalf of a Client.

A Participant may nominate the Derivatives Market Contracts for accumulation and price averaging in accordance with the Procedures if:

- (d) the Derivatives Market Contracts form part of two or more Derivatives Market Contracts entered into to complete an order placed on behalf of a Client (including without limitation, a Funds Manager acting, in turn, on behalf of more than one Client);
- (e) [Deleted]
- (f) any authorisation required by the Market Participant from the Client to allow accumulation and price averaging has been obtained by the Market Participant and has not been withdrawn; and
- (g) where the Participant accepts the allocation of Derivatives Market Contracts from another Participant, the Derivatives Market Contracts have not already been nominated for

accumulation and price averaging by the other Participant.

Introduced 11/03/04 Origin OCH 5.3.1 Amended 18/12/06

### **11.2.2 Price averaging for House Accounts**

This Rule 11.2.2 applies where a Participant:

- (a) enters into Derivatives Market Contracts for a House Account; or
- (b) accepts the allocation of Derivatives Market Contracts entered into by a Market Participant or another Participant on its behalf.

A Participant may nominate Derivatives Market Contracts for accumulation and price averaging in accordance with the Procedures if:

- (c) the Derivatives Market Contracts arose from two or more Derivatives Market Contracts:
  - (i) entered into for a House Account; or
  - (ii) entered into by a Market Participant or another Participant to complete an order placed by the Participant (where the Participant accepts the allocation of the Derivatives Market Contracts from another Participant);
- (d) [Deleted]; and
- (e) where the Participant accepts the allocation of Derivatives Market Contracts from another Participant, the Derivatives Market Contracts have not already been nominated for accumulation and price averaging by the other Participant.

Introduced 11/03/04 Origin OCH 5.3.2 Amended 18/12/06

### **11.2.3 Registration of Derivatives Market Contracts nominated for accumulation and price averaging**

The nomination of Derivatives Market Contracts for accumulation and price averaging under this Rule 11.2 does not alter the terms of the Derivatives Market Contracts but the Derivatives CCP Contracts which arise upon registration under Rule 12 will be subject to Rule 12.12.1.

Introduced 11/03/04 Origin OCH 5.3.3 Amended 18/12/06

## **11.3 DESIGNATION OF DERIVATIVES MARKET CONTRACTS TO ACCOUNTS**

### **11.3.1 Participant to designate Account for registration**

A Participant in whose name a Derivatives Market Contract is to be registered must designate, in the manner and form and by the time specified in the Procedures, the Participant's Account in which the Derivatives Market Contract is to be registered as follows:

- (a) subject to Rule 11.3.3, a Derivatives Market Contract entered for a Client must be designated to a Client Account;
- (b) all other Derivatives Market Contracts must be designated to a House Account.

Introduced 11/03/04 Origin OCH 5.1.1, 5.1.3, 5.1.4 Amended 12/04/05

### **11.3.2 Failure to designate**

If a Participant fails to designate an Account in which a Derivatives Market Contract is to be registered as required by Rule 11.3.1, ASX Clear will designate, in accordance with the Procedures, a House Account established in respect of the Approved Listing Market Operator (if applicable) of the Participant into which the Derivatives Market Contract is to be registered.

Introduced 11/03/04 Origin OCH 5.1.2 Amended 27/06/11

### **11.3.3 Designation of Derivatives Market Contracts of related person to House Account or individual Client Account**

A Participant must designate Derivatives Market Contracts which relate to:

- (a) a director, partner, officer or other Employee of the Participant;
- (b) a Related Body Corporate of the Participant;
- (c) an associate of the Participant (and, for the purposes of determining whether a person is an associate, Division 2 of Part 1.2 of the Corporations Act (except for section 12) applies); and
- (d) a body corporate of which the Participant is, or the Participant and partners of the Participant together are, a Controller,

to either a House Account or to an individual Client Account of the type referred to in paragraph (b) of Rule 10.1.1.

Introduced 11/03/04 Origin OCH 5.1.5

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## SECTION 12 REGISTRATION, NOVATION, NETTING AND SETTLEMENT

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This Section deals with the novation, netting and settlement of transactions.

Market Transactions are either Cash Market Transactions or Derivatives Market Transactions. A Derivatives Market Transaction may be a Futures Market Transaction or an Option Market Transaction. A Derivatives Market Transaction comprises the number of Derivatives Market Contracts entered into on the market of an Approved Market Operator, or over the counter in the case of OTC Options Market Transactions. Market Transactions are notified to ASX Clear by an Approved Market Operator, or by the relevant Participant in the case of OTC Options Market Transactions, and will either be accepted by ASX Clear for registration or accepted for reporting but not registration. In the case of Derivatives Market Transactions, ASX Clear will register each of the Derivatives Market Contracts (Futures Market Contracts, Options Market Contracts or OTC Options Market Transactions) comprising the Derivatives Market Transaction.

If a Market Transaction is accepted by ASX Clear for registration and meets the requirements for novation set out in Rule 12.2.1, it will be novated to ASX Clear. Once novated, a Cash Market Transaction is discharged and replaced with two Cash CCP Transactions, a Derivatives Market Contract is discharged and replaced with two Derivatives CCP Contracts, a Futures Market Contract is discharged and replaced with two Futures CCP Contracts and an Options Market Contract is discharged and replaced with two Options CCP Contracts.

Cash CCP Transactions and Derivatives CCP Contracts may then be subject to set off and the netting of delivery obligations and payment obligations. In general terms, in relation to a Cash CCP Transaction both Participants together may, prior to netting and set off, choose to take a transaction out of the Clearing Facility and settle it directly or in an Alternative Settlement Facility. ASX Clear also has power, in certain circumstances to remove a transaction.

Once ASX Clear has calculated net delivery and net payment obligations of Participants for Cash CCP Transactions it will then notify the Approved Settlement Facility of:

- (a) those net delivery and net payment obligations which have been set off and netted by way of a CCP Net Batch Instruction; and
- (b) In addition to dealing with the above matters, this section deals with:

If a Market Transaction is accepted by ASX Clear for reporting but not registration, ASX Clear will notify the reported transaction to the Approved Settlement Facility and ASX Clear has no other obligation or responsibility for the Market Transaction.

In addition to dealing with the above matters, this section deals with:

- (c) when Market Transactions are novated to ASX Clear;
- (d) the effect of novation;
- (e) the circumstances in which a Cash Market Transaction may be excluded from novation and the consequences of so excluding it;
- (f) the circumstances in which a Cash CCP Transaction may be removed from novation and excluded from netting and the consequences of so doing;
- (g) the circumstances in which a Participant may remove and settle transactions by Real Time Gross Settlement;
- (h) what is to happen if there is a payment or delivery failure in the case of Cash CCP Transactions or a payment failure in respect of Derivatives CCP Contracts;
- (i) the circumstances in which a Participant may choose to isolate counterparty in respect of Cash CCP Transactions;
- (j) the discharge of payment and delivery obligations;
- (k) a Participant's obligation to report positions in relation to Derivatives CCP Contracts to ASX Clear;
- (l) the giving of trading and clearing information in relation to Derivatives Market Contracts and Derivatives CCP Contracts by ASX Clear to Participants, the Participant's obligation to check that information and report any errors to ASX Clear;
- (m) the correction of errors by ASX Clear; and
- (n) the cancellation and amendment of Derivatives Market Contracts.

This section also deals with the Offsetting Transaction Arrangements which will apply between ASX Clear and Participants for failed CCP Batch Instructions notified by the Approved Settlement Facility in order to facilitate the settlement (rather than rescheduling) of those instructions for the purposes of Sub-standard 7.9 of the Financial Stability Standards for Central Counterparties. Delivery and payment obligations under such Offsetting Transaction Arrangements are to be dealt with on the same basis as delivery and payment obligations under other Cash CCP Transactions and be subject to set-off against those obligations.

## **12.1 REGISTRATION AND NOTIFICATION OF MARKET TRANSACTIONS**

### **12.1.1 Market Transactions to be registered**

Subject to Rule 12.2.5, ASX Clear will register a Market Transaction (other than an OTC Options Market Transaction) if, and only if:

- (a) there is a current agreement between ASX Clear, an Approved Settlement Facility and the Approved Market Operator through which the Market Transaction was effected, for the provision of a Trade Acceptance Service;
- (b) the Approved Market Operator has submitted the Market Transaction to ASX Clear in accordance with the Terms of Trade Acceptance Service; and
- (c) the Market Transaction is in a category of Market Transactions which ASX Clear will accept for registration, as specified by ASX Clear in the Procedures.



### **12.1.1A Registration of OTC Options Market Transactions**

Subject to Rule 12.2.5, ASX Clear will register an OTC Options Market Transaction if, and only if, the relevant Participant or Participants notify ASX Clear of the OTC Options Market Transaction in the manner set out in the Procedures.

Introduced 28/05/12 Amended 01/10/15

### **12.1.2 Market Transactions notified but not registered**

ASX Clear will notify an Approved Settlement Facility of a Cash Market Transaction which is not registrable under Rule 12.1.1 if:

- (a) there is a current agreement between ASX Clear, the Approved Settlement Facility and the Approved Market Operator through which the Cash Market Transaction was effected, under which ASX Clear agrees to notify that category of Cash Market Transaction to the Approved Settlement Facility for settlement by that facility;
- (b) the Approved Market Operator notifies ASX Clear of that Cash Market Transaction in accordance with the terms of that agreement; and
- (c) the Cash Market Transaction is in a category of Cash Market Transactions which ASX Clear will notify to an Approved Settlement Facility, as specified by ASX Clear in the Procedures.

Introduced 11/03/04 Origin SCH 7.4.3 Amended 27/06/11

### **12.1.3 Participants liable to settle Cash Market Transactions notified but not registered**

Participants must settle Cash Market Transactions notified to an Approved Settlement Facility under Rule 12.1.2 in accordance with the operating rules of that Approved Settlement Facility.

Introduced 11/03/04

### **12.1.4 Reliance on particulars of Market Transactions**

ASX Clear is entitled to rely on the particulars of any Market Transaction notified to it by an Approved Market Operator as being correct and, subject to Rule 12.21 in relation to Derivatives Market Contracts, is not bound to recognise any error in relation to those particulars. Without limiting the generality of the foregoing, but subject to Rule 12.21 in relation to Derivatives Market Contracts:

- (a) where:
- (i) an Approved Market Operator submits a Market Transaction to ASX Clear for registration in the name of a Participant (that is, the particulars of the Market Transaction notified to ASX Clear by the Approved Market Operator identify the Participant, by its PID or otherwise, as a clearing counterparty to the Market Transaction); and
  - (ii) the Participant is authorised under these Rules to clear one or more categories of Market Transactions effected through the Approved Market Operator, or
- (b) where a Participant is directed a Misdirected Market Transaction; the Participant is taken for all purposes under these Rules to have agreed to clear the Market Transaction and has the corresponding obligations in respect of the Market Transaction, notwithstanding any actual or alleged error concerning the identification of the Participant as a clearing counterparty to the Market Transaction.

*Note: In relation to Cash Market Transactions which are notified to ASX Clear by an Approved Market Operator with incorrect particulars of Buyer or Seller, refer Rule 12.7.1 under which ASX Clear may remove Cash CCP Transactions from transactions to be notified for settlement under Rule 12.6.1 if it is notified by an Approved Market Operator that the original Cash Market Transaction has been cancelled.*

Introduced 11/03/04 Origin OCH 5.4.9 Amended 27/06/11

#### **12.1.4A Reliance on particulars of OTC Options Market Transactions**

ASX Clear is entitled to rely upon the particulars of any OTC Options Market Transaction notified to it by a Participant under Rule 12.1.1A as being correct and, subject to Rule 12.21 in relation to Derivatives Market Contracts, is not bound to recognise any error in relation to those particulars.

Introduced 28/05/12

#### **12.1.5 Timing of registration**

ASX Clear will register:

- (a) Cash Market Transactions or transactions under an Offsetting Transaction Arrangement; and
  - (b) Derivatives Market Contracts,
- at a time determined by ASX Clear and specified in the Procedures or otherwise notified to Participants.

ASX Clear will register Cash Market Transactions or transactions under an Offsetting Transaction Arrangement into the Cash Market Account established for each Participant under Rule 10.1.1(d). All unsettled Cash Market Transactions entered into at or prior to the commencement of the margining of Cash Market Transactions will be treated for the purpose of these Rules as being registered in the relevant Participant's Cash Market Account.

Subject to Rules 12.13 and 12.14, ASX Clear will register Derivatives Market Contracts into the Account that has been established by and for each Participant under Rule 11.3.

Introduced 11/03/04 Origin OCH 5.4.8 Amended 07/06/13, 28/04/14

## 12.2 NOVATION

### 12.2.1 ASX Clear to novate Cash Market Transactions and Derivatives Market Contracts

ASX Clear will novate a Cash Market Transaction which is registered in accordance with Rule 12.1.1 if and only if the delivering PID and the receiving PID specified in the particulars of the Cash Market Transaction submitted to ASX Clear by the Approved Market Operator relate to two different legal entities.

If the delivering PID and the receiving PID relate to the same legal entity, ASX Clear will, unless instructed otherwise in accordance with the Procedures, register the Cash Market Transaction and notify the relevant Participant that the Cash Market Transaction has been registered for information only.

ASX Clear will novate a Cash Market Transaction subject to and in accordance with this Rule 12.1.1 with effect from:

- (a) if the Cash Market Transaction is the result of the matching of bids and offers on the market of the Approved Market Operator, immediately after the matching of those bids and offers; or
- (b) if the Cash Market Transaction is the result of a transaction being recorded by the Approved Market Operator, immediately after the transaction is recorded.

ASX Clear will novate a Derivatives Market Contract, if the Derivatives Market Transaction to which it relates has been registered under Rule 12.1.1, at the time of registration.

*Note: A Cash Market Transaction which is submitted by an Approved Market Operator to ASX Clear for registration must be validated by ASX Clear in accordance with the Terms of Trade Acceptance Service in order to confirm that the Cash Market Transaction is registrable under Rule 12.1.1. If the Cash Market Transaction is determined by ASX Clear to be registrable and if it meets the requirements for novation in this Rule 12.1.1, then it is novated with effect from the point in time specified by Rule 12.1.1.*

*For the avoidance of doubt, Derivatives Market Contract includes an Options Market Contract executed on the over the counter market and a Derivatives Market Transaction includes an OTC Options Market Transaction.*

Introduced 11/03/04 Origin OCH 5.4.4, SCH 7.7 Amended 27/06/11, 28/05/12, 07/06/13

### 12.2.2 Effect of novation

Upon novation of a Cash Market Transaction or a Derivatives Market Contract under Rule 12.2.1:

- (a) the Cash Market Transaction is discharged and replaced with two Cash CCP Transactions; and
- (b) the Derivatives Market Contract is discharged and replaced with two Derivatives CCP Contracts,

with the following effect, subject to these Rules:

- (c) the obligations owed by a Seller to a Buyer are replaced by obligations in the same terms owed by the Seller to ASX Clear, and by obligations owed by ASX Clear to the Buyer;
- (d) the obligations owed by a Buyer to a Seller are replaced by obligations in the same terms owed by the Buyer to ASX Clear, and by obligations owed by ASX Clear to the Seller.

ASX Clear and each Participant acknowledge that:

- (e) Cash CCP Transactions (excluding Cash CCP Transactions which are removed from novation pursuant to Rule 12.7.1 or 12.7.2 and not reinstated pursuant to Rule 12.7.5); and
- (f) Derivatives CCP Contracts,

are market netting contracts (as defined in the Payment Systems and Netting Act 1998) the terms of which incorporate any and all Rules which provide for or relate to the exercise of default rights, the netting, set-off or termination of obligations, the calculation or payment of termination values or net amounts and obligations to pay deposits or margin calls, or which otherwise affect the rights and obligations of the parties to the contracts, including, without limitation the Recovery Rules and:

- (g) in respect of Cash CCP Transactions, Rules 12.4.1, 12.6.1, and 15; and
- (h) in respect of Derivatives CCP Contracts, Rules 12.16, 12.17, 13.2, 14 and 15.

Introduced 11/03/04 Origin OCH 5.4.4, SCH 7.8.1 Amended 18/12/06, 13/07/09, 19/08/09, 01/10/15

#### 12.2.2A Cash CCP Transactions that are transactions under Offsetting Transaction Arrangement

ASX Clear and each Participant acknowledge that notwithstanding that a Cash CCP Transaction that arises under an Offsetting Transaction Arrangement does not arise from a novation of a Cash Market Transaction under Rule 12.2.1 but rather from the entry into of an Offsetting Transaction Arrangement directly between ASX Clear and the Participant, such Cash CCP Transaction will be treated in the same way as other Cash CCP Transactions (as appropriate), including:

- (a) being market netting contracts (as defined in the Payment Systems and Netting Act 1998) the terms of which incorporate any and all Rules which provide for or relate to the exercise of default rights, the netting, set-off or termination of obligations, the calculation or payment of termination values or net amounts and obligations to pay deposits or margin calls, or which otherwise affect the rights and obligations of the parties to the contracts, including, without limitation Rules 12.4.1, 12.6.1 and 15; and
- (b) being subject to the provisions in this Section 12 of these Rules that relate to Cash CCP Transactions (as appropriate), including, without limitation, Rules 12.2.3, 12.2.4, 12.2.5,

12.2.6, 12.3, 12.4, 12.5, 12.6, 12.7, 12.8, 12.9, 12.10, 12.17, 12.18 and 12.19.

Introduced 28/04/14

### **12.2.3 Obligations and rights**

The obligations and rights under Cash CCP Transactions and Derivatives CCP Contracts between the Seller and ASX Clear and between the Buyer and the ASX Clear are owed by and to the parties as principals to each other notwithstanding that the Seller and Buyer may be acting as agent for another person or that ASX Clear's obligations are discharged in the Approved Settlement Facility by another person acting on behalf of ASX Clear.

The obligations of ASX Clear are for the benefit of the Participant as principal and for the benefit of no other person.

Introduced 11/03/04 Origin OCH 6.1, 6.2, 6.3, SCH 7.8.2

### **12.2.4 ASX Clear need not take account of other interests**

Subject to the Corporations Act, in performing its obligations and in exercising its rights and powers under the Rules or the Procedures, ASX Clear need not take account of any interest (whether legal or equitable, present or future, actual or contingent) which any person other than the Participant may have, or claim to have, in a Cash CCP Transaction, a Derivatives CCP Contract or in any Cover.

Introduced 11/03/04 Origin OCH 6.5

### **12.2.5 Transactions affected by fraud etc.**

ASX Clear is not obliged to meet its obligations under a Cash CCP Transaction or Derivatives CCP Contract registered in a Participant's name as Buyer or Seller if the person who entered into the Market Transaction as Buyer or Seller (as applicable) which gave rise to the Cash CCP Transaction or Derivatives CCP Contract, entered into that Market Transaction:

- (a) fraudulently or in other circumstances which render the Market Transaction void; or
- (b) intending not to perform the Market Transaction, the Cash CCP Transactions or the Derivatives CCP Contracts arising from the Market Transaction.

This Rule 12.2.5 does not discharge the Participant concerned from any of its obligations under the

transaction or contract, nor does the exercise by ASX Clear of its rights under this Rule discharge ASX Clear from its obligations under any other Cash CCP Transaction or Derivatives CCP Contract, even if that transaction or contract arose from the same Market Transaction (unless ASX Clear is also entitled to exercise its rights under this Rule in respect of that Cash CCP Transaction or Derivatives CCP Contract).

Introduced 11/03/04 Origin OCH 5.4.10

### **12.2.6 No dealing with rights**

Subject to these Rules, a Participant must not:

- (a) dispose (whether absolutely or by way of security) of any of its Payment Rights or any of its other rights under, or in respect of, a Cash CCP Transaction or a Derivatives CCP Contract; or
- (b) create or permit to subsist any interest (whether legal, equitable or statutory) by way of security over any of its Payment Rights or any of its other rights under, or in respect of, a Cash CCP Transaction or a Derivatives CCP Contract.

Introduced 11/03/04 Origin OCH 6.6

## **12.3 NETTING AND SETTLEMENT OF CASH MARKET TRANSACTIONS**

### **12.3.1 Application of Rules**

Rules 12.4 to 12.10 only apply to Cash Market Transactions and Cash CCP Transactions.

*Note: The calculation, notification and settlement of margin obligations for Cash CCP Transactions are dealt with under Rules 14.5 to 14.6 and Rules 12.17 to 12.19.*

Introduced 11/03/04 Amended 07/06/13

## **12.4 DISCHARGE OF CASH MARKET TRANSACTIONS**

### **12.4.1 When obligations discharged**

The terms of Cash CCP Transactions are affected by these Rules and the operating rules of the

Approved Market Operator through which the transaction was effected and in particular:

- (a) each of the obligations to deliver Financial Products and to make payment is discharged by; and
- (b) each of the entitlements to receive Financial Products and to receive payment is satisfied by, net delivery and net payment in accordance with the operating rules of the Approved Settlement Facility.

*Note: In the case of a Participant default, obligations and entitlements between ASX Clear and a non-defaulting Participant under a Failed CCP Batch Instruction (reflecting obligations and entitlements under Cash CCP Transactions which underlie such CCP Batch Instruction) may be subject to set-off against and discharged by entitlements and obligations under the first leg of an Offsetting Transaction Arrangement between ASX Clear and the non-defaulting Participant in the manner set out in Rule 12.8A. A Cash CCP Transaction that arises under the second leg of that Offsetting Transaction Arrangement will continue to be able to be settled by net delivery or net payment in accordance with the operating rules of the Approved Settlement Facility.*

Introduced 11/03/04 Origin SCH 7.8.3 Amended 27/06/11, 28/04/14

## **12.5 NON-NOVATED TERMS**

### **12.5.1 Other terms and conditions not novated**

If a Cash Market Transaction involves terms or conditions other than:

- (a) the Buyer having to pay the consideration for the number and class of Financial Products; or
- (b) the Seller having to deliver the number and class of the Financial Products or Entitlements relating to those Financial Products,

those terms and conditions are not novated under Rule 12.2.1.

*Note: Refer to Rule 12.9 for one method by which obligations in relation to Entitlements are discharged.*

Introduced 11/03/04 Origin SCH 7.8.4 Amended 07/06/13

## **12.6 CALCULATION OF NET CLEARING OBLIGATIONS**

### **12.6.1 Calculation, set-off and notification of net payment obligation**

Subject to Rule 12.6.2A and Rule 12.7 upon novation of a Cash Market Transaction due for settlement on a particular Business Day, the payment and delivery obligations under the Cash CCP Transaction are immediately set off against all other payment and delivery obligations due for settlement on that Business Day in accordance with the rules of law as follows:

- (a) the total of all the amounts that a Participant is obliged to pay ASX Clear on that Business Day

- for a PID will be set off against the total of all the amounts that the Participant is entitled to receive from ASX Clear on that Business Day for the same PID; and
- (b) the total number of Financial Products of a particular class to be delivered to a Participant by ASX Clear on that Business Day for a PID will be set off against the total number of Financial Products of that class to be delivered to ASX Clear on that Business Day for the same PID.

Introduced 11/03/04 Origin SCH 7.9.1 Amended 08/08/13, 28/04/14

### **12.6.2 Notification of Cash CCP Transactions to Approved Settlement Facility**

Subject to Rule 12.6.2A, within the time prescribed in the Procedures, ASX Clear will for each Business Day send to the Approved Settlement Facility a CCP Net Batch Instruction containing the details specified in the Procedures in respect of:

- (a) the net delivery obligation or entitlement of a Participant for each PID for all CCP Cash Transactions in a class of Financial Products due for settlement on that Business Day; and
- (b) the associated net payment obligation or entitlement of the Participant for each PID for all Cash CCP Transactions in the class of Financial Products due for settlement on that Business Day which will be calculated by setting off the total of the amounts that the Participant is obliged to pay ASX Clear on that Business Day in respect of transactions in that class of Financial Products for a PID against the total of the amount that the Participant is entitled to receive from ASX Clear in respect of transactions in that class of Financial Products for the same PID,

and will notify the Participant of the CCP Net Batch Instruction.

Introduced 11/03/04 Amended 08/08/13, 28/04/14

### **12.6.2A Obligations under Offsetting Transaction Arrangement relating to Failed CCP Net Batch Instruction**

Where the Approved Settlement Facility notifies ASX Clear of Failed CCP Net Batch Instructions under Rule 12.8A and pursuant to that Rule ASX Clear enters into an Offsetting Transaction Arrangement with the Participant that has obligations or entitlements under the Failed CCP Net Batch Instruction, then:

- (a) obligations and entitlements under the first leg of an Offsetting Transaction Arrangement entered into in respect of each such Failed CCP Net Batch Instruction will be set-off against and discharged by equal but opposite obligations and entitlements under the Failed CCP Net Batch Instruction in the manner set out in Rule 12.8A;
- (b) obligations and entitlements under the second leg of an Offsetting Transaction Arrangement entered into in respect of each such Failed CCP Net Batch Instruction will also be included as delivery and payment obligations or entitlements (as applicable) of the Participant for the PID to which those Failed CCP Net Batch Instructions related in the class of Financial Products



- due for settlement on the next Business Day;
- (c) CCP Net Batch Instructions due for settlement on a Business Day in respect of that Participant will, in addition to the CCP Net Batch Instructions notified under Rule 12.6.2, also include separate CCP Net Batch Instructions containing details of delivery and payment obligations and entitlements (as applicable) of the Participant under the second leg of each Offsetting Transaction Arrangement entered into in respect of a CCP Net Batch Instruction (and representing equivalent delivery and payment obligations and entitlements of the Participant (as applicable) as under the CCP Net Batch Instruction) Failed on the previous Business Day relating to that PID and class of Financial Products; and
  - (d) an instruction will be deemed to have been generated by ASX Clear and sent to the Approved Settlement Facility which contains the details referred to in (c) above.

Introduced 28/04/14

### **12.6.3 Failure to discharge net obligation -- [Deleted]**

Introduced 11/03/04 Origin SCH 7.9.3 Deleted 31/03/05

## **12.7 CANCELLATION AND REMOVAL OF CASH CCP TRANSACTIONS FROM NOVATION, NETTING AND SETTLEMENT**

### **12.7.1 Removal by ASX Clear of a Cash CCP Transaction from settlement notification**

ASX Clear may, before the time specified in the Procedures, remove Cash CCP Transactions from transactions to be notified for settlement under Rule 12.6.1 if:

- (a) ASX Clear reasonably considers it appropriate having regard to Rule 1.15 in order to maintain the orderly operation and integrity of ASX Clear;
- (b) it is requested to do so by an Approved Market Operator in accordance with the Terms of Trade Acceptance Service, or by an Approved Settlement Facility, in order to ensure the efficiency, orderly operation, integrity or proper functioning of the market or facility; or
- (c) it is notified by an Approved Market Operator in accordance with the Terms of Trade Acceptance Service, or by an Approved Settlement Facility, that the original Cash Market Transaction has been cancelled,

and if it removes the Cash CCP Transactions, ASX Clear will immediately notify:

- (d) the affected Participants that the Cash CCP Transactions have been removed; and
- (e) where relevant, the Approved Market Operator or the Approved Settlement Facility that the Cash CCP Transactions have been removed,

and Rule 12.7.6 will have effect.

Introduced 11/03/04 Origin SCH 7.5A1, 7.5A.2 Amended 27/06/11

### **12.7.2 Buyer and Seller may request Cash CCP Transactions be removed from novation and set off**

If before the time specified in the Procedures, the Buyer and Seller to a Cash Market Transaction request ASX Clear to remove the transaction from novation under Rule 12.2.1 and set off under Rule 12.6.1, in order, for example, to remove the transaction to an Alternative Settlement Facility, ASX Clear will:

- (a) remove the corresponding Cash CCP Transactions from set off; and
- (b) notify the Buyer and Seller accordingly,

and Rule 12.7.6 will have effect.

If the Buyer and Seller request it, ASX Clear will send to an Approved Settlement Facility a corresponding Direct Batch Instruction.

Introduced 11/03/04 Origin SCH 7.13.1

### **12.7.3 Buyer and Seller may request Cash CCP Transactions be excluded from set off**

If before the time specified in the Procedures a Buyer and Seller to a Cash Market Transaction:

- (a) request ASX Clear to remove the corresponding Cash CCP Transactions from set off under Rule 12.6.1; or
- (b) request ASX Clear to remove the corresponding Cash CCP Transactions from set off under Rule 12.6.1 for the purpose of settlement in Real Time Gross Settlement,

ASX Clear will remove the Cash CCP Transactions from set off.

Introduced 11/03/04 Origin SCH 7.12

### **12.7.4 Action by ASX Clear where Buyer and Seller request Cash CCP Transaction be excluded from set off**

Subject to Rule 12.7.9, where ASX Clear accepts a request under Rule 12.7.3 to exclude a transaction from set off, ASX Clear will, within the time specified in the Procedures, send to the Approved Settlement Facility corresponding:

- (a) CCP Gross Batch Instructions; or
  - (b) CCP RTGS Instructions,
- as the case requires and notify the Buyer and Seller accordingly.

Introduced 11/03/04 Origin SCH 7.12, 28/04/14

#### **12.7.5 Buyer and Seller may cancel request**

If before the time specified in the Procedures, the Buyer and Seller to a transaction cancel a request made to ASX Clear to:

- (a) remove the transaction from novation and set off under Rule 12.7.2; or
- (b) remove the transaction from set off under Rule 12.7.3,

and ASX Clear accepts the request for cancellation, ASX Clear will reinstate the transaction to novation and set off or set off as the case requires.

Introduced 11/03/04 Origin SCH 7.1.4A, 7.12, 7.12A, 7.13

#### **12.7.6 Effect of removal of Cash CCP Transaction**

If ASX Clear removes Cash CCP Transactions under Rules 12.7.1 or 12.7.2:

- (a) the Seller and the Buyer are, and are taken from the time the original Cash Market Transaction was entered into, to be in direct contractual relationship with each other on the terms of that transaction; and
- (b) ASX Clear has no obligation in relation to those transactions.

Introduced 11/03/04 Origin SCH 7.5A.2, 7.13.3

#### **12.7.7 Request by Buyer or Seller where counterparty not known**

Where a Buyer or Seller (as the case may be) is not aware of the identity of its counterparty for the purpose of making a request to ASX Clear for the removal of a transaction under either Rule 12.7.2 or Rule 12.7.3, the Buyer or Seller may ask ASX Clear, by the time and in the manner set out in the Procedures, to facilitate such a request.

Introduced 28/11/05

#### **12.7.8 ASX Clear action where asked to facilitate a request**

Upon being asked under Rule 12.7.7 to facilitate a request, ASX Clear will use reasonable endeavours to contact the counterparty to ascertain whether the counterparty is agreeable or otherwise to a request to remove the transaction. ASX Clear will notify the Buyer or Seller as soon as reasonably practicable whether the counterparty is agreeable to the request.

Introduced 28/11/05

### **12.7.9 Obligations under second leg of Offsetting Transaction Arrangement relating to Failed CCP Gross Batch Instruction**

Where the Approved Settlement Facility notifies ASX Clear of Failed CCP Gross Batch Instructions under Rule 12.8A and pursuant to that Rule ASX Clear enters into an Offsetting Transaction Arrangement with the Participant that has obligations or entitlements under the Failed CCP Gross Batch Instruction, then:

- (a) obligations and entitlements under the first leg of an Offsetting Transaction Arrangement entered into in respect of each such Failed CCP Gross Batch Instruction will be set-off against and discharged by equal but opposite obligations and entitlements under the Failed CCP Gross Batch Instruction in the manner set out in Rule 12.8A;
- (b) CCP Gross Batch Instructions due for settlement on a Business Day in respect of that Participant will, in addition to the CCP Gross Batch Instructions notified under Rule 12.7.4, also include separate CCP Gross Batch Instructions containing details of delivery and payment obligations and entitlements (as applicable) of the Participant under the second leg of each Offsetting Transaction Arrangement entered into in respect of a CCP Gross Batch Instruction (and representing equivalent delivery and payment obligations and entitlements of the Participant (as applicable) as under the CCP Gross Batch Instruction) Failed on the previous Business Day relating to that PID; and
- (c) an instruction will be deemed to have been generated by ASX Clear and sent to the Approved Settlement Facility which contains the details referred to in (b) above.

Introduced 28/04/14

## **12.8 PAYMENT OR DELIVERY FAILURE OF CASH CCP TRANSACTIONS**

### **12.8.1 Failure causing an increase in ASX Clear's payment obligations**

If an Approved Settlement Facility Fails:

- (a) a CCP Net Batch Instruction generated by ASX Clear under Rule 12.6.2 or 12.6.2A;
- (b) a CCP Gross Batch Instruction generated by ASX Clear under Rule 12.7.4 or 12.7.9; or

(c) a CCP RTGS Instruction generated by ASX Clear under Rule 12.7.4,

and as a result of the Failure there is an increase in ASX Clear's obligation to make payment, ASX Clear may make arrangements to meet its increased obligation. Where ASX Clear considers that a Participant's default would trigger a Failure in respect of an Instruction referred to in this Rule 12.8.1, ASX Clear may also make arrangements to make payments to avoid such Instructions being Failed.

Introduced 11/03/04 Origin SCH 7.26.1 Amended 28/04/14

### **12.8.2 ASX Clear to acquire title**

Where ASX Clear makes a payment in respect of a Failure, or to avoid such Failure, under Rule 12.8.1, ASX Clear acquires title to the Financial Products the subject of the Instruction which otherwise would have been delivered to the defaulting paying Participant.

Introduced 11/03/04 Origin SCH 7.26.2 Amended 28/04/14

### **12.8.3 Interest paid by ASX Clear**

If ASX Clear makes a payment in respect of a Failure, or to avoid such Failure, under Rule 12.8.1, any amount of interest paid by ASX Clear or interest foregone in respect of the payment is a debt owed by the Participant to ASX Clear.

Introduced 11/03/04 Origin SCH 7.26.3 Amended 28/04/14

### **12.8.4 Failure an event of default**

If ASX Clear makes a payment in respect of a Failure, or to avoid such Failure, under Rule 12.8.1, the Failure by the Participant to settle the Instruction or the making of such payment by ASX to avoid such Instructions being Failed (where it has reasonable grounds for suspecting such Instructions would otherwise be Failed) will constitute an event of default under Rule 15.1(b).

Introduced 11/03/04 Origin SCH 7.33.1 Amended 28/04/14

### 12.8.5 Application of Standard Settlement Price by ASX Clear

If an Approved Settlement Facility Fails in full or in part:

- (a) a CCP Net Batch Instruction generated by ASX Clear under Rule 12.6.2 or 12.6.2A;
- (b) a CCP Gross Batch Instruction generated by ASX Clear under Rule 12.7.4 or 12.7.9; or
- (c) a CCP RTGS Instruction generated by ASX Clear under Rule 12.7.4,

and ASX Clear requests the Approved Settlement Facility to reschedule the Instruction to the next Business Day, ASX Clear will apply a Standard Settlement Price to determine a Revised Settlement Amount for each Instruction or part of Instruction that ASX Clear requests the Approved Settlement Facility to reschedule for settlement and:

- (d) if ASX Clear has an entitlement to receive under a rescheduled Instruction and:
  - (i) if the Revised Settlement Amount is greater than the Settlement Amount of the Instruction that has Failed, the delivering Participant must pay ASX Clear the difference between the two amounts; or
  - (ii) if the Revised Settlement Amount is less than the Settlement Amount of the Instruction that has Failed, ASX Clear must pay to the delivering Participant the difference between the two amounts;
- (e) if ASX Clear has an obligation to deliver under a rescheduled Instruction and:
  - (i) if the Revised Settlement Amount is less than the Settlement Amount of the Settlement Instruction that has Failed, the receiving Participant must pay ASX Clear the difference between the two amounts; and
  - (ii) if the Revised Settlement Amount is greater than the Settlement Amount of the Instruction that has Failed, ASX Clear must pay the receiving Participant the difference between the two amounts; and
- (f) ASX Clear will apply the Revised Settlement Amount to each rescheduled Instruction.

Introduced 11/03/04 Origin SCH 7.28.2 Amended 28/04/14

### 12.8.6 Part settlement designated by Participant

In the event of a payment Failure by a Participant, ASX Clear may, in its absolute discretion, request the Approved Settlement Facility to override any designation made by the Participant in accordance with the operating rules of the Approved Settlement Facility that a Batch instruction is available or not available for settlement in part.

Introduced 11/03/04 Origin SCH 7.19.1

## 12.8A ASX CLEAR TO ENTER INTO OFFSETTING TRANSACTIONS

### 12.8A.1 Offsetting Transaction Arrangement

Where the Approved Settlement Facility Fails CCP Batch Instructions for a Payment Shortfall (or to limit a Settlement Participant's net obligation to make payment in respect of that Payment Facility to the amount notified under Rule 10.10.4(a) of the operating rules of the Approved Settlement Facility) or for a suspension or termination of a Payments Provider that would affect payment under a CCP Batch Instruction, and notifies ASX Clear of those CCP Batch Instructions:

- (a) ASX Clear may, in its absolute discretion, enter into an Offsetting Transaction Arrangement with each non-defaulting Participant (or in the case of a CCP Batch Instruction Failed for a suspension or termination of a Payments Provider, with the affected Participant other than for where the affected Participant's authority to clear the category of Market Transaction that underlies the Failed CCP Batch Instruction has been suspended or terminated) that has obligations or entitlements under the Failed CCP Batch Instruction (reflecting obligations and entitlements under Cash CCP Transactions to which the Participant is a counterparty which underlie such CCP Batch Instruction);
- (b) The Offsetting Transaction Arrangement is to provide for:
  - (i) under the first leg of the Offsetting Transaction Arrangement, obligations and entitlements which are equal but opposite to the outstanding obligations and entitlements of ASX Clear and the Participant under the Failed CCP Batch Instruction;
  - (ii) under the second leg of the Offsetting Transaction Arrangement, obligations and entitlements which are equal but opposite to the obligations and entitlements of ASX Clear and the Participant under the first leg of the Offsetting Transaction Arrangement (ie equal to the outstanding obligations and entitlements of ASX Clear and the Participant under the Failed CCP Batch Instruction),  
on the terms set out in the Procedures.
- (c) Nothing further is required to be done by either ASX Clear or the Participant in order to enter into and bring into effect such Offsetting Transaction Arrangement;
- (d) At the time of entry into an Offsetting Transaction Arrangement, the delivery and payment obligations and entitlements of the Participant and ASX Clear under the Failed CCP Batch Instruction are to be set-off against the equal but opposite payment and delivery obligations and entitlements of the Participant and ASX Clear under the first leg of the Offsetting Transaction Arrangement relating to the Failed CCP Batch Instruction, with the result that:
  - (i) each of the obligations of a Participant to deliver Financial Products (or Entitlements relating to those Financial Products) to ASX Clear under the Failed CCP Batch Instruction are discharged by the equal but opposite obligations of ASX Clear to deliver Financial Products (or Entitlements relating to those Financial Products) to the Participant under the first leg of the Offsetting Transaction Arrangement;
  - (ii) each of the obligations of ASX Clear to make payment to the Participant under the Failed CCP Batch Instruction are discharged by the equal but opposite obligations of the Participant to make payment to ASX Clear under the first leg of the Offsetting Transaction Arrangement;
  - (iii) each of the obligations of ASX Clear to deliver Financial Products (or Entitlements relating to those Financial Products) to a Participant under the first leg of the Offsetting Transaction Arrangement are discharged by the equal but opposite obligations of the Participant to deliver Financial Products (or Entitlements relating to those Financial Products) to ASX Clear under the Failed CCP Batch Instruction; and

- (iv) each of the obligations of a Participant to make payment to ASX Clear under the first leg of the Offsetting Transaction Arrangement are discharged by the equal but opposite obligations of ASX Clear to make payment to the Participant under the Failed CCP Batch Instruction;
- (e) payment and delivery obligations and entitlements of a Participant under the second leg of the Offsetting Transaction Arrangement will be due for settlement on the following Business Day and are subject to set-off against all other payment and delivery obligations and entitlements for the PID to which the Failed CCP Batch Instruction related and inclusion for settlement in accordance with Rules 12.6 and 12.7 (as applicable) and discharge by net delivery and net payment in accordance with Rule 12.4.

Introduced 28/04/14 Amended 01/10/15

## **12.9 ISOLATE COUNTERPARTY -- CASH CCP TRANSACTIONS**

### **12.9.1 Where CCP Net Batch Instruction has Failed**

In relation to a CCP Net Batch Instruction which has Failed in full or in part, a Buyer may request ASX Clear to isolate a counterparty in relation to the Instruction and ASX Clear may, in its absolute discretion:

- (a) select one or more Sellers in respect of the CCP Net Batch Instruction relating to that particular class of Financial Products so that the Financial Products to be delivered by the Seller or Sellers matches the total number of Financial Products to be received by the Buyer in relation to that particular class of Financial Products;
- (b) create a CCP Gross Batch Instruction between the Seller or Sellers and the Buyer relating to that number of Financial Products and send the instruction to the Approved Settlement Facility for settlement on the next Business Day;
- (c) reduce the Seller's or Sellers' CCP Net Batch instructions by the number of units included in the instruction; and
- (d) reduce the Buyer's CCP Net Batch instructions by the number of units included in the Instruction.

Introduced 11/03/04 Origin SCH 7.45.1 Amended 01/10/15

### **12.9.2 ASX Clear may take action to isolate counterparties**

Even though a Buyer has not requested ASX Clear to act in accordance with Rule 12.9.1, ASX Clear:



- (a) may take such action under Rule 12.9.1 as if the identified Buyer had made such request under Rule 12.9.1; and
- (b) where such action is taken, will notify all Sellers and Buyers of the resulting settlement obligation.

Introduced 11/03/04 Origin SCH 7.45.4

### **12.9.3 Application of the Rules**

Rule 12.9.1 applies to action taken by ASX Clear under Rule 12.9.2 as if the Buyer had made the request under Rule 12.9.1.

Introduced 11/03/04 Origin SCH 7.45.5

## **12.10 DISCHARGE OF SETTLEMENT OBLIGATIONS RELATING TO CASH CCP TRANSACTIONS**

### **12.10.1 Time at which discharge of settlement obligations occur**

Subject to Rule 12.8A in respect of Cash CCP Transactions underlying a Failed CCP Batch Instruction settled through a Cash CCP Transaction that is a transaction under the first leg of an Offsetting Transaction Arrangement, ASX Clear and Participants will be taken under these Rules to have discharged their settlement obligations in relation to Cash CCP Transactions under Rule 4.20 only upon receipt by ASX Clear and the Participant or the Participant's Settlement Participant of a declaration by an Approved Settlement Facility that in accordance with the operating rules of that Approved Settlement Facility:

- (a) each obligation to deliver Financial Products is discharged irrevocably in full;
- (b) each entitlement to receive Financial Products or Entitlements is satisfied irrevocably in full;
- (c) each obligation to make payment has been discharged irrevocably in full; and
- (d) each entitlement to receive a payment has been satisfied irrevocably in full.

Introduced 11/03/04 Origin SCH 7.30.2 Amended 28/04/14

## **12.11 NETTING AND SETTLEMENT OF DERIVATIVES MARKET TRANSACTIONS AND CASH MARKET MARGIN OBLIGATIONS**

### **12.11.1 Application of Rules**

Rules 12.12 to 12.26 apply to Derivatives Market Transactions, Derivatives Market Contracts and Derivatives CCP Contracts.

Rules 12.17 to 12.19 also apply to margin obligations in respect of Cash CCP Transactions in the circumstances set out in the Procedures.

Introduced 11/03/04 Amended 07/06/13

## **12.12 ACCUMULATION AND PRICE AVERAGING**

### **12.12.1 Derivatives Market Contracts nominated for accumulation and price averaging**

On registration of Derivatives Market Contracts which have been nominated for accumulation and price averaging, Rule 12.1.5 applies, except that the Derivatives CCP Contract arising on registration under that Rule will be registered in the relevant Participant's Account at the average price.

Introduced 11/03/04 Origin OCH 5.4.5

## **12.13 CONDITIONS ON REGISTRATION**

### **12.13.1 ASX Clear may decline to register or impose conditions on registration**

Before ASX Clear registers a Derivatives Market Contract and even though a Participant has complied with Rule 12.1.5, ASX Clear may:

- (a) decline to register that Derivatives Market Contract and declare it void; or
- (b) impose any condition on the registration of that Derivatives Market Contract,

if ASX Clear considers that either of those actions is appropriate having regard to Rule 1.15. ASX Clear must notify the Approved Listing Market Operator and the Participants affected by the action as soon as practicable after the action has been taken.

Introduced 11/03/04 Origin OCH 5.4.6 Amended 27/06/11

## **12.14 COVER**

### **12.14.1 ASX Clear may require Cover as condition of registration**

ASX Clear may require either or both Participants in whose name a Derivatives Market Contract is sought to be registered to provide Cover under Rule 14.6.1, as a condition of registration of that Derivatives Market Contract.

Introduced 11/03/04 Origin OCH 5.4.7

## **12.15 DAILY SETTLEMENT TO MARKET -- DERIVATIVES CCP CONTRACTS**

### **12.15.1 Application**

ASX Clear will effect the settlement to market of all Derivatives CCP Contracts which the Procedures specify will be "settled to market" in accordance with this Rule 12.15 each Business Day at the time set out in the Procedures. ASX Clear may also effect settlement to market at any other time.

Introduced 11/03/04 Origin OCH 5.5.1

### **12.15.2 Setting the Daily Settlement Price**

In order to effect the settlement of Derivatives CCP Contracts under this Rule 12.15, ASX Clear will determine the price (the "Daily Settlement Price") at which daily settlement of each Series or Delivery Month will occur, having regard to prevailing market prices reported by the Approved Listing Market Operator and other factors it considers relevant.

Introduced 11/03/04 Origin OCH 5.5.2 Amended 27/06/11

### **12.15.3 Daily Settlement Price final and binding**

The Daily Settlement Price determined by ASX Clear under Rule 12.15.2 is final and binding on Participants.

Introduced 11/03/04 Origin OCH 5.5.3

#### **12.15.4 Process of Daily Settlement**

ASX Clear will effect settlement to market of a Derivatives CCP Contract (the "Settled Contract") registered in an Account by:

- (a) creating and registering in that Account a Derivatives CCP Contract in the same Series or Delivery Month but in the opposite position at the Daily Settlement Price;
- (b) closing out the Derivatives CCP Contract created under paragraph (a) and the Settled Contract in accordance with Rule 13, as if the Participant had requested those two Derivatives CCP Contracts to be closed out; and
- (c) creating and registering a new Derivatives CCP Contract in the same Series or Delivery Month as the Settled Contract at the Daily Settlement Price but otherwise on the same terms as the Settled Contract.

Introduced 11/03/04 Origin OCH 5.5.4

### **12.16 CALCULATION OF NET CLEARING OBLIGATIONS -- DERIVATIVES CCP CONTRACT**

#### **12.16.1 Calculation, set-off and notification of net payment amount -- House Accounts**

ASX Clear will, in respect of all Derivatives CCP Contracts referable to the categories of Derivatives Market Transaction as determined by ASX Clear and specified in the Procedures and having regard to the amount of Cover and Excess Cash recorded in respect of House Accounts for those categories of Market Transaction under Rules 10.2.2, 10.2.3 and 10.2.4 in the manner and time set out in the Procedures or at any other time determined by ASX Clear:

- (a) calculate:
  - (i) the total Payment Obligations of the Participant at that time on the Participant's House Accounts for each PID;
  - (ii) the total Payment Rights of the Participant at that time on those House Accounts for each PID;
- (b) set off those Payment Obligations against those Payment Rights to obtain a net amount payable by or to the Participant for each PID; and
- (c) notify the Participant of that net amount for each PID.

Introduced 11/03/04 Origin OCH 4.3.2 Amended 01/11/12, 08/08/13

#### **12.16.2 Calculation, set off and notification of net payment amount -- Client Accounts**

ASX Clear will, in respect of all Derivatives CCP Contracts referable to the categories of Derivatives Market Transaction as determined by ASX Clear and set out in the Procedures and having regard to the amount of Cover and Excess Cash recorded in respect of Client Accounts for those categories of Market Transaction under Rules 10.2.2, 10.2.3, 10.2.4 in the manner and time set out in the Procedures or at any other time determined by ASX Clear:

- (a) calculate:
  - (i) the total Payment Obligations of the Participant at that time on each of the Participant's Client Accounts for each PID;
  - (ii) calculate the total Payment Rights of the Participant at that time on each of those Client Accounts for each PID;
- (b) set off those Payment Obligations against those Payment Rights to obtain a net amount payable by or to the Participant for each PID; and
- (c) notify the Participant of that net amount for each PID.

Introduced 11/03/04 Origin OCH 4.3.3 Amended 01/11/12, 08/08/13

## **12.17 DISCHARGE OF NET CLEARING OBLIGATIONS -- DERIVATIVES CCP CONTRACTS AND CASH MARKET MARGIN OBLIGATIONS**

### **12.17.1 Payment of net amount by Participant**

Where ASX Clear notifies the Participant under Rule 12.16 of a net amount payable by the Participant, the Participant must pay that net amount to ASX Clear or at its direction by the time and in the manner specified in the Procedures or as otherwise notified by ASX Clear to that Participant.

Introduced 11/03/04 Origin OCH 4.3.4

### **12.17.2 Payment of net amount by ASX Clear**

Where ASX Clear notifies the Participant under Rule 12.16 of a net amount payable by ASX Clear, ASX Clear must pay that net amount to the Participant or at its direction by the time and in the manner specified in the Procedures or as otherwise notified by ASX Clear to that Participant. The Participant may request ASX Clear to retain an amount payable by ASX Clear under this Rule, and, if agreed to, the amount will represent Excess Cash.

Introduced 11/03/04 Origin OCH 4.3.5 Amended 23/10/09

### **12.17.2A Net Payment -- House Accounts and Cash Market margin obligations**

ASX Clear may determine, and set out in the Procedures, that margin obligations for Cash CCP Transactions notified under Rule 14.5.2 and any net payment right or net payment obligation notified under Rule 12.16.1(c) may be settled through a single net payment of those amounts.

Introduced 07/06/13

### **12.17.3 Single net payment**

In addition to Rule 12.17.2A, ASX Clear may determine, and set out in the Procedures, that any net payment rights and net payment obligations arising under Rule 12.16 (including, where the Participant has been allocated more than one PID, any net payment rights or net payment obligations notified under Rule 12.16.1(c) or any net payment rights or net payment obligations notified under Rule 12.16.2(c)) may be settled through a single net payment of those amounts.

Introduced 11/03/04 Origin OCH 4.3.5A Amended 08/08/13

### **12.17.4 Effect of net payment**

Payment of a net amount in accordance with Rule 12.17.1, 12.17.2 or 12.17.2A, or the payment of a single net payment in accordance with Rule 12.17.3:

- (a) discharges the Payment Obligations included in the set off;
- (b) satisfies the Payment Rights included in the set off;
- (c) satisfies the margin obligations for Cash CCP Transactions included in any net payment in accordance with Rule 12.17.2A; and
- (d) satisfies and discharges the corresponding rights and obligations of ASX Clear against or to the Participant.

For a payment of a single net payment in accordance with Rule 12.17.3, paragraphs (a), (b) and (d) above relate only to the Payment Obligations or Payment Rights included in the single net payment.

Introduced 11/03/04 Origin OCH 4.3.6 Amended 07/06/13, 08/08/13

### **12.17.5 Time for payment of amounts due to ASX Clear**

A Participant must pay to ASX Clear all amounts due and payable in respect of an Account by the time specified in the Procedures and, if no time is specified, on demand.

Introduced 11/03/04 Origin OCH 4.3.7

## **12.18 12.18 NET PAYMENT FAILURE -- DERIVATIVES CCP CONTRACT AND CASH MARKET MARGIN OBLIGATIONS**

### **12.18.1 Failure to pay net amount an event of default**

A failure to pay a net amount calculated under Rule 12.17 is an event of default under Rule 15.1.1(b).

Introduced 11/03/04 Amended 07/06/13

## **12.19 INTEREST ON UNPAID AMOUNTS**

### **12.19.1 ASX Clear may charge Participant interest**

ASX Clear may charge a Participant interest on amounts due to be paid by the Participant under these Rules or the Procedures but unpaid, for the period from the date the amount fell due for payment to the date on which the amount is paid in full. ASX Clear will determine from time to time and specify in the Procedures whether interest will be charged and the basis upon which interest rates will be calculated. ASX Clear will notify Participants of any alteration to that basis. ASX Clear will notify a Participant in the manner specified in the Procedures of any interest charged to that Participant under this Rule 12.19.1.

Introduced 11/03/04 Origin OCH 4.3.8

## **12.20 TRADING AND CLEARING INFORMATION -- DERIVATIVES MARKET CONTRACTS**

### **12.20.1 ASX Clear to give details of Derivatives Market Contracts and Derivatives CCP Contracts**

ASX Clear will give each Participant in the manner and by the time specified in the Procedures, details each Business Day of:

- (a) Derivatives Market Contracts reported for registration in the Participant's name;
- (b) Derivatives Market Contracts allocated to the Participant under Rule 11.1;
- (c) Derivatives Market Contracts allocated by the Participant under Rule 11.1;
- (d) the Accounts designated for registration of Derivatives Market Contracts;
- (e) Derivatives CCP Contracts registered in the Participant's name; and
- (f) Cover and Excess Cash credited to, or held in respect of, the Participant.

Introduced 11/03/04 Origin OCH 7.1

### **12.20.2 Reporting Positions to ASX Clear**

By the time and in the manner set out in the Procedures, a Participant must report to ASX Clear:

- (a) the number of Derivatives CCP Contracts registered with ASX Clear at that time in respect of each Client of the Participant;
- (b) the number of Derivatives CCP Contracts registered with ASX Clear at that time in respect of each person whose positions are registered in the Participant's House Account; and
- (c) any other information of the type set out in the Procedures or otherwise required by ASX Clear.

Introduced 11/03/04 Origin OCH 4.5

### **12.20.3 Participant to check information**

When a Participant receives the information provided under Rule 12.20.1, it must check those details and must immediately notify ASX Clear of any errors in accordance with the Procedures. If the Participant does not notify ASX Clear, by the time specified in the Procedures, of receipt of the details that there is an error in those details:

- (a) ASX Clear is entitled to rely on the accuracy of those details;
- (b) the Participant will be taken to have waived any right to have the error corrected and will have rights and obligations in accordance with those details unless ASX Clear agrees otherwise;
- (c) ASX Clear may refuse to correct any error which is notified subsequently by the Participant; and
- (d) ASX Clear may take any action, or no action, in respect of any error which is notified subsequently, which it considers to be appropriate having regard to Rule 1.15.



Introduced 11/03/04 Origin OCH 7.2 Amended 18/12/06

#### **12.20.4 Time of receipt**

For the purpose of Rule 12.20.3, a Participant is taken to receive the details referred to in Rule 12.20.1:

- (a) at the time ASX Clear transmits a Clearing Message containing the details to the Participant;  
or
- (b) at the time a written document containing the details is available for collection from ASX Clear by or on behalf of the Participant.

Introduced 11/03/04 Origin OCH 7.3

### **12.21 ERRORS IN REPORTING OF DERIVATIVES MARKET CONTRACTS**

#### **12.21.1 Error reported by Participant**

If:

- (a) a Participant notifies ASX Clear by the time and in the manner specified in the Procedures, that an error has been made in the particulars of a Derivatives Market Contract reported to ASX Clear under the Rules;
- (b) the Participant which entered into the Derivatives Market Contract as Buyer and the Participant which entered into the Derivatives Market Contract as Seller have each provided to ASX Clear the same particulars as the correct particulars of the Derivatives Market Contract;
- (c) where applicable, the last Participant to which the Derivatives Market Contract has been allocated under Rule 11.1 has consented to correction of the error;
- (d) the Derivatives Market Transaction was not an OTC Options Market Transaction, the Approved Listing Market Operator has notified ASX Clear that it is satisfied that there was an error and that the error was inadvertent;
- (e) the Derivatives Market Transaction was not an OTC Options Market Transaction, the Participants referred to in paragraphs (b) and (c), or the Market Participant for whom the Participant clears (as relevant) has complied with any requirements under the rules of the Approved Listing Market Operator relating to any correction of the error; and
- (f) those Participants have each satisfied any conditions stipulated by ASX Clear or the Approved Listing Market Operator (if applicable) in connection with the error,

then:

- (g) if the Derivatives Market Contract has not been registered, ASX Clear must correct the error in the particulars of the Derivatives Market Contract before it is registered; or
- (h) if the Derivatives Market Contract has been registered, ASX Clear must cancel the registration of each Derivatives CCP Contract arising under Rule 12.2.2 and, if ASX Clear considers it appropriate having regard to Rule 1.15, register in its place a corrected Derivatives CCP

Contract.

Introduced 11/03/04 Origin OCH 7.4.1 Amended 18/12/06, 27/06/11, 28/05/12

### **12.21.2 Error reported by Approved Listing Market Operator**

If the Approved Listing Market Operator notifies ASX Clear that an error has been made in the particulars of a Derivatives Market Contract reported to ASX Clear under the rules of the Approved Listing Market Operator and subject to any conditions which may be stipulated by ASX Clear in connection with the error:

- (a) if the Derivatives Market Contract has not been registered, ASX Clear must correct the error in the particulars of the Derivatives Market Contract before it is registered; or
- (b) if the Derivatives Market Contract has been registered, ASX Clear must cancel the registration of each Derivatives CCP Contract arising under Rule 12.2.2 and, if ASX Clear considers it appropriate having regard to Rule 1.15, register in its place a corrected Derivatives CCP Contract.

Introduced 11/03/04 Origin OCH 7.4.2 Amended 27/06/11

### **12.21.3 Reliance on information**

ASX Clear is entitled to rely on the accuracy of all information concerning an actual or alleged error in a Derivatives Market Contract or Derivatives CCP Contract which is given to ASX Clear by the Approved Listing Market Operator.

Introduced 11/03/04 Origin OCH 7.4.3 Amended 27/06/11

## **12.22 CANCELLATION AND AMENDMENT OF DERIVATIVES MARKET CONTRACTS**

### **12.22.1 Cancellation or amendment binding on Participants**

The cancellation or amendment of a Derivatives Market Contract under the rules of the Approved Listing Market Operator, and any action taken by the relevant Market Participants and the Approved Listing Market Operator to give effect to the cancellation or amendment under those rules, is binding

on any Participant which has Clearing Obligations for the relevant Derivatives Market Contract and:

- (a) if the Derivatives Market Contract has not been registered, ASX Clear will correct the error in the particulars of the Derivatives Market Contract before it is registered; or
- (b) if the Derivatives Market Contract has been registered, ASX Clear will cancel the registration of each Derivatives CCP Contract arising under Rule 12.2.2 and, if ASX Clear considers it appropriate having regard to Rule 1.15, register in its place a corrected Derivatives CCP Contract.

Introduced 11/03/04 Origin OCH 7.4A Amended 27/06/11

### **12.22.2 Cancellation of Derivatives Market Contracts relating to OTC Options Market Transactions**

If the Buyer and Seller in relation to a Derivatives Market Contract relating to an OTC Options Market Transaction agree that the Derivatives Market Contract should be amended or cancelled they may, in the manner and time specified in the Procedures, request that ASX Clear make that amendment or cancellation and:

- (a) if the Derivatives Market Contract has not been registered, ASX Clear will correct the error in the particulars of the Derivatives Market Contract before it is registered; or
- (b) if the Derivatives Market Contract has been registered, ASX Clear will cancel the registration of each Derivatives CCP Contract arising under Rule 12.2.2 and, if ASX Clear considers it appropriate having regard to Rule 1.15, register in its place a corrected Derivatives CCP Contract.

Introduced 28/05/12

## **12.23 ERROR IN ACCOUNT DESIGNATION OF DERIVATIVES MARKET CONTRACT**

### **12.23.1 Action by ASX Clear where notified of an error in designation**

If:

- (a) ASX Clear is notified by a Participant by the time specified in the Procedures that an error has been made in the designation of a Derivatives Market Contract to a Participant's Account;
- (b) ASX Clear is satisfied that the error was inadvertent; and
- (c) the Participant has satisfied any conditions stipulated by ASX Clear in connection with correcting the error,

then:

- (d) if the Derivatives Market Contract has not been registered, ASX Clear will correct the

- designation of the Derivatives Market Contract before it is registered; or
- (e) if the Derivatives Market Contract has been registered, ASX Clear will transfer the registration of the relevant Derivatives CCP Contract arising under Rule 12.2.2 to the correct Account in the manner specified in the Procedures.

Introduced 11/03/04 Origin OCH 7.5

## **12.24 ERRORS BY ASX CLEAR**

### **12.24.1 ASX Clear may take action to correct error**

If ASX Clear becomes aware at any time that it has made an error in entering or recording any of the details referred to in Rule 12.20.1, ASX Clear may decide to take any action to correct the error or the consequences of the error which it considers appropriate having regard to Rule 1.15. ASX Clear will notify in the manner specified in the Procedures each Participant affected by the error.

Introduced 11/03/04 Origin OCH 7.6

## **12.25 DECISION FINAL AND BINDING**

### **12.25.1 Decisions by ASX Clear**

The correction of an error, and any decision or action by ASX Clear under this Section 12, is final and binding on the Participants affected by the decision.

Introduced 11/03/04 Origin OCH 7.7

## **12.26 NO LIABILITY OF ASX CLEAR**

### **12.26.1 Actions or determinations of ASX Clear**

Without limiting Rule 1.15, none of ASX Clear, its officers, agents, persons acting for or on behalf of ASX Clear or contractors are liable to a Participant or to any other person for any loss, liability, damage, cost or expense arising in any way (including, without limitation, by negligence) from any

actions or determinations of ASX Clear under this Section 12.

Introduced 11/03/04 Origin OCH 7.8

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## **SECTION 13 DERIVATIVES CCP CONTRACTS -- TRANSFERS, CLOSE OUTS AND ADJUSTMENTS**

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This Section only deals with Derivatives CCP Contracts and relates to:

- (a) the circumstances in which ASX Clear will transfer a Derivatives CCP Contract from one Participant to another and between the Accounts of a Participant;
- (b) the effect of any such transfer;
- (c) the circumstances in which a Derivatives CCP Contract may be closed out, reinstated or cancelled and when a Participant's right to close out may be suspended;
- (d) the consequences of closing out a Derivatives CCP Contract;
- (e) the circumstances in which ASX Clear will make an adjustment to the terms of a Derivatives CCP Contract or terminate those contracts; and
- (f) the settlement by ASX Clear of the settlement obligations which it has as Seller or Buyer of a Derivatives CCP Contract.

### **13.1 TRANSFERRING DERIVATIVES CCP CONTRACTS**

#### **13.1.1 Transfer between Participants**

If a Participant (the "**transferring Participant**") requests ASX Clear to transfer a Derivatives CCP

Contract to another Participant (the "**receiving Participant**"), ASX Clear will transfer the Derivatives CCP Contract only if:

- (a) the receiving Participant has agreed to the transfer and that agreement has been communicated to ASX Clear in accordance with the Procedures;
- (b) the receiving Participant is entitled under the Rules to have that Derivatives CCP Contract registered in its name;
- (c) if the Derivatives CCP Contract is to be registered in a Client Account, the receiving Participant has entered into a Client Agreement with the relevant Client which complies with Rule 7.1 or the New Participant is the successor of the Client Agreement of the relevant Client in accordance with Rule 7.1.5;
- (d) any conditions stipulated by ASX Clear in connection with the transfer have been met; and
- (e) ASX Clear consents to the transfer in accordance with the Procedures.

Introduced 11/03/04 Origin OCH 8.2.1 Amended 12/04/05

### **13.1.2 Effect of transfer**

Upon the transfer of a Derivatives CCP Contract under this Rule 13.1, the Derivatives CCP Contract between the transferring Participant and ASX Clear is discharged and replaced by novation with a Derivatives CCP Contract on the same terms between the receiving Participant and ASX Clear.

Introduced 11/03/04 Origin OCH 8.2.2

### **13.1.3 Process of transfer**

ASX Clear will transfer a Derivatives CCP Contract under this Rule 13.1 by simultaneously cancelling the registration of the Derivatives CCP Contract in the name of the transferring Participant and registering a new Derivatives CCP Contract on the same terms in the name of the receiving Participant and in an Account designated by the receiving Participant.

Introduced 11/03/04 Origin OCH 8.2.3

### **13.1.4 Transfer between Accounts within a single Participant**

If a Participant requests ASX Clear to transfer a Derivatives CCP Contract from one of its Accounts to another of its Accounts, ASX Clear will transfer the Derivatives CCP Contract if:

- (a) an error has been made in the designation of the Derivatives Market Contract which gave rise to the Derivatives CCP Contract and Rule 12.23 is satisfied; or
- (b) any conditions stipulated by ASX Clear in connection with the transfer have been met and ASX Clear consents to the transfer in accordance with the Procedures.

Introduced 11/03/04 Origin OCH 8.3

## **13.2 CLOSING OUT DERIVATIVES CCP CONTRACTS**

### **13.2.1 Participant may instruct ASX Clear to close out Derivatives CCP Contracts**

If:

- (a) a Derivatives CCP Contract is registered in an Account of a Participant as Buyer; and
- (b) a Derivatives CCP Contract in the same Series or Delivery Month is registered in the same Account of the Participant as Seller,

the Participant may instruct ASX Clear to close out those Derivatives CCP Contracts in accordance with the Procedures by setting off the rights and obligations of the Participant and ASX Clear under those Derivatives CCP Contracts at that time, and cancelling their registration in accordance with the Procedures.

Introduced 11/03/04 Origin OCH 9.1, S 2.6

### **13.2.2 Effect of Close out**

When two Derivatives CCP Contracts registered in the name of the Participant as both the Buyer and the Seller are closed out under Rule 13.2.1:

- (a) where the two Derivatives CCP Contracts are in a category of Derivatives CCP Contract which is settled to market in accordance with Rule 12.15, on close out (whether as part of daily settlement to market under Rule 12.15 or under another Rule):
  - (i) if the price of the Derivatives CCP Contract registered in the name of the Participant as Seller is greater than the price of the Derivatives CCP Contract registered in the name of the Participant as Buyer, the Participant will have a Payment Right equal to the difference between those two prices; and
  - (ii) if the price of the Derivatives CCP Contract registered in the name of the Participant as Buyer is greater than the price of the Derivatives CCP Contract registered in the name of the Participant as Seller, the Participant will have a Payment Obligation equal to the difference between those two prices; and
- (b) in any other case, the rights and obligations of the Participant and ASX Clear under those

Derivatives CCP Contracts are set off, and give rise to a net Payment Right or net Payment Obligation on close out depending on the price of the two Derivatives CCP Contracts. Payment Rights and Payment Obligations arising under this Rule 13.2.2 must be settled with ASX Clear in accordance with Rules 12.16 and 12.17. In the case of an Option CCP Contract, a reference in this Rule 13.2.2 to price is to Premium.

Introduced 11/03/04 Origin OCH 9.2.1 Amended 18/12/06

### **13.2.3 Close out is irrevocable**

Subject to Rule 13.2.4, the closing out of two Derivatives CCP Contracts under this Rule 13 is irrevocable. Close out does not release the Participant or ASX Clear from the rights and obligations under those Derivatives CCP Contracts existing at the time of close out.

Introduced 11/03/04 Origin OCH 9.2.2

### **13.2.4 Reinstatement following close out**

If a Participant notifies ASX Clear in writing by the time specified in the Procedures that the Participant or ASX Clear has made an error in closing out two Derivatives CCP Contracts, ASX Clear may take any action it considers appropriate having regard to Rule 1.15 to reinstate the Derivatives CCP Contracts.

Introduced 11/03/04 Origin OCH 9.2.3

## **13.3 SUSPENSION OF RIGHT TO REQUEST CLOSE OUT**

### **13.3.1 Conditional Markets**

If transactions in Underlying Financial Products are made on a conditional market under the rules governing the Underlying Market, the right of Participants to close out Derivatives CCP Contracts over those Underlying Financial Products under this Rule 13 is suspended until the conditional market in the Underlying Financial Products becomes unconditional under the rules governing the Underlying Market. ASX Clear and the Participants which are parties to the relevant Derivatives CCP Contracts are entitled to rely on an announcement by the Approved Market Operator of the Underlying Market that the market has become unconditional under the rules governing the



Underlying Market.

Introduced 11/03/04 Origin OCH S 2.6.1

### **13.3.2 Cancellation of Derivatives CCP Contracts**

If all transactions in the Underlying Financial Products the subject of a Derivatives CCP Contract are cancelled under the rules governing the Underlying Market and ASX Clear receives notification of that from the Approved Market Operator of the Underlying Market, ASX Clear will:

- (a) credit to the relevant Account all amounts which had been debited to that Account in respect of that Derivatives CCP Contract;
- (b) debit to the relevant Account all amounts which had been credited to that Account in respect of that Derivatives CCP Contract; and
- (c) cancel the registration of that Derivatives CCP Contract,

and the amounts credited and debited under paragraphs (a) and (b) are Payment Rights and Payment Obligations respectively of the relevant Participants.

Introduced 11/03/04 Origin OCH S 2.6.2

## **13.4 ADJUSTMENTS**

### **13.4.1 ASX Clear to make corresponding adjustment**

Rules 13.4.1 to 13.4.3 (inclusive) apply to Derivatives CCP Contracts other than those resulting from the registration of OTC Options Market Transactions.

If the Approved Listing Market Operator makes an adjustment to the terms of a Series or Delivery Month pursuant to the rules of the Approved Listing Market Operator, ASX Clear will make a corresponding adjustment to the terms of Derivatives CCP Contracts in that Series or Delivery Month.

Introduced 11/03/04 Origin OCH 5.6.1 Amended 27/06/11, 28/05/12

### **13.4.2 Termination in some cases**

If an event occurs and, instead of making an adjustment to the terms of a Series or Delivery Month open for trading on the market conducted by an Approved Listing Market Operator, the Approved

Listing Market Operator directs pursuant to its rules that Derivatives CCP Contracts in that Series or Delivery Month be terminated, ASX Clear will terminate those Derivatives CCP Contracts in accordance with Rule 17.

Introduced 11/03/04 Origin OCH 5.6.2 Amended 27/06/11

### **13.4.3 Time adjustment becomes effective**

The time an adjustment under Rule 13.4.1 becomes effective will be determined by ASX Clear having regard to the time the adjustment to the Series or Delivery Month by the Approved Listing Market Operator becomes effective.

Introduced 11/03/04 Origin OCH 5.6.3 Amended 27/06/11

### **13.4.4 Adjustments -- OTC Options Market Transactions**

Rules 13.4.4 and 13.4.5 apply to Derivatives CCP Contracts which result from the registration of OTC Options Market Transactions.

ASX Clear may make an adjustment to the terms of Derivatives CCP Contracts. The circumstances in which adjustments will generally apply are set out in the Procedures. The time an adjustment becomes effective will be determined by ASX Clear.

Introduced 28/05/12

### **13.4.5 Termination in some cases -- OTC Options Market Transactions**

If an event specified in the Procedures occurs, instead of making an adjustment to the terms of the Derivatives CCP Contracts, ASX Clear will terminate those Derivatives CCP Contracts in accordance with Rule 17.

Introduced 28/05/12

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## SECTION 14 RISK MANAGEMENT

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The purpose of this Section is to provide powers to enable ASX Clear to manage its counterparty risk exposure by calculating margin and calling for Cover in respect of Derivatives CCP Contracts and Cash CCP Transactions, and deals with:

- (a) the circumstances in which ASX Clear will notify Participants of the amount of Initial Margin payable by them;
- (b) the obligation of Participants to provide and maintain with ASX Clear unencumbered cash or Collateral for their Initial Margin and other margin obligations;
- (c) how ASX Clear will attribute Cash Cover, Collateral or Excess Cash to an Account or to an Approved Market Operator and how the attribution may be changed; and
- (d) the circumstances in which ASX Clear is entitled to Collateral, when it may retain Cover and Excess Cash and when it will return Excess Cash or Excess Collateral to a Participant.

In relation to Derivatives Market Contracts and Derivatives CCP Contracts only, this Section deals with:

- (e) ASX Clear's power to prescribe Position Limits, Initial Margin Limits and Exercise Limits in limiting the number or exercise of contracts and the amount of exposure of a Participant;
- (f) the consequences if a Participant breaches a Position Limit, an Initial Margin Limit or an Exercise Limit;
- (g) the circumstances in which a Participant must call Cash or Collateral from a Client or may call additional Cash or Collateral or other amounts from a Client;
- (h) the time by which a call to a Client must be made and the time by which a Client must make payments to a Participant; and
- (i) the circumstances in which a Participant is not required to make a call.

### 14.1 POSITION LIMITS -- DERIVATIVES MARKET CONTRACTS AND DERIVATIVES CCP CONTRACTS

#### 14.1.1 ASX Clear may prescribe Position Limits

ASX Clear may prescribe and set out in the Procedures (or otherwise notify to Participants) a limit on the number of Derivatives Market Contracts in a Series, Class or Delivery Month which may be registered with ASX Clear. The limit may restrict the number of Derivatives Market Contracts which may be registered with ASX Clear:

- (a) in one or more Accounts; or
- (b) in Accounts generally.

Introduced 11/03/04 Origin OCH 8.4.1

#### **14.1.2 Breach of Position Limits**

If ASX Clear determines that a Position Limit has been breached, ASX Clear may do one or more of the following:

- (a) direct the Participant (or in the case of a general Position Limit imposed under Rule 14.1.1 or by the Approved Listing Market Operator, a number of Participants) to close out, or cause to be closed out, one or more Derivatives CCP Contracts immediately or within a specified time; and
- (b) take, or refrain from taking, any other action which ASX Clear considers appropriate having regard to Rule 1.15.

Introduced 11/03/04 Origin OCH 8.4.2 Amended 27/06/11

#### **14.1.3 Positions below Position Limits but considered excessive**

If ASX Clear considers that the number of Derivatives CCP Contracts in a Class, Series or Delivery Month registered with ASX Clear in Accounts generally is excessive and not appropriate having regard to Rule 1.15, ASX Clear may do one or more of the following:

- (a) direct one or more Participants to close out or cause to be closed out one or more Derivatives CCP Contracts in that Class, Series or Delivery Month immediately or within a specified time even though a Position Limit has not been exceeded; and
- (b) take, or refrain from taking, any other action which ASX Clear considers appropriate having regard to Rule 1.15.

Introduced 11/03/04 Origin OCH 8.4.3

## **14.2 INITIAL MARGIN LIMITS -- DERIVATIVES MARKET CONTRACTS AND DERIVATIVES CCP CONTRACTS**

### **14.2.1 ASX Clear may prescribe Initial Margin limits**

ASX Clear may prescribe and set out in the Procedures (or otherwise notify to Participants) a limit on the amount of exposure a Participant may have under Derivatives CCP Contracts by limiting the total aggregate amount of Initial Margin liability in respect of Derivatives CCP Contracts that the Participant is permitted to have in respect of one or more markets conducted by Approved Listing Market Operators, having regard to the Participant's capital or financial position. A limit may be imposed:

- (a) in respect of a particular Participant; or
- (b) in respect of Participants generally.

Introduced 11/03/04 Origin OCH 8.5.1 Amended 27/06/11, 07/06/13

### **14.2.2 Positions in excess of Initial Margin limits**

If ASX Clear determines that a Participant has exceeded or is likely to exceed a limit imposed under Rule 14.2.1, ASX Clear may do one or more of the following to ensure the limit is not exceeded:

- (a) direct the Participant to do any or all of the following, immediately or within a specified time:
  - (i) close out or cause to be closed out, one or more Derivatives CCP Contracts;
  - (ii) increase its capital liquidity; or
  - (iii) request the transfer of one or more Derivatives CCP Contracts under Rule 13.1; and
- (b) refuse to register a Derivatives Market Contract reported for registration in the Participant's name or allocated to the Participant under Rule 11.1, but only after ASX Clear has notified the Participant and the Approved Listing Market Operator that ASX Clear will not register Derivatives Market Contracts in that Participant's name; and
- (c) take, or refrain from taking, any other action which ASX Clear considers appropriate having regard to Rule 1.15.

Introduced 11/03/04 Origin OCH 8.5.2 Amended 23/10/09, 27/06/11

## **14.3 EXERCISE LIMITS -- DERIVATIVES MARKET CONTRACTS AND DERIVATIVES CCP CONTRACTS**

### **14.3.1 ASX Clear may prescribe Exercise Limits**

ASX Clear may prescribe and set out in the Procedures (or otherwise notify to Participants) a limit on the exercise of Options CCP Contracts in a Class or Series. A limit may restrict exercise of Options CCP Contracts registered:

- (a) in one or more Accounts; or
- (b) in Accounts generally.

A Participant must not exercise an Options CCP Contract if the exercise of the Option CCP Contract will have the effect that an Exercise Limit is exceeded.

Introduced 11/03/04 Origin OCH 8.6.1

### **14.3.2 Breach of Exercise Limits**

ASX Clear may reject an Exercise Notice given in respect of an Options CCP Contract in breach of an Exercise Limit.

Introduced 11/03/04 Origin OCH 8.6.2

## **14.4 GENERAL -- DERIVATIVES MARKET CONTRACTS AND DERIVATIVES CCP CONTRACTS**

### **14.4.1 Failure to comply with direction**

If a Participant fails to comply with:

- (a) a direction of ASX Clear under Rule 14.1 and Rule 14.2; or
- (b) a direction of the Approved Listing Market Operator in connection with position limits, exercise limits or exercise restrictions imposed under the operating rules of the Approved Listing Market Operator,

that failure is an event of default under Rule 15.1.

Introduced 11/03/04 Origin OCH 8.7.1 Amended 27/06/11

### **14.4.2 Notification of action**

ASX Clear must notify as soon as practicable the Approved Listing Market Operator of any action taken by ASX Clear to enforce the relevant limits under Rules 14.1, 14.2 and 14.3.

Introduced 11/03/04 Origin OCH 8.7.2 Amended 27/06/11

## **14.5 MARGINS**

### **14.5.1 ASX Clear to determine Initial Margin and other margin obligations**

ASX Clear will in respect of Derivatives CCP Contracts and Cash CCP Transactions, calculate for each Account of a Participant, Initial Margin and other margin obligations for contracts and transactions registered in the name of the Participant at the time, in the manner and using methods and assumptions specified in the Procedures.

Introduced 11/03/04 Origin OCH 11.1.1 Amended 18/12/06, 07/06/13

### **14.5.2 ASX Clear to notify total margin obligations**

ASX Clear will notify each Participant, in the manner and at the time specified in the Procedures, of the amounts calculated under Rule 14.5.1.

Introduced 11/03/04 Origin OCH 11.1.2

## **14.6 COVER**

### **14.6.1 Participants to provide Cover (including additional Cover)**

A Participant must deposit or provide to, and maintain with, ASX Clear cash or Collateral for its Initial Margin and other margin obligations determined under Rule 14.5.1 in the amount, manner and form determined from time to time by ASX Clear and specified in the Procedures or notified to the Participant. Without limiting this Rule 14.6.1, ASX Clear may at any time require a Participant to:

- (a) provide additional Cover immediately or within a specified time if, in the opinion of ASX Clear:
  - (i) the Cover is necessary or desirable having regard to any relevant circumstances,

- including without limitation, circumstances which affect or may affect a market conducted by an Approved Market Operator or the ability of the Participant to perform its obligations under any Derivatives CCP Contract or Cash CCP Transaction registered in an Account of that Participant; or
- (ii) Collateral provided to ASX Clear as security for the obligations of the Participant is not at that time of sufficient value or is not at that time acceptable to ASX Clear; or
- (b) replace immediately or within a specified time Collateral with cash,

and the Participant must comply with any requirement of ASX Clear under this Rule 14.6.1.

Introduced 11/03/04 Origin OCH 11.2.1 Amended 07/06/13

#### **14.6.2 Deposit of Excess Cash**

If permitted by ASX Clear, a Participant may deposit with ASX Clear, in accordance with the Procedures, Cash Cover which exceeds an amount required by ASX Clear under Rule 14.6.1 at that time. ASX Clear may apply Excess Cash:

- (a) recorded under Rule 10.2.4(a) for the purpose of calculating a Participant's margin obligation in respect of Cash CCP Transactions; and
- (b) recorded under Rule 10.2.4(b) and (c) for the purposes of calculating net payment amounts under Rules 12.16.1 and 12.16.2.

ASX Clear may apply some or all Excess Cash held by ASX Clear in respect of that Participant's House Accounts and Cash Market Account towards satisfaction of any obligation notified by ASX Clear to the Participant to provide Cover. ASX Clear may apply Excess Cash as authorised in Section 15.

Introduced 11/03/04 Origin OCH 11.2.2 Amended 10/06/04, 07/06/13, 30/11/15

#### **14.6.3 Cover and Excess Cash to be unencumbered**

Cover and Excess Cash:

- (a) must not be subject to any interest (whether legal, equitable or statutory) by way of security at the time it is provided; and
- (b) must not become subject to any interest (whether legal, equitable or statutory) by way of security other than in favour of ASX Clear at any time while it is held by ASX Clear,

unless ASX Clear has agreed otherwise in writing before the Cover or Excess Cash is provided or before the Cover or Excess Cash becomes subject to the interest by way of security.



Introduced 11/03/04 Origin OCH 11.2.3

#### 14.6.4 Attributing Cover

For the purposes of enabling ASX Clear to record Cash Cover and Collateral in accordance with Rules 10.2.2 and 10.2.3, Cash Cover and Collateral will be attributed in accordance with the Procedures:

- (a) to an Account or Accounts; and
- (b) if Derivatives CCP Contracts referable to more than one Approved Listing Market Operator are registered in the same Account, to an Approved Listing Market Operator.

The Participant may, with the consent of ASX Clear, change the attribution of some or all of the Cover in accordance with the Procedures.

Nothing in this Rule 14.6.4 or in the records maintained by ASX Clear for the purposes of Rule 10.2.3 limits the rights of ASX Clear to apply the proceeds ("Disposal Proceeds") received on sale or disposal of Collateral. Following enforcement by ASX Clear of its security interest in respect of that Collateral, ASX Clear may apply the Disposal Proceeds to discharge any of the Participant's obligations to ASX Clear including, but not limited to, obligations arising in connection with Derivatives CCP Contracts and Cash CCP Transactions in the following manner:

- (c) ASX Clear may apply the Disposal Proceeds received in respect of a Participant's House Account or Cash Market Account against the obligations of the Participant which arise in connection with any Account established by the Participant (including any Client Account), regardless of whether all or any part of the value of that Collateral has been recorded under Rule 10.2.3 in respect of that Account or provided as Cover in respect of a specific Account, Derivatives CCP Contract or Cash CCP Transaction; and
- (d) ASX Clear may apply the Disposal Proceeds received in respect of a Client Account against the obligations of the Participant in respect of the Client Account or Accounts notified to ASX Clear by or on behalf of the Client in connection with the lodgement of the Collateral regardless of whether all or any part of the value of that Collateral has been recorded under Rule 10.2.3 in respect of one or more of those Accounts.

*Note: Under Rule 15.2.1(j), ASX Clear can (subject to Sections 10 and 14) apply Cash Cover and Collateral held in respect of a Participant to meet the obligations of the Participant to ASX Clear in respect of any Account in any order.*

Introduced 11/03/04 Origin OCH 11.2.4 Amended 27/06/11, 07/06/13

#### 14.6.5 Attributing Excess Cash

For the purposes of enabling ASX Clear to record Excess Cash in accordance with Rule 10.2.4(b) and (c), the Participant must specify, in accordance with the Procedures:

- (a) the Approved Listing Market Operator to which the Excess Cash is to be attributed;
- (b) the total cash amount, comprising Cash Cover and Excess Cash, to be recorded by ASX Clear

for each Client Account in respect of which the Participant may wish to attribute Excess Cash for that Approved Listing Market Operator; and

- (c) the total cash amount, comprising Cash Cover and Excess Cash, to be recorded by ASX Clear for House Accounts in respect of which the Participant may wish to attribute Excess Cash for that Approved Listing Market Operator.

If no total cash amount is specified by a Participant in respect of a Client Account for an Approved Listing Market Operator, then ASX Clear will record nil Excess Cash in respect of that Client Account for the Approved Listing Market Operator.

Introduced 11/03/04 Origin OCH 11.2.5 Amended 27/06/11, 07/06/13, 30/11/15

#### **14.6.6 Return of Excess Cash**

A Participant may request ASX Clear, in the manner and by the time specified in the Procedures, to pay to it Excess Cash credited to that Participant under Rule 10.2.4. Upon receipt of that request, ASX Clear will return Excess Cash to the Participant unless ASX Clear determines that the Excess Cash is required by ASX Clear to cover the Participant's obligations to ASX Clear. ASX Clear will effect the return of Excess Cash in accordance with the Procedures.

Introduced 11/03/04 Origin OCH 11.2.6 Amended 30/11/15

#### **14.6.7 ASX Clear entitlement to Collateral**

All Collateral is subject to a security interest in favour of ASX Clear to secure the performance by the relevant Participant of its obligations to ASX Clear. The interest and rights of ASX Clear pursuant to the security interest to or in respect of Collateral have priority over the interest and rights, whenever or however acquired or created, of any other person claiming an interest by way of security in that Collateral.

Introduced 11/03/04 Origin OCH 11.2.7

#### **14.6.8 Return of Excess Collateral**

A Participant may request ASX Clear, in the manner specified in the Procedures, to release from the security interest Collateral which the Participant considers to be in excess of the requirements of ASX Clear. ASX Clear is not obliged to comply with that request and will only release Collateral from its security interest if ASX Clear determines that the Collateral is no longer required by ASX Clear as

security for the Participant's obligations to ASX Clear. ASX Clear will effect the release in accordance with the Procedures and will not be required to take any other action or to sign any document for the purposes of releasing the Collateral.

Introduced 11/03/04 Origin OCH 11.2.8

#### **14.6.9 ASX Clear may retain Cover and Excess Cash**

If, by reason of any relevant Rule, legislation or principle of law or equity, ASX Clear is not entitled to deal with Cover and Excess Cash in the manner provided by this Rule 14, Rule 10 or Rule 15 in or towards satisfaction or discharge of the obligations and liabilities of a Participant to ASX Clear, ASX Clear is entitled to retain and refuse to release Cover and Excess Cash until all the obligations and liabilities of the Participant to ASX Clear have been fully satisfied and discharged.

Introduced 11/03/04 Origin OCH 11.2.9

### **14.7 RELATIONSHIP BETWEEN PARTICIPANTS AND CLIENTS IN RESPECT OF MARGIN CALLS FOR DERIVATIVES CCP CONTRACTS**

#### **14.7.1 Participant obligation to call Cash or Collateral**

Where a Derivatives CCP Contract relates to a Client, a Participant must call Cash or Collateral from that Client which the Participant considers sufficient to ensure that the Participant is able to satisfy its obligations to ASX Clear for those Derivatives CCP Contracts.

The Participant is also entitled, at any time, to call from its Client any additional Cash or Collateral which the Participant considers appropriate in connection with the clearing of Derivatives CCP Contracts for its Client.

Introduced 11/03/04 Origin OCH 2B.2.1

#### **14.7.2 Time to respond to calls**

Subject to Rule 14.7.4, the call to any Client must be made no later than 24 hours after ASX Clear notifies Participants of the Initial Margin payable under this Rule.

Introduced 11/03/04 Origin OCH 2B.2.1A

### **14.7.3 Settlement amounts**

A Participant is also entitled to call from its Client an amount sufficient to cover amounts which the Participant has been required to pay pursuant to the close out, settlement or daily settlement or other risk management of Derivatives CCP Contracts under these Rules.

Introduced 11/03/04 Origin OCH 2B.2.2

### **14.7.4 Circumstances where call need not be made**

A Participant is not required to make a call under Rule 14.7.1 if:

- (a) in the case of a call under Rule 14.7.3 the amount of the call at that time is less than the amount set out in the Procedures;
- (b) the Client has already paid that amount to the Participant; or
- (c) the Client has provided security for that amount to the Participant (or to ASX Clear on behalf of the Participant) which is acceptable to the Participant.

Introduced 11/03/04 Origin OCH 2B.2.3

### **14.7.5 Payments due to Participant**

The Client must, by the time specified in their Client Agreement:

- (a) pay to the Participant any amounts which the Participant asks the Client to pay under Rule 14.7.1 or 14.7.3; or
- (b) provide security for those amounts which is acceptable to the Participant.

Introduced 11/03/04 Origin OCH 2B.2.4

### **14.7.6 If no time agreed**

If no time is agreed between the Participant and the Client for the purpose of Rule 14.7.5, the Client must meet its obligations under Rule 14.7.5 within 24 hours after the request for payment.

Introduced 11/03/04 Origin OCH 2B.2.5

#### **14.7.7 Maximum time**

The time agreed between the Participant and its Client for the purpose of Rule 14.7.5 must not be later than 48 hours after the request for payment.

Introduced 11/03/04 Origin OCH 2B.2.6

### **14.8 RELATIONSHIP BETWEEN PARTICIPANTS AND CLIENTS IN RESPECT OF MARGIN CALLS FOR CASH CCP TRANSACTIONS**

#### **14.8.1 Participant must not call Clients to meet margin call for Cash CCP Transactions**

A Participant must not:

- (a) call a Client for margin; or
- (b) use Cash or Collateral that belongs to a Client,

for the purpose of meeting the Participant's margin obligations to ASX Clear in connection with Cash CCP Transactions whether those Cash CCP Transactions were entered into on behalf of the Client or otherwise.

Introduced 07/06/13

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## SECTION 15 DEFAULT

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This Section sets out:

- (a) what constitutes an event of default by a Participant;
- (b) the powers of ASX Clear, if an event of default occurs, to take various action in respect of a Participant in its name and at its expense;
- (c) the powers of ASX Clear, on written notice to a Participant, to act in relation to events which, although not events of default, are events that ASX Clear considers may have a material adverse effect on, amongst other things, the capacity of a Participant to meet its obligations to ASX Clear, the financial position of the Participant or the financial position of ASX Clear;
- (d) the liability of ASX Clear where it bona fide exercises its powers and rights, the indemnities given by Participants to ASX Clear and the appointment of ASX Clear to act as agent for Participants;
- (e) the notice requirements that must be met by ASX Clear; and
- (f) the right of ASX Clear or any Participant to terminate its Derivatives CCP Contracts and Cash CCP Transactions in the event of a payment default or insolvency event of ASX Clear.

### 15.1 EVENTS OF DEFAULT

#### 15.1.1 Events of default by Participant

ASX Clear may regard any of the following events as an event of default by a Participant:

- (a) ASX Clear restricts the Participant from accessing the Clearing System;
- (b) the Participant fails to pay any amount due and payable to ASX Clear (under these Rules or otherwise);
- (c) the Participant fails to perform any of its obligations to ASX Clear (under these Rules or otherwise);
- (d) the Participant fails to comply with any reasonable direction, decision or requirement of ASX Clear (under these Rules or otherwise);
- (da) the Participant has failed to comply with a determination made by an Old Tribunal (as defined in Rule 19.20) pursuant to the Old Australian Securities Exchange Disciplinary Processes and Appeals Rulebook (as defined in Rule 19.20);
- (db) the Participant fails to comply with any action taken by ASX Clear in accordance with Rule 19.3.1 or the provisions of the ASX Enforcement and Appeals Rulebook (including as may be affirmed or varied by the Appeal Tribunal (as the case may be following an appeal against such action) pursuant to the ASX Enforcement and Appeals Rulebook;
- (e) without limiting Rules 15.1(b), (c), (d), (da) or (db), any failure by a Participant which is a

Seller in respect of a Deliverable Derivatives CCP Contract to perform its settlement obligations on settlement of that contract or to take all steps required to put itself in the position to comply with its settlement obligations;

- (f) the Participant indicates that it will or may suspend payment to ASX Clear or to creditors;
- (g) the Participant is or states that it is, or reasonably suspects that it may be, insolvent, or ceases or indicates that it will or may cease to carry on business;
- (h) the Participant becomes, the Participant or any other person takes any step which might result in the Participant becoming, or the Participant reasonably suspects that it may become an externally-administered body corporate as defined in section 9 of the Corporations Act;
- (i) someone takes control of the Participant's property for the benefit of the Participant's creditors because the Participant is, or is likely to become, insolvent;
- (j) where the Participant is a partnership, any partner becomes an insolvent under administration, or any other person takes any step which might result in any partner becoming an insolvent under administration;
- (k) any distress, execution or other process is levied or enforced or served upon or against any property of the Participant;
- (l) an investigator, inspector or other officer is appointed, or an investigation directed or commenced under the Corporations Act or other legislation to investigate all or part of the affairs of the Participant or a related entity, in circumstances which are, in the opinion of ASX Clear, material to the capacity of the Participant to meet its obligations to ASX Clear;
- (m) a Participant does not have the level of capital required under Section 5;
- (n) a Participant no longer satisfies the Admission Requirements or fails to comply with any condition of admission;
- (o) a Participant made a wilful omission or misstatement in respect of a material matter prior to, or in connection with, its application for admission;
- (p) a Participant or any of its Employees is the subject of any regulatory or disciplinary action by any body;
- (q) a Participant has failed to comply with Rule 19.1;
- (r) the Participant is suspended, expelled or terminated as a member or participant of, or subject to any sanction imposed by, ASX Clear, an Approved Market Operator, an Approved Settlement Facility, any Australian or overseas derivatives, securities, commodity or stock exchange or market or any other clearing and settlement facility or is subject to any sanction imposed by an Australian or overseas regulatory authority or the Participant ceases to be entitled to carry on business.

Introduced 11/03/04 Origin OCH 12.1 Amended 01/08/10, 15/06/15

## **15.2 POWERS OF ASX CLEAR ON DEFAULT**

### **15.2.1 ASX Clear may take action**

If ASX Clear considers that an event of default under Rule 15.1 has occurred, or if Rule 15.3 applies, ASX Clear may take any or all of the following actions in respect of the Participant, in the name of (if appropriate) and at the expense of the Participant, in any order but subject to Rule 15.4, immediately

or at any other time ASX Clear determines, and without the need for any prior notice to or consent of the Participant or any other person:

- (a) calculate one or more net amounts under and in accordance with Rule 10.3 and demand immediate payment of any net amount payable by the Participant;
- (b) refuse to register Derivatives Market Contracts reported for registration in the Participant's name or allocated to the Participant under Rule 11.1;
- (c) enter into transactions on a market conducted by an Approved Market Operator, on an Underlying Market (including an over the counter market) or on another market in order to close out, or eliminate or minimise the risk from, Clearing Obligations associated with Derivatives CCP Contracts or Cash CCP Transactions registered in an Account of the Participant. Without in any way limiting its powers, ASX Clear may borrow Financial Products for the purpose of meeting settlement obligations;
- (d) transfer any or all:
  - (i) Cash CCP Transactions registered in the Cash Market Account of the Participant to another Participant selected by ASX Clear in its discretion, with the agreement of the selected Participant; or
  - (ii) Derivatives CCP Contracts registered in an Account of the Participant, to another Participant selected by ASX Clear in its discretion, with the agreement of the selected Participant, as if the Participant had made a request for transfer under Rule 13.1, and simultaneously transfer to the credit of the receiving Participant Cover and Excess Cash recorded in respect of the transferred Derivatives CCP Contracts under Rules 10.2.2, 10.2.3 and 10.2.4;
- (e) close out Derivatives CCP Contracts which the Participant is entitled under Rule 13.2.1 to close out;
- (f) exercise, or allow to expire, any Options CCP Contracts registered in an Account of the Participant;
- (g) terminate Cash CCP Transactions and Derivatives CCP Contracts registered in an Account of the Participant at a price determined by ASX Clear subject to these Rules;
- (h) in relation to Collateral secured in favour of ASX Clear in respect of that Participant:
  - (i) receive any dividends, interest or other income payable in respect of that Collateral and do anything else in relation to that Collateral that an owner of the Collateral could do;
  - (ii) register all or part of the Collateral in the name of ASX Clear;
  - (iii) deal with all or part of the Collateral in the same way as the holder or owner of the Collateral could if the Collateral were not secured in favour of ASX Clear;
  - (iv) sell all or part of the Collateral whether by public auction and/or private arrangement and whether on-market or off-market;
  - (v) allow the purchaser of any Collateral time for payment of all or part of the purchase money;
  - (vi) appoint a receiver or receiver and manager to the Collateral to do any of the things referred to in subparagraphs (i) to (v) inclusive; and
  - (vii) do anything which ASX Clear considers necessary for any of these purposes;
- (i) exercise its rights to apply or set off Cash Cover or Excess Cash under these Rules;
- (j) subject to Sections 10 and 14, apply in or towards satisfaction of any amount due and payable to ASX Clear and in any order:
  - (i) any Cash Cover held in respect of the Participant; and
  - (ii) the proceeds of demanding, calling in, selling, realising and converting into cash any Collateral provided by or on behalf of the Participant after deducting all costs, commissions, duties and taxes payable in connection with any of those actions;



- (k) release or return directly to a Client or to any external administrator of the Participant any Excess Cash or excess Collateral;
- (l) subject to Rule 19.5, suspend or terminate the Participant's authority to clear all or any category of Market Transaction, or impose restrictions as new conditions on its authority to clear a category of Market Transaction. Such suspension or termination, or imposition of restrictions, takes effect at the time determined by ASX Clear in its absolute discretion;
- (m) appoint any person as its agent for the purpose of exercising a power under this Rule 15.2;
- (n) where the event of default is a failure by the Buyer to pay the Settlement Amount in respect of a Deliverable Derivatives CCP Contract by the time for settlement (and without limiting any other powers ASX Clear may exercise under this Rule 15.2.1):
  - (i) defer the settlement of the relevant Derivatives CCP Contract until it determines that settlement can occur at a later time in accordance with that Rule; or
  - (ii) terminate that contract and pursue any legal remedy available to ASX Clear in connection with that failure (including for example suing the Buyer to recover damages for breach of that Derivatives CCP Contract and these Rules) and resell or otherwise deal with any interest in the Underlying Commodity which the Buyer would have acquired under the rules governing the settlement of the contract, had settlement occurred;
- (o) where the event of default is a failure by the Seller of the type referred to in Rule 15.1.1(e) (and without limiting any other powers ASX Clear may exercise under this Rule 15.2.1):
  - (i) defer the settlement of the relevant Derivatives CCP Contract until it determines that settlement can occur at a later time in accordance with that Rule; or
  - (ii) terminate that contract and pursue any legal remedy available to ASX Clear in connection with that default (including, for example, suing the Seller to recover damages for breach of that Derivatives CCP Contract and these Rules);
- (p) without prejudice to any other rights which ASX Clear may have under the Rules, under statute, at law or in equity, take any other action, or take no action, or direct the Participant to take any action or no action, in order to eliminate or minimise risk with respect to Cash CCP Transactions or Derivatives CCP Contracts of the Participant which ASX Clear considers appropriate having regard to Rule 1.15;
- (q) set off or apply in or towards any amount due and payable by the defaulting Participant to ASX Clear (including in relation to any Account or Market Transaction) any amount due and payable by ASX Clear to the defaulting Participant (including in relation to any Account or Market Transaction);
- (r) calculate a net amount or amounts due and payable by the defaulting Participant to ASX Clear or ASX Clear to the defaulting Participant following the exercise by ASX Clear of any or all of its rights under this Rule 15, and demand immediate payment of any net amount payable by the defaulting Participant to ASX Clear. Without limiting any of its rights or powers, ASX Clear agrees that it will exercise its rights under this Rule 15.2.1(r) to calculate a net amount with respect to the defaulting Participant. ASX Clear may exercise any of its rights and powers and take any other actions in connection with the defaulting Participant before, or after, it does so; and
- (s) exercise its rights under the Recovery Rules.

### 15.2.2 Legal requirement for notice

Despite Rule 15.2.1, ASX Clear may be required by law to give notice before taking action under Rule 15.2.1 or may have obligations imposed by law about what it must do when taking that action. However, to the extent that these requirements and obligations can be excluded or limited by agreement, they are so excluded and limited and ASX Clear does not have to notify the Participant, any Client or the legal owner of any Collateral before taking any of the actions referred to in Rule 15.2.1.

Introduced 11/03/04 Origin OCH 12.2.2

## 15.3 OTHER EVENTS

### 15.3.1 ASX Clear may take action

If an event, or series of events whether related or not, occurs in relation to a Participant or a Related Entity of a Participant, which is not an event of default under Rule 15.1, including without limitation:

- (a) the Participant fails to comply, or indicates that it will or may fail to comply with any of the Rules or the Procedures or the terms of any agreement with ASX Clear;
- (b) ASX Clear has reasonable grounds for suspecting that a Participant will or may fail to comply with any of the Rules or the Procedures or the terms of any agreement with ASX Clear;
- (c) ASX Clear is satisfied that the acts, omissions or proposed conduct of a Participant may adversely affect the operation or integrity of the Clearing Facility;
- (d) the Participant or a Related Entity fails to comply, or indicates that it will or may fail to comply with any rule or the procedure of, or any term of any agreement with, an Approved Market Operator or any other market operator or clearing and settlement facility;
- (e) ASX Clear is informed by an Approved Market Operator or any other market operator or clearing and settlement facility that the Participant or a Related entity is not, or may not be, complying with its obligations under the rules or the procedures of, or any terms of any agreement with, an Approved Market Operator or any other market operator or clearing and settlement facility;
- (f) the Participant or a Related Entity fails to comply, or indicates that it will or may fail to comply with any legislative or regulatory requirement;
- (g) the Participant fails to deliver Financial Products to discharge its Clearing Obligation; or
- (h) ASX Clear is informed by any other regulatory body that the Participant or a Related Entity is not, or may not be, complying with any legislative or regulatory requirement, and ASX Clear considers the event or series of events has or may have a material adverse effect on:
  - (i) the capacity of the Participant to meet all its obligations to ASX Clear, an Approved Market Operator, an Approved Settlement Facility or other Participants;
  - (j) the financial position of ASX Clear or the Participant; or
  - (k) the market conducted by an Approved Market Operator or an Underlying Market,

ASX Clear may, immediately after giving written notice to the Participant of its intention to rely on this Rule, take any or all of the actions set out in Rule 15.2 in relation to the Participant.

Introduced 11/03/04 Origin OCH 12.3

## **15.4 TRANSFER OF CLIENT DERIVATIVES CCP CONTRACTS**

### **15.4.1 ASX Clear may attempt to transfer Derivatives CCP Contracts**

If:

- (a) Rule 15.2 applies;
  - (b) the Participant has a Derivative CCP Contract registered in a Client Account;
  - (c) the Participant has no outstanding obligations or liabilities to ASX Clear in respect of that Client Account; and
  - (d) all applicable conditions set out in the Procedures have been satisfied,
- then before taking any other action under Rule 15.2 ASX Clear may attempt to transfer that Derivatives CCP Contract to another Participant under Rule 15.2.1(d). Any transfer will be effected in accordance with Rule 13.1 (except that Rule 13.1.1 need not be complied with).

Introduced 11/03/04 Origin OCH 12.4 Amended 30/11/15

## **15.5 NOTIFICATION OF EXERCISE OF POWER**

### **15.5.1 Notification to Participant**

ASX Clear will keep the Participant reasonably informed of actions ASX Clear has taken under Rule 15.2 in accordance with the Notice requirements under Rule 19.4.2.

Introduced 11/03/04 Origin OCH 12.5.1 Amended 15/06/15

### **15.5.2 Notification to Approved Market Operator or Approved Settlement Facility**

ASX Clear will notify each relevant Approved Market Operator and Approved Settlement Facility for which the Participant clears of action ASX Clear has taken under Rule 15.2 as soon as practicable after taking that action.

Introduced 11/03/04 Origin OCH 12.5.2

## **15.6 APPOINTMENT OF ASX CLEAR AS AGENT**

### **15.6.1 Participant irrevocably appoints ASX Clear as agent**

Each Participant irrevocably appoints severally ASX Clear, and every officer, agent, person acting for or on behalf of ASX Clear and each other representative for the time being of ASX Clear, at the option of ASX Clear, to be the agent of the Participant and irrevocably authorises ASX Clear and every officer, agent, person and other representative for the time being of ASX Clear, at the option of ASX Clear, to do all acts and execute all documents on its behalf for the purpose of exercising the powers conferred on ASX Clear by this Section 15.

Introduced 11/03/04 Origin OCH 12.6

## **15.7 NO LIABILITY OF ASX CLEAR**

### **15.7.1 ASX Clear not liable for bona fide exercise of power, right or discretion**

Without limiting Rule 1.10, none of ASX Clear, its officers, representatives, agents or contractors is liable to a Participant or to any other person for any loss, liability, damage, cost or expense arising in any way (including, without limitation, by negligence) from the bona fide exercise of any power, right or discretion conferred upon ASX Clear by this Section 15.

Introduced 11/03/04 Origin OCH 12.7

## **15.8 INDEMNITY**

### **15.8.1 Participants to indemnify ASX Clear**

Each Participant indemnifies and will keep indemnified ASX Clear and its officers, representatives, agents and contractors against all actions, proceedings, claims, demands, damages, costs, expenses and any other amounts including any transaction taxes, goods and services taxes or any other duties or taxes (extending to include any taxes payable by ASX Clear on a payment made under this indemnity)

against or incurred by any of ASX Clear, its officers, representatives, agents or contractors arising out of or in connection with any event of default under Rule 15.1, any circumstances under Rule 15.3 or any action taken by, or any inaction by, any of ASX Clear or its officers, representatives, agents or contractors under this ASX Clear Section 15.

Introduced 11/03/04 Origin OCH 12.8

## **15.9 PROTECTION OF THIRD PARTIES**

### **15.9.1 No requirement to enquire**

No person need enquire whether any action taken under this ASX Clear Section 15 is properly or validly taken nor will a person be affected by any notice or claim that any action taken under this Section 15 is improper or unnecessary.

Introduced 11/03/04 Origin OCH 12.9

## **15.10 SURVIVAL OF POWERS**

### **15.10.1 Rights, powers and remedies survive Participant's termination**

The rights, powers and remedies of ASX Clear under this Section 15 in relation to a Participant survive the termination of the Participant's admission as a Participant.

Introduced 11/03/04 Origin OCH 12.10

## **15.11 TERMINATION WITH RESPECT TO ASX CLEAR**

### **15.11.1 Termination**

If:

- (a) **(ASX Clear Payment Default)** all of the following occur:
  - (i) ASX Clear fails to make, when due, any payment in respect of a payment claim of a Participant against ASX Clear arising from a Derivatives CCP Contract or Cash CCP Transaction;

- (ii) such Participant has notified ASX Clear of such failure;
- (iii) such Participant notifies ASX Clear again of such failure after the expiry of a period of not less than five Business Days after the notification in (ii); and
- (iv) ASX Clear's failure to make such payment to such Participant continues for a period of more than five Business Days after notification in (iii),

and for this purpose and without limitation, a payment will be considered to have been made by ASX Clear if a corresponding amount has been credited to the relevant account of the relevant Participant. Delays in effecting such credit for technical reasons will not lead to an ASX Clear Payment Default provided that funds were available to enable ASX Clear to make the credit; or

- (b) **(ASX Clear Insolvency Event)** ASX Clear is wound-up in insolvency under the Corporations Act or is subject to statutory management either instituted by it or against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in Australia,

then, at the election of either ASX Clear or any Participant (if a Participant makes this election then only its Derivatives CCP Contracts and its Cash CCP Transactions are affected):

- (I) the present and future obligations of ASX Clear and each Participant to make payments and deliveries under the terms of the Derivatives CCP Contracts and Cash CCP Transactions are terminated and are no longer required to be made;
- (II) ASX Clear is to calculate the termination value of those terminated obligations. The termination values are to take into account the amounts which would otherwise be debited or credited in respect of the daily revaluation of the Cash CCP Transactions and Derivatives CCP Contracts for margining purposes;
- (III) ASX Clear will net the termination values so calculated separately in respect of each Participant's (A) House Account(s) and Cash Market Account and (B) Client Account, so that only a net cash amount is payable in respect of each of (A) and (B) and between ASX Clear and each respective Participant. Each such net cash amount is to be payable by the party who is determined to owe it on the Business Day on which it is determined and notified to the Participant.

If ASX Clear is, for operational reasons, unable to make one or more calculations or determinations required to be made under this Rule then those particular calculations are to be made by the relevant Participant.

Introduced 23/06/14 Amended 01/10/15

### 15.11.2 Netting for Client Accounts

If a Participant has more than one Client Account then the netting referred to in Rule 15.11.1(III) above is to be conducted separately in respect of each Client Account of that Clearing Participant. A net cash amount is to be payable in accordance with Rule 15.11.1(III) in respect of each separate netting which takes place.

Introduced 23/06/14

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## **SECTION 16 STATE OF EMERGENCY, UNDESIRABLE PRACTICES AND IMPOSSIBILITY OF PERFORMANCE**

Please click here to access a pdf of ASX Clear Operating Rules Section 16. Download in PDF

This Section sets out:

- (a) The wide powers of ASX Clear to deal with a State of Emergency in whatever way it considers necessary and identifies the effect of a State of Emergency, the duration of any State of Emergency Rules and the notice that must be given by ASX Clear to Participants in respect of any State of Emergency Rules or to Participants and others if ASX Clear is unable to perform any of its obligations;
- (b) The obligation on Participants to inform ASX Clear of any event or condition that may lead to a State of Emergency;
- (c) The powers of ASX Clear to deal with an event or series of events which, although not giving rise to a State of Emergency, nevertheless make it impossible or impracticable for the parties to a Derivatives CCP Contract to perform their obligations or exercise their rights, including the power to terminate those contracts; and
- (d) The powers of ASX Clear to address undesirable situations and practices.

### **16.1 STATE OF EMERGENCY**

#### **16.1.1 Action if a State of Emergency exists**

If ASX Clear determines that a State of Emergency exists ASX Clear may take or authorise any action it considers necessary for the purpose of dealing with the State of Emergency, including:

- (a) making State of Emergency Rules (that may be inconsistent with these Rules) for the protection of the interests of ASX Clear and Participants;

- (b) suspending provision of any ASX Clear services to one or more persons;
- (c) taking, or refraining from taking, or directing a Participant to take or refrain from taking, any action which ASX Clear considers is appropriate;
- (d) taking any action in the name of and at the expense of a Participant; or
- (e) other action that is inconsistent with these Rules (other than this Rule 16.1).

In the event of conflict between the State of Emergency Rules and these Rules, the State of Emergency Rules will prevail.

Introduced 11/03/04 Origin SCH 1.6.1, 1.6.3 Corresponds to ASX Settlement 1.3

### **16.1.2 ASX Clear's additional powers**

In addition to the powers that ASX Clear has under Rule 16.1.1 to deal with a State of Emergency, in relation to:

- (a) a Cash CCP Transaction, ASX Clear may transfer, under Rule 16.1.5, any Cash CCP Transaction;
- (b) a Derivatives CCP Contract, ASX Clear may transfer, under Rule 16.1.5, or terminate, under Rule 17, any Derivatives CCP Contract registered in an Account of a Participant; and
- (c) a Deliverable Derivatives CCP Contract, ASX Clear may extend the places at or from which delivery may be made or permit delivery of the Underlying Commodity which does not meet the Approved Listing Market Operator's contract specifications, or both, subject to payment of compensation to persons specified by ASX Clear.

Introduced 11/03/04 Origin OCH 13.3 Amended 10/06/04, 27/06/11

### **16.1.3 Cessation of Clearing authorisation or entire arrangement**

If:

- (a) ASX Clear ceases to be licensed under the Corporations Act to operate a clearing facility;
- (b) an Approved Market Operator ceases to operate or ceases to be licensed to operate the market in respect of which ASX Clear and an Approved Settlement Facility provide a Trade Acceptance Service; or
- (c) an agreement between ASX Clear, an Approved Settlement Facility and an Approved Market Operator under which ASX Clear and the Approved Settlement Facility provide a Trade Acceptance Service is terminated,

ASX Clear may:

- (d) terminate any Derivatives CCP Contracts in respect of that Approved Market Operator under Rule 17; and/or
- (e) take or refrain from taking, or direct a Participant to take or refrain from taking any action



which ASX Clear considers appropriate.

Further, if ASX Clear ceases to be licensed under the Corporations Act to provide clearing services in relation to Derivatives CCP Contracts resulting from the registration of OTC Options Market Transactions ASX Clear may:

- (f) terminate any such Derivatives CCP Contracts; and/or
- (g) take or refrain from taking, or direct a Participant to take or refrain from taking, any action which ASX Clear considers appropriate.

Introduced 11/03/04 Origin OCH 13.4.1 Amended 27/06/11, 28/05/12

#### **16.1.4 Cessation of arrangement in respect of some Series only**

If:

- (a) Rule 16.1.3(a) or (b) relate to some but not all of the Series open for trading on the market of an Approved Listing Market Operator; or
- (b) ASX Clear and an Approved Settlement Facility cease to provide a Trade Acceptance Service to an Approved Listing Market Operator in respect of a Series or Delivery Month under the agreement under which ASX Clear and the Approved Settlement Facility provide the Trade Acceptance Service,

ASX Clear may:

- (c) terminate the Derivatives CCP Contracts in that Series or Delivery Month under Rule 17; and/or
- (d) take or refrain from taking, or direct a Participant to take or refrain from taking any action which ASX Clear considers appropriate.

Introduced 11/03/04 Origin OCH 13.4.2 Amended 27/06/11

#### **16.1.5 Transfer and novation of Cash CCP Transactions and Derivatives CCP Contracts to another Approved Clearing Facility**

If Rules 16.1.3(a) or (b) or 16.1.4(a) or (b) apply, each Participant agrees that ASX Clear may, transfer and novate a Cash CCP Transaction or Derivatives CCP Contract to an Approved Clearing Facility. That transfer and novation may occur pursuant to an agreement between ASX Clear and the Approved Market Operator, an agreement between ASX Clear and the Approved Clearing Facility, a direction by the Commission, the Minister or other competent authority, or otherwise. Each Participant agrees that neither ASX Clear, nor the Approved Clearing Facility to which the transactions or contracts are transferred, will require any further consent or agreement from the Participant to effect that transfer and novation. Each Participant agrees that ASX Clear will not be liable for, or responsible for performing, any obligations in respect of the transferred and novated

transactions or contracts which arise following the transfer and novation.

Introduced 11/03/04 Origin OCH 13.4.3 Amended 19/08/09

#### **16.1.6 Effect of a State of Emergency**

No person bound by the Rules is liable for failure to comply with a Rule (other than a State of Emergency Rule) if, and to the extent to which, compliance has been delayed, interfered with, curtailed or prevented by a State of Emergency.

Introduced 11/03/04 Origin SCH 1.5.3 Corresponds to ASX Settlement 1.3.2

#### **16.1.7 Duration of State of Emergency Rules**

ASX Clear may specify the period during which any State of Emergency Rules remain in force, but the period must not exceed 30 Business Days. If ASX Clear does not specify a period during which any State of Emergency Rules remain in force, the State of Emergency Rules remain in force for 30 Business Days.

Introduced 11/03/04 Origin SCH 1.6.2 Corresponds to ASX Settlement 1.3.3

#### **16.1.8 Notice to Participants**

ASX Clear must promptly notify Participants of the making of any State of Emergency Rules.

Introduced 11/03/04 Origin SCH 1.6.4 Corresponds to ASX Settlement 1.3.4

#### **16.1.9 Participants must inform of potential State of Emergency**

A Participant or other Regulated Person that becomes aware of any event or condition that may lead to a State of Emergency must immediately inform ASX Clear.

Introduced 11/03/04 Origin SCH 1.6.5 Corresponds to ASX Settlement 1.3.5

#### **16.1.10 No Liability of ASX Clear**

Without limiting any other liability provisions in these Rules, none of ASX Clear, its officers, agents, contractors or persons acting for or on behalf of ASX Clear are liable to a Participant or any other person for:

- (a) any failure or delay in performance in whole or in part of the obligations of ASX Clear under the Rules or any contract, if that failure or delay is caused directly or indirectly by a State of Emergency or other circumstance which entitles ASX Clear to act under this Section 16; or
- (b) any loss, liability, damage, cost or expense arising in any way (including, without limitation, by negligence) from the bona fide exercise of any power, right or discretion conferred upon ASX Clear by this Section 16.

Introduced 11/03/04 Origin OCH 13.6 Corresponds to ASX Settlement 1.3.6

### **16.2 UNDESIRABLE SITUATIONS AND PRACTICES**

#### **16.2.1 Action by ASX Clear**

If ASX Clear determines that an undesirable situation or practice is developing or has developed, ASX Clear may take, or refrain from taking, or direct a Participant to take, or refrain from taking, any action which ASX Clear considers is appropriate having regard to Rule 1.15.

Introduced 11/03/04 Origin OCH 13.1 Amended 18/12/06

### **16.3 ASX CLEAR TO NOTIFY PARTICIPANTS AND APPROVED MARKET OPERATOR**

#### **16.3.1 Requirement on ASX Clear to notify**

If:

- (a) ASX Clear is unable to perform or is delayed in performing any of its obligations under the Rules or any contract as a result of a State of Emergency or any other circumstance which entitles ASX Clear to act under this Section 16; or
- (b) ASX Clear exercises its powers under Rules 16.1, 16.2 or 16.5,  
ASX Clear will notify as soon as practicable the Participants and any Approved Market Operator or

Approved Settlement Facility affected.

Introduced 11/03/04 Origin OCH 13.5

## **16.4 APPOINTMENT OF ASX CLEAR AS AGENT**

### **16.4.1 Participants irrevocably appoint ASX Clear as agent**

Each Participant irrevocably appoints severally ASX Clear, and every officer, agent, person acting for or on behalf of ASX Clear and each other representative for the time being of ASX Clear, at the option of ASX Clear, to be the agent of the Participant and irrevocably authorises ASX Clear and every officer, agent, person and other representative for the time being of ASX Clear, at the option of ASX Clear, to do all acts and execute all documents on its behalf for the purpose of exercising the powers conferred on ASX Clear by this Section 16.

Introduced 11/03/04 Origin OCH 13.7

## **16.5 IMPOSSIBILITY OR IMPRACTICABILITY OF PERFORMANCE OF DERIVATIVES CCP CONTRACTS**

### **16.5.1 Action by ASX Clear**

If:

- (a) an event or series of events (whether related or not) occurs which is not determined by ASX Clear to be a State of Emergency but ASX Clear considers that it is impossible or impracticable for the parties to a Derivatives CCP Contract to perform their obligations or exercise their rights; and
- (b) ASX Clear considers that termination of those Derivatives CCP Contracts is appropriate having regard to Section 1.15,

ASX Clear may after consultation with the Approved Listing Market Operator, terminate those Derivatives CCP Contracts under Rule 17. Where the Derivatives CCP Contract is Deliverable, ASX Clear may, alternatively, exercise one or more of the following powers:

- (c) defer the settlement of the Derivatives CCP Contracts until it determines that settlement can occur at a later time in accordance with the settlement process in these Rules;
- (d) determine that settlement of the Derivatives CCP Contracts should be effected in a manner other than that specified in these Rules;
- (e) direct Participants to close out the Derivatives CCP Contracts; or
- (f) take any other action ASX Clear considers appropriate having regard to Rule 1.15.

Introduced 11/03/04 Origin OCH 13.2 Amended 27/06/11

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## **SECTION 17 ASX CLEAR TERMINATION OF DERIVATIVES CCP CONTRACTS**

Please click [here](#) to access a pdf of ASX Clear Operating Rules Section 17. Download in PDF

This Section only deals with the termination of a Derivatives CCP Contract in accordance with Rules 13.4.2, 13.4.5 and Rule 16 and sets out:

- (a) the circumstances in which ASX Clear may terminate a Derivatives CCP Contract;
- (b) the time the termination becomes effective; and
- (c) the process by which the termination is to occur including the determination of a Termination Price and the payment of a Termination Amount.

### **17.1 GENERAL**

#### **17.1.1 Application of Rule**

This Rule applies to the termination of Derivatives CCP Contracts in accordance with Rules 13.4.2, 13.4.5 and Rule 16 only.

Introduced 11/03/04 Origin OCH 14.1.1 Amended 01/10/15

#### **17.1.2 Termination**

The termination of a Derivatives CCP Contract under this Rule 17 will be effective from the time registration of the Derivatives CCP Contract is cancelled, or from the time notified by ASX Clear to the relevant Participant.

Introduced 11/03/04 Origin OCH 14.1.2

### **17.1.3 Role of Approved Listing Market Operator in setting termination price**

Rules 17.1.3 to 17.1.7 (inclusive) apply to Derivatives CCP Contracts other than those resulting from the registration of OTC Options Market Transactions.

Before terminating a Derivatives CCP Contract under this Rule 17, ASX Clear will request the Approved Listing Market Operator:

- (a) to determine whether a market is available in the relevant Series or Delivery Month; or
- (b) if the Approved Listing Market Operator determines that a market is not available, to determine a price at which the Derivatives CCP Contract will be terminated ("Termination Price"),

and to notify ASX Clear of its determination.

Introduced 11/03/04 Origin OCH 14.2.1 Amended 27/06/11, 28/05/12

### **17.1.4 Meaning of 'available market'**

ASX Clear and Participants acknowledge that the Approved Listing Market Operator will, in determining whether a market is available for the purpose of this Rule 17 consider whether it is possible, practicable or desirable to enter into a transaction on the Approved Listing Market Operator, having regard to all relevant circumstances, including without limitation, the size of the transaction, the liquidity of the relevant market conducted by the Approved Listing Market Operator for the relevant transaction, the potential delay in effecting the transaction, and the potential effects of the transaction on the relevant market conducted by the Approved Listing Market Operator or any Underlying Market.

Introduced 11/03/04 Origin OCH 14.2.2 Amended 27/06/11

### **17.1.5 Available market determination**

If, pursuant to a request under Rule 17.1.3, the Approved Listing Market Operator determines and

notifies ASX Clear that there is an available market:

- (a) ASX Clear will instruct a Participant to enter into a Derivatives Market Contract with another Market Participant, in the relevant Series or Delivery Month but in the opposite position to the position which had been held under the terminated Derivatives CCP Contract; and
- (b) if a Derivatives Market Contract is entered into, the price of that Derivatives Market Contract will be the Termination Price for the terminated Derivatives CCP Contract.

Introduced 11/03/04 Origin OCH 14.2.3 Amended 27/06/11

#### **17.1.6 No available market determination**

If the Approved Listing Market Operator determines and notifies ASX Clear that there is no available market for the purposes of this Rule 17.1 and notifies ASX Clear of a Termination Price for the Derivatives CCP Contract, that price will be the Termination Price for the terminated Derivatives CCP Contract.

Introduced 11/03/04 Origin OCH 14.2.4 Amended 27/06/11

#### **17.1.7 Failure to obtain Termination Price**

If, within a reasonable time following a request under Rule 17.1.3:

- (a) the Approved Listing Market Operator has not notified ASX Clear that there is an available market for the purposes of this Rule 17.1;
- (b) the Approved Listing Market Operator has notified ASX Clear that there is an available market for the purposes of this Rule 17.1, but the Participant instructed by ASX Clear under Rule 17.1.5 to enter into a Derivatives Market Contract in the relevant Series or Delivery Month has failed to enter into a Derivatives Market Contract in that Series or Delivery Month; or
- (c) the Approved Listing Market Operator has not notified ASX Clear of a Termination Price as requested under Rule 17.1.3(b),

ASX Clear may determine a Termination Price, which it considers fair and reasonable in the circumstances. The determination as to whether a reasonable time in the circumstances has elapsed following a request to the Approved Listing Market Operator is at the absolute discretion of ASX Clear.

Introduced 11/03/04 Origin OCH 14.2.5 Amended 27/06/11

### **17.1.7A Termination of Derivatives CCP Contracts -- OTC Options Market Transactions**

For a Derivatives CCP Contract resulting from the registration of an OTC Options Market Transaction, ASX Clear will determine a price at which the Derivatives CCP Contract will be terminated ("Termination Price") in accordance with the Procedures.

Introduced 28/05/12

### **17.1.8 Determination final and binding**

Any determination by the Approved Listing Market Operator or, if applicable, by ASX Clear under this Rule 17.1 as to:

- (a) whether there is an available market; or
  - (b) the Termination Price,
- is final and binding on ASX Clear, Participants and any other person affected by the determination.

Introduced 11/03/04 Origin OCH 14.2.6 Amended 27/06/11

### **17.1.9 Termination Price may be zero**

For the purpose of this Rule 17.1, the Participant and ASX Clear acknowledge that the Termination Price may be zero (except in the case of Rule 17.1.5(b)).

Introduced 11/03/04 Origin OCH 14.2.7

## **17.2 TERMINATION PROCESS**

### **17.2.1 Where Termination Price is obtained through a Derivatives Market Contract under Rule 17.1.5(b)**

Despite Rules 12.2.1 and 12.2.2, immediately upon registration of a Derivatives Market Contract entered into under Rule 17.1.5(b), the Derivatives Market Contract is discharged and replaced by novation with only one Derivatives CCP Contract on the same terms, subject to the Rules, as the Derivatives Market Contract. In particular, no Derivatives CCP Contract arises between ASX Clear and the Participant which ASX Clear instructed to enter into the Derivatives Market Contract under



Rule 17.1.5(b).

Introduced 11/03/04 Origin OCH 14.3.1 Amended 04/06/10

### **17.2.2 Where Termination Price is determined in another way**

Unless the Termination Price of a Derivatives CCP Contract is determined under Rule 17.1.5(b), ASX Clear must terminate and cancel the registration of another Derivatives CCP Contract in the same Series or Delivery Month as the first Derivatives CCP Contract but in the opposite position to the position held under the first Derivatives CCP Contract. That Derivatives CCP Contract must be a Derivatives CCP Contract registered in the Account of another Participant selected by ASX Clear in its discretion. That Derivatives CCP Contract will be terminated at the Termination Price determined in respect of the first Derivatives CCP Contract under Rule 17.1.

Introduced 11/03/04 Origin OCH 14.3.2

### **17.2.3 Selection final and binding**

In exercising its discretion to select a Participant under Rule 17.2.2, ASX Clear will have regard, as far as practicable, to the total number of Derivatives CCP Contracts in the opposite position then held by all other Participants. That selection is final and binding on the Participant selected and any other person affected by that selection.

Introduced 11/03/04 Origin OCH 14.3.3

## **17.3 NO LIABILITY OF ASX CLEAR**

### **17.3.1 ASX Clear not liable to Participants**

Without limiting Rule 1.10, none of ASX Clear its officers, agents, contractors or persons acting for or on behalf of ASX Clear are liable to a Participant or to any other person for any loss, liability, damage, cost or expense arising in any way from the actions or determinations of ASX Clear under this Rule 17.

Introduced 11/03/04 Origin OCH 14.4

## **17.4 TERMINATION AMOUNT AND ACCOUNTING FOR TERMINATION**

### **17.4.1 Payment of Termination Amount**

If ASX Clear terminates a Derivatives CCP Contract under this Rule 17:

- (a) the Participant whose Derivatives CCP Contract has been terminated must pay ASX Clear an amount by way of liquidated damages equal to the amount which would have been payable by the Participant to ASX Clear; and
- (b) ASX Clear must pay to the Participant whose Derivatives CCP Contract has been terminated an amount by way of liquidated damages equal to the amount which would have been payable by ASX Clear to the Participant,

if the terminated Derivatives CCP Contract had been closed out by an opposite Derivatives CCP Contract at the Termination Price under Rules 13.2.1 to 13.2.4. In these Rules, the amount payable under paragraph (a) or (b) of this Rule is referred to as the "Termination Amount".

Introduced 11/03/04 Origin OCH 14.5.1

### **17.4.2 Genuine pre-estimate**

ASX Clear and any Participant whose Derivatives CCP Contract is terminated under this Rule 17 acknowledge that the Termination Amount determined under Rule 17.4.1 fairly represents and is a genuine pre-estimate of the loss or damages which the Participant or ASX Clear will suffer from the termination of a Derivatives CCP Contract under this Rule 17.

Introduced 11/03/04 Origin OCH 14.5.2

### **17.4.3 Accounting**

ASX Clear will account for the termination of a Derivatives CCP Contract under this Rule 17 by debiting or crediting the Participant's relevant Account with the Termination Amount in accordance with the Procedures.

Introduced 11/03/04 Origin OCH 14.5.3

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## **SECTION 18 DISPUTES AND COMPLAINTS**

Please click [here](#) to access a pdf of ASX Clear Operating Rules Section 18. Download in PDF

This section deals with how disputes and complaints between Participants and between Participants and their Clients are to be dealt with including the requirement for Participants to keep a register of complaints received from Clients.

### **18.1 DISPUTES**

#### **18.1.1 Disputes between Participants and their Clients**

Any disputes between Participants, or between Participants and their Clients must be dealt with in accordance with the operating rules of the relevant Approved Market Operator to which the dispute relates and will be taken to be a dispute within the meaning of those rules.

If the Participant is not a Market Participant of the relevant Approved Market Operator, the Participant agrees to be bound by the rules of that Approved Market Operator which relate to the resolution of the dispute (and any rules of that Approved Market Operator necessary to apply or construe these rules) as if those rules were repeated in full in these Rules and a reference in those rules to a participant included that Participant.

Introduced 11/03/04 Origin OCH 15.1 Amended 27/06/11

### **18.2 COMPLAINTS**

### **18.2.1 Investigation of complaints**

If any person notifies ASX Clear in writing of a complaint against a Participant in relation to:

- (a) use by the Participant of facilities provided by ASX Clear; or
  - (b) compliance by the Participant with these Rules,
- ASX Clear will consider the complaint and take action which it considers appropriate in the circumstances having regard to Rule 1.15, including, for example:
- (c) inspecting records or requiring information from the Participant under Rule 19.1;
  - (d) taking disciplinary action under Rule 19.3; or
  - (e) referring the complaint to the relevant Approved Market Operator, a relevant complaints resolution body or an appropriate regulatory authority including, without limitation, the Commission.

Introduced 11/03/04 Origin OCH 15.2.1

### **18.2.2 Register of complaints and correspondence**

A Participant must keep a register of complaints received from Clients in relation to its activities as a Participant. The register must include:

- (a) a copy of all written complaints; and
- (b) a copy of all written correspondence between the Participant and the Client and a written summary of any oral communication in connection with a written complaint; and
- (c) any correspondence or documents relating to the resolution of a complaint through any complaints resolution scheme.

Introduced 11/03/04 Origin OCH 15.2.2 Amended 02/08/13

### **18.2.3 Records to be kept for 5 years**

The Participant must keep in the register the information referred to in Rule 18.2.2 in respect of a complaint for at least 5 years from the date of the last correspondence in respect of that complaint.

Introduced 11/03/04 Origin OCH 15.2.3

### **18.2.4 Provision of information to ASX Clear**

A Participant must:

- (a) make the contents of the register available to ASX Clear immediately on receipt of a request from ASX Clear; and
- (b) provide promptly to ASX Clear all information in relation to complaints which ASX Clear may from time to time request.

Introduced 11/03/04 Origin OCH 15.2.4

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## **SECTION 19 COMPLIANCE, ENFORCEMENT ACTIONS AND APPEALS**

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This Section deals with supervision and enforcement matters including:

- (a) investigating the activities of a Participant and the powers of ASX Clear to obtain information, inspect records and obtain an Accountant's report at the cost of a Participant;
- (b) the circumstances when a Participant must inform ASX Clear of certain matters;
- (c) the taking of enforcement action by ASX Clear for a contravention of the Rules;
- (d) enforcement action to suspend or terminate a Participant; and
- (e) the consolidation of investigations.

The establishment and composition of the Tribunal Panel, the Appeal Tribunal, the powers of the Tribunal and how appeal proceedings (including from sanctions imposed by ASX Clear as part of an enforcement action) before the Appeal Tribunal are to be conducted are set out in the ASX Enforcement and Appeals Processes Rulebook.

## **19.1 MONITORING COMPLIANCE**

### **19.1.1 Obtaining information**

ASX Clear may at any time investigate the activities of a Participant. As part of any investigation, ASX Clear may require a Participant to do one or both of the following:

- (a) to provide any information known to the Participant; and
- (b) by notice in writing, to provide or permit inspection at the offices of the Participant or any other place notified by ASX Clear of any records in the custody, control or possession of the Participant,

in connection with the performance by the Participant of its obligations under the Rules or the Procedures. ASX Clear may also require, by notice in writing, that a Participant provide specified information relating to the terms and circumstances of, and the parties to, any dealings in relevant Financial Products by Clients and former Clients of the Participant.

Introduced 11/03/04 Origin OCH 16.1.1 Amended 15/06/15

### **19.1.2 Participant to comply**

If a Participant Person is required to provide information or receives a notice under Rule 19.1.1, the Participant must:

- (a) provide the information, or provide or permit inspection of the records in accordance with the notice;
- (b) provide assistance to ASX Clear as ASX Clear may reasonably require in relation to the information required or the notice; and
- (c) bear any costs incurred by the Participant in connection with providing the information or complying with the notice or providing assistance to ASX Clear.

Introduced 11/03/04 Origin OCH 16.1.2 Amended 15/06/15

### **19.1.3 Attendance of individuals before ASX Clear**

Without limiting the powers under Rule 19.1.1, ASX Clear may, in connection with an investigation, require a Participant and its Employees to appear for interview before ASX Clear to give any information required by ASX Clear in relation to the business of the Participant or to enable ASX Clear to consider whether or not the Participant continues to comply with the Admission Requirements and whether the Participant has complied with the Participant's obligations under these Rules. A Participant must comply, and must ensure that its Employees comply, with any requirement

of ASX Clear under this Rule 19.1.3.

Introduced 11/03/04 Origin OCH 16.1.4 Amended 31/03/08, 15/06/15

#### **19.1.4 Other requirements of investigation**

ASX Clear may, in connection with any investigation, do one or more of the following:

- (a) give directions about who may be present at an interview of another person;
- (b) impose conditions on the attendance of a person, including in relation to appropriate undertakings as to confidentiality; and
- (c) impose any other requirement which ASX Clear considers to be reasonably necessary to preserve the integrity of the investigation.

A Participant must comply, and ensure that its Employees comply, with any requirement imposed under this Rule 19.1.4.

Introduced 11/03/04 Origin OCH 16.1.5 Amended 15/06/15

#### **19.1.5 Provision of independent expert report or certification**

ASX Clear may by notice to a Participant require the Participant to provide a report, in a form acceptable to ASX Clear, from a suitably qualified independent expert approved by ASX Clear expressing an opinion as to:

- (a) the performance by the Participant of its obligations (including its ability to perform its obligations in future) under the Rules;
- (b) the Participant's capacity to continue to meet the requirements for admission as a Participant; and
- (c) any other matter which in the opinion of ASX Clear is necessary to assist ASX Clear in the discharge of its functions under these Rules or as ASX Clear otherwise considers appropriate having regard to Rule 1.15.

Introduced 11/03/04 Origin OCH 16.1.6 Amended 02/08/13

#### **19.1.6 ASX Clear may appoint Accountant**

If a Participant fails to comply with a direction by ASX Clear under Rule 19.1.5, ASX Clear may

appoint an Accountant to investigate the Participant and prepare a report in a form and within a time determined by ASX Clear. The Participant must give all necessary assistance required by the Accountant to prepare the report and must at the request of the Accountant direct third parties to make available all information the Accountant requires.

Introduced 11/03/04 Origin OCH 16.1.7 Amended 15/06/15

#### **19.1.7 Authority of Accountant appointed by ASX Clear**

An Accountant appointed by ASX Clear under Rule 19.1.6 is taken to be the Participant's attorney for the purpose of obtaining any information or documents from third parties which in the opinion of the Accountant or ASX Clear are necessary for the Accountant to prepare the report or further report.

Introduced 11/03/04 Origin OCH 16.1.8 Amended 15/06/15

#### **19.1.8 Cost of Accountant**

Unless ASX Clear otherwise determines, the Participant must pay the cost of the report of the Accountant prepared under this Rule 19.1.

Introduced 11/03/04 Origin OCH 16.1.9 Amended 15/06/15

### **19.1A SELF-REPORTING BY PARTICIPANTS**

#### **19.1A.1 Self-reporting by Participants**

A Participant must notify ASX Clear in writing immediately if:

- (a) it becomes aware that it has breached any of the Rules or the Procedures and that breach is significant;
- (b) any circumstance exists which constitutes an event of default under Rule 15.1 or an event referred to in paragraphs (a) or (d) of Rule 15.3.1;
- (c) the Participant suspects or becomes aware that any Employee has engaged in fraudulent conduct or other conduct which might constitute Unprofessional Conduct; or
- (d) the Participant becomes aware or has reasonable grounds for suspecting the existence of any event or circumstance which adversely affects or may adversely affect its financial position or solvency or its ability to comply with the Rules or the Procedures.

For the purposes of determining whether a breach is significant for the purposes of paragraph (a), a Participant must have regard to the following:



- (e) the number or frequency of similar breaches;
- (f) the impact of the breach on the Participant's ability to comply with any other Rule or Procedure or to conduct its business operations;
- (g) the extent to which the breach indicates that a Participant's arrangements to ensure compliance with the Rules and Procedures is inadequate;
- (h) the actual or potential financial loss to clients of the Participant, or the Participant itself, arising from the breach; and
- (i) any other matters specified by ASX Clear from time to time.

Introduced 15/06/15

## **19.2 PROVISION OF AUDIT REPORT TO ASX CLEAR**

### **19.2.1 Audit of Participants**

ASX Clear may by notice to a Participant require the Participant to provide a report from an independent auditor or other expert approved by ASX Clear expressing an opinion as to:

- (a) the performance by the Participant and any third party provider of the Participant of the Participant's obligations under the Rules;
- (b) the Participant's capacity to continue to meet the requirements for admission as a Participant under Section 3; or
- (c) any other matter which in the opinion of ASX Clear is necessary to assist ASX Clear in the discharge of its functions under these Rules.

Introduced 11/03/04 Origin SCH 17.9.1 Amended 15/06/15

### **19.2.2 Notice, reporting and costs of audit of obligations**

If ASX Clear gives notice to a Participant requiring that Participant to provide a report under Rule 19.2.1;

- (a) ASX Clear must specify in that notice the date and time by which the Participant is to provide the report and that date must be a date not less than 1 month from that date that ASX Clear gives the notice; and
- (b) the Participant must:
  - (i) provide that report to ASX Clear within the time specified in the notice; and
  - (ii) bear any costs incurred by the Participant in obtaining the report.

Introduced 11/03/04 Origin SCH 17.9.2 Amended 15/06/15

### **19.2.3 Notice by Regulated Person -- [Deleted]**

Introduced 11/03/04 Origin OCH 16.1.10 Amended 01/08/10, 02/08/13 Deleted 15/06/15

### **19.2.4 Notice by other Regulated Person -- [Deleted]**

Introduced 11/03/04 Origin OCH 16.1.11 Amended 01/08/10 Deleted 15/06/15

## **19.3 ENFORCEMENT ACTION**

### **19.3.1 Enforcement action for breach of rules**

If ASX Clear considers that a Participant has contravened the Rules or the Procedures, ASX Clear may take any action in accordance with the provisions of the ASX Enforcement and Appeals Rulebook.

Introduced 11/03/04 Origin OCH 16.2.1 Amended 31/03/08, 01/08/10, 15/06/15

### **19.3.2 Expedited disciplinary procedure -- [Deleted]**

Introduced 11/03/04 Origin OCH 16.2.2 Amended 12/04/05 19/10/05 Deleted 31/03/08

### **19.3.3 Regulated Person may elect for Disciplinary Tribunal hearing -- [Deleted]**

Introduced 11/03/04 Origin OCH 16.2.3 Deleted 31/03/08

### **19.3.4 Action to enforce expedited determination -- [Deleted]**

Introduced 11/03/04 Origin OCH 16.2.4 Deleted 31/03/08

### **19.3.5 Commencement of disciplinary proceedings -- [Deleted]**

Introduced 11/03/04 Origin OCH 16.2.5 Deleted 31/03/08

### **19.3.6 Proceedings of Disciplinary Tribunal -- [Deleted]**

Introduced 11/03/04 Origin OCH 16.2.6 Deleted 31/03/08

### **19.3.7 Exercise of powers of Disciplinary Tribunal in disciplinary proceedings -- [Deleted]**

Introduced 11/03/04 Origin OCH 16.2.7, 16.2.8 Amended 19/10/05 Deleted 31/03/08

### **19.3.8 Register of banned Responsible Executives -- [Deleted]**

Introduced 19/10/05 Deleted 31/03/08

## **19.4 IMMEDIATE ACTION WHERE EVENT OF DEFAULT**

### **19.4.1 Action pursuant to Section 15**

ASX Clear may exercise its powers under Section 15 to suspend or terminate a Participant's authority to clear all or any category of Market Transaction without following the procedures set out in Section 19.3. Action by ASX Clear under Rule 15 does not prevent ASX Clear from taking enforcement action under Rule 19.3 in connection with the circumstances giving rise to that action or from taking any other action under Section 15.

Introduced 11/03/04 Origin OCH 16.3.1 Amended 01/08/10

#### **19.4.2 Notice of suspension or termination**

ASX Clear will, as soon as practicable, notify the Participant of action taken by ASX Clear under Section 15 to suspend or terminate the Participant, and its reasons for taking that action.

Introduced 11/03/04 Origin OCH 16.3.2

### **19.5 SUSPENSION AND TERMINATION OF PARTICIPANTS**

#### **19.5.1 Suspension**

If ASX Clear suspends a Participant's authority to clear all or any category of Market Transaction under Rule 15.2.1(l):

- (a) the initial period of suspension must not exceed one month although ASX Clear may extend that period for additional periods of not more than one month at a time if it reasonably believes an extension is necessary or desirable;
- (b) the Participant must not hold itself out as a Participant in any relevant respect during a period of suspension; and
- (c) during a period of suspension, ASX Clear may, pursuant to its powers under Rule 15.2.1 but subject to Rule 19.5.2, terminate the admission of the Participant.

Introduced 11/03/04 Origin OCH 16.4.1

#### **19.5.2 No termination without hearing**

ASX Clear must not terminate the admission of a Participant under Section 15 (other than under Rule 15.1(a), (f), (g), (j), (k) or (l)) unless ASX Clear first gives the Participant an opportunity to do one or both of the following, at the option of the Participant:

- (a) appear in person or be represented before ASX Clear; and
- (b) lodge with ASX Clear a written submission for consideration by ASX Clear, in relation to the proposed termination.

ASX Clear must determine the matter without bias and must give the Participant a fair hearing and otherwise observe the rules of procedural fairness.

Introduced 11/03/04 Origin OCH 16.4.2

## **19.6 SUSPENSION AND TERMINATION OF OTHER REGULATED PERSONS -- [DELETED]**

### **19.6.1 Regulated Person declared a defaulter -- [Deleted]**

Introduced 11/03/04 Origin OCH 16.4A.1 Deleted 15/06/15

### **19.6.2 Suspension or termination in interests of ASX Clear -- [Deleted]**

Introduced 11/03/04 Origin OCH 16.4A.2 Deleted 15/06/15

### **19.6.3 Suspension -- [Deleted]**

Introduced 11/03/04 Origin OCH 16.4A.3 Deleted 15/06/15

### **19.6.4 No termination without hearing -- [Deleted]**

Introduced 11/03/04 Origin OCH 16.4A.4 Deleted 15/06/15

## **19.7 APPEALS**

### **19.7.1 Appeal from decision of ASX Clear**

If a Participant is dissatisfied with a determination of ASX Clear to issue an Enforcement Notice under Section 2 of the ASX Enforcement and Appeals Rulebook or any sanction imposed in the Enforcement Notice, the Participant may appeal to the Appeal Tribunal in accordance with the provisions of the ASX Enforcement and Appeals Rulebook.

Introduced 11/03/04 Origin OCH 16.5.1 Amended 31/03/08, 01/08/10, 15/06/15

### **19.7.2 Appeal from decision of ASX Clear under Section 15**

If a Participant is dissatisfied with a decision of ASX Clear to suspend or terminate the admission of a Participant under Section 15, the Participant may appeal to the Appeal Tribunal in accordance with the provisions of the ASX Enforcement and Appeals Rulebook.

Introduced 11/03/04 Origin OCH 16.5.2 Amended 31/03/08, 01/08/10

### **19.7.3 Appeal from decision of ASX Clear under Rule 19.6.2 -- [Deleted]**

Introduced 11/03/04 Origin OCH 16.5.2A Amended 31/03/08, 01/08/10 Deleted 15/06/15

### **19.7.4 Action which may be implemented pending appeal**

ASX Clear may implement and announce a decision to suspend a Participant pursuant to Rule 15 before the expiry of the time for giving a notice of appeal or before the appeal is determined, if ASX Clear considers it appropriate having regard to Section 1.15 to do so.

Introduced 11/03/04 Origin OCH 16.5.3 Amended 15/06/15

### **19.7.5 Action which may not be implemented pending appeal**

ASX Clear may not implement or announce a decision to:

- (a) take enforcement action against a Participant under Rule 2.5 of the ASX Enforcement and Appeals Rulebook; or
- (b) terminate a Participant's admission as a Participant under Section 15 of this Rulebook,

before the expiry of the time for giving a notice of appeal or, if a notice of appeal is given in accordance with the ASX Enforcement and Appeals Rulebook, before the appeal is determined.

Introduced 11/03/04 Origin OCH 16.5.4 Amended 31/03/08, 01/08/10, 15/06/15

**19.8 RECORD OF ACTION AND ANNOUNCEMENT -- [DELETED]**

**19.8.1 Record to be made -- [Deleted]**

Introduced 11/03/04 Origin OCH 16.6.1 Deleted 31/03/08

**19.8.2 Action pending appeal -- [Deleted]**

Introduced 11/03/04 Origin OCH 16.6.2 Deleted 31/03/08

**19.8.3 Copies of Discipline Register -- [Deleted]**

Introduced 11/03/04 Origin SCH 18.6.3, 18.6.4 Deleted 31/03/08

**19.8.4 Announcement -- [Deleted]**

Introduced 11/03/04 Origin OCH 16.6.3 Deleted 31/03/08

**19.8.5 Disclosure -- [Deleted]**

Introduced 11/03/04 Origin OCH 16.6.4 Deleted 31/03/08

**19.8.6 Disciplining of Participants -- Consultation with an Approved Settlement Facility or the relevant Approved Market Operator -- [Deleted]**

Introduced 11/03/04 Origin SCH 18.9.1, 18.9.2 Deleted 31/03/08

## **19.9 CONSOLIDATION OF INVESTIGATIONS AND PROCEEDINGS -- RELATED BODIES CORPORATE**

### **19.9.1 ASX Clear may consolidate investigation**

Subject to Rule 19.9.4, if:

- (a) ASX Clear is entitled to exercise its powers against a Participant under Rule 19.3 in respect of particular circumstances; and
- (b) a Related Body Corporate of ASX Clear has similar powers under its operating rules and is entitled to exercise those powers against the same Participant in respect of the same or similar circumstances,

ASX Clear need not exercise those powers separately but may exercise those powers together with the exercise by the Related Body Corporate of its powers.

Introduced 11/03/04 Origin OCH 16.7.1 Amended 15/06/15

### **19.9.2 ACH may consolidate disciplinary proceedings -- [Deleted]**

Introduced 11/03/04 Origin OCH 16.7.2 Deleted 31/03/08

### **19.9.3 ACH may consolidate appeal proceedings -- [Deleted]**

Introduced 11/03/04 Origin OCH 16.7.3 Deleted 31/03/08

### **19.9.4 Consolidation does not affect powers**

Even though the exercise of powers are consolidated under this Rule 19.9, ASX Clear must comply with the Rules which govern those powers. The consolidation of the exercise of powers under this Rule 19.9 does not confer on ASX Clear or on the Related Body Corporate any powers in addition to those conferred on them by these Rules or the rules of the Related Body Corporate.

Introduced 11/03/04 Origin OCH 16.7.4 Amended 31/03/08



**19.10 CONSOLIDATION OF INVESTIGATIONS AND PROCEEDINGS -- REGULATED PERSONS -- [DELETED]**

**19.10.1 ACH may combine proceedings -- [Deleted]**

Rule 19.9

Introduced 11/03/04 Origin OCH 16.8.1 Deleted 31/03/08

**19.10.2 Right to object -- [Deleted]**

Rule 19.9

Introduced 11/03/04 Origin OCH 16.8.2 Deleted 31/03/08

**19.10.3 Appeals -- [Deleted]**

Rule 19.9

Introduced 11/03/04 Origin OCH 16.8.3 Deleted 31/03/08

**19.11 CORPORATIONS ACT COMPLIANCE AND CONTRAVENTIONS**

**19.11.1 Enforcement of contractual provisions**

Where these Rules require a Participant to comply with a provision of the Corporations Act (and therefore, contemplate that ASX Clear may take action against a Participant for a contravention of that provision):

- (a) ASX Clear may enforce that provision as if it were a Rule;
- (b) any action taken or determination by ASX Clear is not to be regarded as taking action or making a determination under the Corporations Act but rather as taking action or making a determination under the contract constituted by these Rules in relation to a contravention of the contractual term referred to in paragraph (a);
- (c) ASX Clear may take action or make a determination under this Section 19 regardless of whether a court, the Commission or any other authority has commenced or completed any investigation, prosecution or other action in relation to the alleged contravention of that provision; and
- (d) any action or determination by ASX Clear is not affected by any previous or subsequent action or determination by any court, the Commission or any other authority in relation to an alleged contravention of that provision.

Introduced 11/03/04 Origin OCH 16.9.1 Amended 31/03/08, 15/06/15

### **19.11.2 Interpretation**

In Rule 19.11:

- (a) "**taking action**" includes commencing or continuing any inquiry or investigation, holding any hearing or engaging in any procedure; and
- (b) "**determination**" includes any decision of an interim nature.

Introduced 11/03/04 Origin OCH 16.9.2

### **19.12 TRIBUNAL PANEL -- [DELETED]**

#### **19.12.1 ACH to establish panel -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.2 Deleted 31/03/08

### **19.13 DISCIPLINARY TRIBUNAL -- [DELETED]**

#### **19.13.1 How hearings to be conducted -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.1.1 Deleted 31/03/08

#### **19.13.2 Role of Tribunal -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.3.1 Deleted 31/03/08

**19.13.3 Chairperson and deputy chairperson -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.3.2 Deleted 31/03/08

**19.13.4 Composition of Tribunal -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.3.3 Deleted 31/03/08

**19.13.5 Hearing date -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.3.4 Deleted 31/03/08

**19.13.6 Powers of Disciplinary Tribunal -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.3.5 Deleted 31/03/08

**19.13.7 Reasons for decision -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.3.6 Deleted 31/03/08

**19.13.8 Conduct of proceedings -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.3.8 Deleted 31/03/08

**19.14 APPEAL PROCESS -- [DELETED]**

**19.14.1 Notice of appeal by person other than ACH -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.4.1 Deleted 31/03/08

**19.14.2 Notice of appeal by ACH -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.4.2 Deleted 31/03/08

**19.14.3 ACH to notify relevant Tribunal -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.4.3 Deleted 31/03/08

**19.15 APPEAL TRIBUNAL -- [DELETED]**

**19.15.1 How appeal to be conducted -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.1.2 Deleted 31/03/08

**19.15.2 Role of Appeal Tribunal -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.5.1 Deleted 31/03/08

**19.15.3 Chairperson and deputy chairperson -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.5.2 Deleted 31/03/08

**19.15.4 Composition of Appeal Tribunal -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.5.3 Deleted 31/03/08

**19.15.5 Hearing Date -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.5.4 Deleted 31/03/08

**19.15.6 Powers of Appeal Tribunal -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.5.5 Deleted 31/03/08

**19.15.7 Ability of the Appeal Tribunal to award costs -- [Deleted]**

Introduced 11/03/04 Deleted 31/03/08

**19.15.8 Ability of the Appeal Tribunal to award costs incurred at the Disciplinary Tribunal -- [Deleted]**

Introduced 11/03/04 Deleted 31/03/08

**19.15.9 Order for costs -- [Deleted]**

Introduced 11/03/04 Deleted 31/03/08

**19.15.10 Reasons for decision -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.5.7 Deleted 31/03/08

**19.15.11 Decision final and binding -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.5.8 Deleted 31/03/08

**19.15.12 Conduct of proceedings -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.5.10 Deleted 31/03/08

**19.16 CONDUCT OF TRIBUNAL PROCEEDINGS -- [DELETED]**

**19.16.1 Attendance**

Introduced 11/03/04 Origin OCH 17.6.1 Deleted 31/03/08

**19.16.2 Written submissions -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.6.2 Deleted 31/03/08

**19.16.3 Formalities, recording and transcripts -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.6.3 Deleted 31/03/08

**19.16.4 Procedural fairness -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.6.4 Deleted 31/03/08

**19.16.5 Voting -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.6.5 Deleted 31/03/08

**19.16.6 Tribunal may obtain legal advice -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.6.6 Deleted 31/03/08

**19.16.7 Participation in proceedings -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.6.7 Deleted 31/03/08

**19.17 INDEMNITY FOR TRIBUNAL MEMBERS AND ACH OFFICERS -- [DELETED]**

**19.17.1 Limitation of liability and indemnity -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.7.1 Deleted 31/03/08

**19.17.2 Indemnity for certain legal proceedings -- [Deleted]**

Introduced 11/03/04 Origin OCH 17.7.2 Deleted 31/03/08

**19.18 PROVISION OF INFORMATION BY ACH TO TRIBUNAL -- [DELETED]**

**19.18.1 ACH may provide information- [Deleted]**

Introduced 11/03/04 Origin OCH 17.8.1 Deleted 31/03/08

**19.18.2 Regulated Person to be informed -- Deleted**

Introduced 11/03/04 Origin OCH 17.8.2 Deleted 31/03/08

## **19.19 TRANSITIONAL PROVISIONS -- [DELETED]**

### **19.19.1 Transitional Provisions -- [Deleted]**

Introduced 31/03/08 Deleted 01/08/10

### **19.19.2 Definitions -- [Deleted]**

Introduced 31/03/08 Deleted 01/08/10

## **19.20 TRANSITIONAL PROVISIONS**

### **19.20.1 Transitional Provision Definitions**

For the purposes of this Rule 19.20:

**"Commence"** means:

- (a) in relation to disciplinary proceedings relating to conduct or a failure prior to the Effective Time, the provision of a contravention notice by ASX Clear to the Participant pursuant to Rule 2.1 of the Old Australian Securities Exchange Disciplinary Processes and Appeals Rulebook; and
- (b) in relation to appeal proceedings relating to conduct or a failure prior to the Effective Time, the provision of notice of appeal by the relevant person pursuant to Rule 3.1 of the Old Australian Securities Exchange Disciplinary Processes and Appeals Rulebook.

**"Effective Time"** means the date of commencement of Schedule 1 to the Corporations Amendment (Financial Market Supervision) Act 2010.

**"Old ACH Rules"** means the ACH Clearing Rules in force before the Effective Time.

**"Old Australian Securities Exchange Disciplinary Processes and Appeal Rulebook"** means the Australian Securities Exchange Disciplinary Processes and Appeals Rulebook in force before the Effective Time;

**"Old Tribunal"** means the Disciplinary Tribunal or Appeal Tribunal (as the context requires) convened in accordance with the Old Australian Securities Exchange Disciplinary Processes and Appeal Rulebook, irrespective of whether it is convened before or after the Effective Time.

**"Relevant Person" or "Participant"** means a Participant or an Affiliate Based CP or a person applying to ASX Clear for admission as a Participant pursuant to Rule 3.1 of the Rules.



Introduced 01/08/10 Amended 15/06/15

### 19.20.2 Sanctions

Following the Effective Time:

- (a) ASX Clear will have jurisdiction pursuant to Rule 19.3.1 and the ASX Enforcement and Appeals Rulebook and may take any action under that rule or rulebook in respect of a Relevant Person concerning any conduct or failure under:
  - (i) these Rules, where that conduct or failure occurred on or after the Effective Time; or
  - (ii) these Rules and the Old ACH Rules, where the relevant conduct or failure the subject of the action spans both prior to and following the Effective Time,

irrespective of when ASX Clear became aware of, or should have become aware of, that conduct or failure;

- (b) the Appeal Tribunal will have jurisdiction pursuant to the ASX Enforcement and Appeals Rulebook and may conduct appeal proceedings (including the holding of any hearings or engaging in any procedures) under those Rules in respect of a Relevant Person concerning any conduct or failure under:
  - (i) these Rules, where that conduct or failure occurred on or after the Effective Time; or
  - (ii) these Rules and the Old ACH Rules, where the relevant conduct or failure the subject of the proceedings spans both prior to and following the Effective Time,

irrespective of when ASX Clear became aware of, or should have become aware of, that conduct or failure;

- (c) ASX Clear will continue to have jurisdiction pursuant to Rule 19.3.1 of the Old ACH Rules and the Old Australian Securities Exchange Disciplinary Processes and Appeals Rulebook and may take disciplinary action under that rule or rulebook after the Effective Time in respect of a Participant concerning any conduct under or any failure to comply with, or any engagement in Unprofessional Conduct under, the Old ACH Rules, where that conduct or failure occurred prior to the Effective Time, irrespective of when ASX Clear became aware of, or should have become aware of, that conduct or failure;
- (d) the Old Tribunal shall continue to have jurisdiction to conduct disciplinary proceedings (including any appeal proceedings from those disciplinary proceedings) or appeal proceedings (as the case may be) in accordance with, and pursuant to its jurisdiction under, the provisions of the Old Australian Securities Exchange Disciplinary Processes and Appeal Rulebook in respect of a Participant concerning any conduct under, any failure to comply with, or any engagement in Unprofessional Conduct under, the Old ACH Rules, where that conduct or failure occurred prior to the Effective Time, irrespective of whether disciplinary or appeal proceedings have Commenced prior to the Effective Time or when ASX Clear became aware of, or should have become aware of, that conduct or failure;
- (e) for the purposes of paragraphs (c) and (d) above:
  - (i) the maximum penalty that may be imposed on a Participant shall be the maximum penalty that would have been imposed for the relevant conduct or failure under the rules in existence at the time that the relevant conduct or failure occurred, irrespective of whether the disciplinary proceedings or appeal proceedings (as the case may be) were Commenced before or after the Effective Time;
  - (ii) ASX Clear and the Old Tribunal shall take disciplinary action and conduct the disciplinary

proceedings or appeal proceedings (as the case may be) with due regard to the relevant rules that were in force at the time that they were alleged to be contravened;

- (f) the Old ACH Rules and the Old Australian Securities Exchange Disciplinary Processes and Appeals Rulebook continue to apply in respect of the Participant to the extent required to give effect to the paragraphs above;
- (g) Nothing in this Rule 19.20.2 limits the continued operation of rule 19.19 of the Old ACH Rules where disciplinary proceedings or appeal proceedings have Commenced (as defined in the Old ACH Rules) prior to the Effective Time (as defined in the Old ACH Rules).

Introduced 01/08/10 Amended 15/06/15

### **19.20.3 Conduct spanning pre and post Effective Time**

For the avoidance of doubt, where the relevant conduct or failure the subject of the action or proceeding spans both prior to and following the Effective Time:

- (a) ASX Clear and the Appeal Tribunal will have the jurisdiction and may take action or conduct appeal proceedings as referred to in Rules 19.20.2(a) & (b) above;
- (b) Rules 19.20.2(c), (d) and (e) do not apply to such conduct or failure.

Introduced 01/08/10

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## **SECTION 20 SETTLEMENT OF DERIVATIVES CCP CONTRACTS**

Please click here to access a pdf of ASX Clear Operating Rules Section 20.Download in PDF

This Section deals with the settlement of Derivatives CCP Contracts by Buyers, including the exercise of Options

CCP Contracts over an Underlying Derivative, an Underlying Financial Product and an Underlying Index, and the settlement of Cash Settled Futures CCP Contracts.

It sets out:

- (a) the requirement for a Buyer to submit an Exercise Notice to ASX Clear;
- (b) the circumstances in which a Buyer will be deemed to have given an Exercise Notice;
- (c) the circumstances in which a Buyer may amend or withdraw an Exercise Notice or exclude automatic exercise;
- (d) the process by which ASX Clear allocates an Exercise Notice to a Seller;
- (e) the consequences of an allocation of an Exercise Notice; and
- (f) the payment of the Settlement Amount in relation to a Cash Settled Derivatives CCP Contract.

## **20.1 EXERCISE OF OPTIONS CCP CONTRACTS**

### **20.1.1 Exercise of Options CCP Contract by Buyer**

Subject to the Rules, the Buyer of a Options CCP Contract may exercise the Options CCP Contract by submitting an Exercise Notice to ASX Clear:

- (a) by the time and in the manner determined by ASX Clear and set out in the Procedures; and
- (b) in accordance with the terms of the Options CCP Contract.

ASX Clear may reject an Exercise Notice which does not comply with this Rule 20.1.1.

Introduced 11/03/04 Origin OCH S 2.2.1

#### **20.1.1A Automatic exercise of in-the-money Options CCP Contracts over Underlying Financial Products**

If:

- (a) at the time determined by ASX Clear on the Expiry Date for the purposes of Rule 20.1.1, a Buyer has not submitted an Exercise Notice in respect of an Options CCP Contract over an Underlying Financial Product in accordance with Rule 20.1.1; and
- (b) the Exercise Price of the Options CCP Contract is less than (in the case of a Call Option) or greater than (in the case of a Put Option) the Option Exercise Reference Price of the relevant Underlying Financial Product as at the Expiry Date, as determined by ASX Clear, the Buyer will, subject to Rule 20.1.4, be deemed to have submitted an Exercise Notice in respect of that Options CCP Contract at that time.

Introduced 02/02/15

#### **20.1.1B Automatic exercise of in-the-money Options CCP Contracts over Underlying Index**

If:

- (a) at the time determined by ASX Clear on the Expiry Date for the purposes of Rule 20.1.1, a Buyer has not submitted an Exercise Notice in respect of an Options CCP Contract over an Underlying Index in accordance with Rule 20.1.1; and
  - (b) the Exercise Level of the Options CCP Contract is less than (in the case of a Call Option) or greater than (in the case of a Put Option) the Opening Price Index Calculation of the relevant Underlying Index as at the Expiry Date, as determined by ASX Clear,
- the Buyer will, subject to Rule 20.1.4, be deemed to have submitted an Exercise Notice in respect of that Options CCP Contract at that time.

Introduced 02/02/15

### **20.1.1C Determining whether Options CCP Contracts are in-the-money**

For the purposes of Rules 20.1.1A, 20.1.1B and 20.1.3 (as applicable), the:

- (a) closing price in the relevant Underlying Financial Product as at the Expiry Date;
- (b) Opening Price Index Calculation of the relevant Underlying Index as at the Expiry Date; and
- (c) prevailing market price in the relevant Underlying Derivative as at the Expiry Date,

will be as notified by the Approved Listing Market Operator to ASX Clear.

If ASX Clear determines that the closing price in the relevant Underlying Financial Product, or the OPIC of the relevant Underlying Index, or the prevailing market price in the relevant Underlying Derivative, as at the Expiry Date is unreported or unavailable, at the time determined by ASX Clear on the Expiry Date for the purposes of Rule 20.1.1, ASX Clear may:

- (d) suspend the determination of automatic exercise under Rules 20.1.1A, 20.1.1B or 20.1.3 (as applicable) until ASX Clear has access to the relevant closing price, OPIC or prevailing market price (as applicable) and is able to determine automatic exercise; or
- (e) specify a relevant closing price, OPIC or prevailing market price and determine automatic exercise under Rules 20.1.1A, 20.1.1B or 20.1.3 (as applicable) accordingly.

If ASX Clear is otherwise unable to determine the Option Exercise Reference Price of the relevant Underlying Financial Product or the Daily Settlement Price of the relevant Underlying Derivative, as at the Expiry Date, at the time determined by ASX Clear on the Expiry Date for the purposes of Rule 20.1.1, ASX Clear may suspend the determination of automatic exercise under Rules 20.1.1A or 20.1.3 (as applicable) until ASX Clear is able to determine such Option Exercise Reference Price or Daily Settlement Price (as applicable) and is able to determine automatic exercise.

Introduced 02/02/15 Amended 30/11/15

### **20.1.1D Reliance on notifications from Approved Listing Market Operator**

Unless ASX Clear determines otherwise, the:

- (a) closing price in the relevant Underlying Financial Product as at the Expiry Date;
  - (b) OPIC of the relevant Underlying Index as at the Expiry Date; and
  - (c) prevailing market price in the relevant Underlying Derivative as at the Expiry Date,
- first reported by the Approved Listing Market Operator to ASX Clear is (subject to the ability of ASX Clear to have regard to other factors it considers relevant) conclusive for the purpose of ASX Clear's determination of whether Options CCP Contracts are in-the-money and subject to automatic exercise under Rules 20.1.1A, 20.1.1B or 20.1.3, even if the relevant closing price, OPIC or prevailing market price is later revised by the Approved Listing Market Operator (or any Reporting Authority) (as applicable) or if the Approved Listing Market Operator (or any Reporting Authority) (as applicable) later determines that the closing price, OPIC or prevailing market price reported was inaccurate.

Introduced 02/02/15 Amended 30/11/15

#### **20.1.1E Limitation of liability**

The calculation, determination and dissemination of information as to the closing price, the Option Exercise Reference Price, the OPIC, the prevailing market price or the Daily Settlement Price in relation to an Underlying Financial Product, Underlying Index or Underlying Derivative (as applicable) is a Clearing Service as that term is defined in Rule 1.10.1. The benefit of Rule 1.10 extends to the Approved Listing Market Operator (and any Reporting Authority).

Introduced 02/02/15 Amended 30/11/15

#### **20.1.2 Failure to submit Exercise Notice**

If the Buyer of a Options CCP Contract does not submit an Exercise Notice to ASX Clear in accordance with Rules 20.1.1 (or has submitted an Exercise Notice under Rule 20.1.1 which is withdrawn under Rule 20.1.4) prior to the time determined by ASX Clear on the Expiry Date for the purposes of those Rules and the Buyer is not deemed to have submitted an Exercise Notice in respect of that Options CCP Contract at that time in accordance with Rules 20.1.1A, 20.1.1B or 20.1.3, the Options CCP Contract expires and ASX Clear will cancel the registration of that Options CCP Contract and a Options CCP Contract in the same Series registered in an Account of another Participant as Seller.

Introduced 11/03/04 Origin OCH S 2.2.2 Amended 02/02/15

#### **20.1.3 Automatic exercise of in-the-money Options CCP Contracts over Underlying Derivatives**

If:

- (a) at the time determined by ASX Clear on the Expiry Date for the purposes of Rule 20.1.1, a Buyer has not submitted an Exercise Notice in respect of an Options CCP Contract over an Underlying Derivative in accordance with Rule 20.1.1; and
- (b) the Exercise Price of the Options CCP Contract is less than (in the case of a Call Option) or greater than (in the case of a Put Option) the Daily Settlement Price of the relevant Underlying Derivative as at the Expiry Date, as determined by ASX Clear,

the Buyer will, subject to Rule 20.1.4, be deemed to have submitted an Exercise Notice in respect of that Options CCP Contract at that time.

Introduced 11/03/04 Origin OCH S 2.2.3 Amended 02/02/15

#### **20.1.4 Exercise Notice under Rule 20.1.1 may be amended or withdrawn or automatic exercise excluded**

If the Buyer of an Options CCP Contract submits an Exercise Notice under Rule 20.1.1, the Buyer may amend or withdraw that Exercise Notice prior to the time, and in the manner, determined by ASX Clear and set out in the Procedures.

The Buyer of an Options CCP Contract may also exclude an Options CCP Contract from automatic exercise under Rules 20.1.1A, 20.1.1B or 20.1.3 (as applicable) prior to the time, and in the manner, determined by ASX Clear and set out in the Procedures. If it does so, the Buyer will not be deemed to have submitted an Exercise Notice in respect of that Options CCP Contract, irrespective of whether that Options CCP Contract is determined to be in-the-money.

ASX Clear may reject an amendment or withdrawal of an Exercise Notice or an exclusion of an Options CCP Contract from automatic exercise which does not comply with this Rule 20.1.4.

Introduced 11/03/04 Origin OCH S 2.2.4 Amended 02/02/15

#### **20.1.5 ASX Clear to allocate Exercise Notices**

If an Exercise Notice is submitted to ASX Clear under Rule 20.1.1 and the Exercise Notice is not withdrawn under Rule 20.1.4, or an Exercise Notice is deemed to have been submitted under Rules 20.1.1A, 20.1.1B or 20.1.3, ASX Clear will allocate that Exercise Notice to the Seller of an Options CCP Contract of the same Series. When making the allocation, ASX Clear will specify the Account of the Participant to which the Exercise Notice is allocated.

Introduced 11/03/04 Origin OCH S 2.2.5 Amended 02/02/15

### **20.1.6 Procedures for allocation**

The allocation of an Exercise Notice under Rule 20.1.5 will be on the basis of random selection or other process determined by ASX Clear from time to time and set out in the Procedures.

Introduced 11/03/04 Origin OCH S 2.2.6

### **20.1.7 ASX Clear to confirm exercise and allocation**

ASX Clear will, as soon as practicable and in accordance with the Procedures, confirm the exercise of an Options CCP Contract to the Buyer which submitted the Exercise Notice and to the Seller to which the Exercise Notice is allocated.

Introduced 11/03/04 Origin OCH S 2.2.7

### **20.1.8 Exercise restrictions**

ASX Clear may at any time impose a restriction on the exercise of Options CCP Contracts in one or more Series if it determines the restriction is appropriate having regard to Rule 1.15.

Introduced 11/03/04 Origin OCH S 2.2.8

### **20.1.9 Consequences of restriction**

If ASX Clear imposes a restriction on the exercise of Options CCP Contracts in a Series under Rule 20.1.8, Buyers must only exercise Options CCP Contracts in that Series in accordance with the terms of the restriction.

Introduced 11/03/04 Origin OCH S 2.2.9

### 20.1.10 Instructions from clients

A Participant must establish and notify Clients of procedures for Clients to give it instructions to exercise or exclude from exercise Options CCP Contracts (including as a result of automatic exercise under Rules 20.1.1A, 20.1.1B or 20.1.3) including, without limitation, the latest time at which the Participant will accept those instructions.

Introduced 11/03/04 Origin OCH S 2.2.10 Amended 02/02/15

## 20.2 SETTLEMENT OF OPTIONS CCP CONTRACTS FOLLOWING EXERCISE (OPTIONS CCP CONTRACTS OVER AN UNDERLYING DERIVATIVE)

### 20.2.1 Application

This Rule 20.2 applies to Options CCP Contracts over an Underlying Derivative.

Introduced 11/03/04 Origin OCH S 2.3.1

### 20.2.2 Clearing and Settlement

Upon the allocation of an Exercise Notice submitted by a Buyer of a Options CCP Contract and allocated by ASX Clear to a Seller under Rule 20.1.5 and subject to these Rules, the terms of the Options CCP Contract and the rules of the Approved Listing Market Operator:

- (a) in the case of a Call Option:
  - (i) a Derivatives CCP Contract in the Underlying Derivative will arise between ASX Clear as Seller and the Buyer as Buyer at the Exercise Price; and
  - (ii) a Derivatives CCP Contract in the Underlying Derivative will arise between ASX Clear as Buyer and the Seller as Seller at the Exercise Price; and
- (b) in the case of a Put Option:
  - (i) a Derivatives CCP Contract in the Underlying Derivative will arise between ASX Clear as Buyer and the Buyer as Seller at the Exercise Price; and
  - (ii) a Derivatives CCP Contract in the Underlying Derivative will arise between ASX Clear as Seller and the Seller as Buyer at the Exercise Price.

The Derivatives CCP Contracts arising under this Rule 20.2.2 are deemed to have arisen from the registration of a Derivatives Market Contract.

Introduced 11/03/04 Origin OCH S 2.3.2 Amended 27/06/11, 02/02/15



## **20.3 SETTLEMENT OF OPTIONS CCP CONTRACT FOLLOWING EXERCISE (OPTIONS CCP CONTRACTS OVER UNDERLYING FINANCIAL PRODUCTS)**

### **20.3.1 Application**

This Rule 20.3 applies to Options CCP Contracts over Underlying Financial Products as follows:

- (a) Rules 20.3.2 to 20.3.5 apply to Options CCP Contracts over Underlying Financial Products that are not Cash Settled; and
- (b) Rules 20.3.6 to 20.3.11 apply to Options CCP Contracts over Underlying Financial Products that are Cash Settled.

Introduced 11/03/04 Origin OCH S 2.4.1 Amended 30/11/15

### **20.3.2 Allocation of Exercise Notice gives rise to agreement to buy and sell the Underlying Financial Products**

When ASX Clear allocates an Exercise Notice submitted by the Buyer of an Options CCP Contract to the Seller of an Options CCP Contract of the same Series in accordance with Rule 20.1.5:

- (a) the relevant Options CCP Contracts registered in the name of the Buyer and the Seller are discharged and ASX Clear will cancel their registration; and
- (b) an agreement arises between:
  - (i) that Buyer; and
  - (ii) that Seller,

to buy and sell the relevant Underlying Financial Products, pursuant to which:

- A. in the case of a Call Option, the Seller agrees to transfer the number of the Underlying Financial Products representing the Contract Size to the Buyer and the Buyer agrees to pay the Exercise Value (together with in the case of a LEPO any other amounts prescribed in the Procedures) to the Seller; and
- B. in the case of a Put Option, the Buyer agrees to transfer the number of the Underlying Financial Products representing the Contract Size to the Seller and the Seller agrees to pay the Exercise Value to the Buyer.

Introduced 11/03/04 Origin OCH S 2.4.2 Amended 21/11/14

### **20.3.3 Obligation to report sale to Underlying Market**

Subject to Rule 20.3.4, each Participant must promptly report the agreement to buy and sell the Underlying Financial Products arising under Rule 20.3.2 to the relevant Underlying Market in the manner and form specified in the Procedures or as required under the rules governing the relevant Underlying Market. Where ASX Clear consents, a Participant may report the agreement to the Underlying Market in the name of a Market Participant for which the Participant provides clearing services and for whose account the Options CCP Contract was registered.

Introduced 11/03/04 Origin OCH S 2.4.3 Amended 02/02/15

### **20.3.4 Information generated automatically**

A Participant is taken to have complied with Rule 20.3.3 if that information is generated automatically and supplied to the relevant Underlying Market by ASX Clear in accordance with the Procedures.

Introduced 11/03/04 Origin OCH S 2.4.4

### **20.3.5 Clearing and Settlement of Underlying Financial Products**

The Buyer (referred to in Rule 20.3.2), and the Seller (referred to in Rule 20.3.2) (or the General Participant who becomes responsible for the Buyer or Seller with whom they have a Clearing Agreement), must perform the Clearing Obligations associated with those Cash CCP Transactions, namely to effect the transfer of the Underlying Financial Products and the payment of the Exercise Value (together with in the case of a LEPO any other amounts prescribed in the Procedures) in accordance with these Rules, the rules of the relevant Underlying Market and the rules of the Approved Settlement Facility (as applicable).

Introduced 11/03/04 Origin OCH S 2.4.5 Amended 21/11/14

### **20.3.6 Obligation to pay Settlement Amount**

When ASX Clear allocates an Exercise Notice submitted by the Buyer of an Options CCP Contract to the Seller of an Options CCP Contract of the same Series in accordance with Rule 20.1.5:

- (a) the relevant Options CCP Contracts registered in the name of the Buyer and the Seller are

- discharged and ASX Clear will cancel their registration;
- (b) the Seller must pay by the time specified in the Procedures to ASX Clear, and ASX Clear must pay by the time specified in the Procedures to the Buyer, the Settlement Amount if:
    - (i) in the case of a Call Option, the Exercise Price is less than the Option Exercise Reference Price; and
    - (ii) in the case of a Put Option, the Exercise Price is greater than the Option Exercise Reference Price; and
  - (c) the Buyer must pay by the time specified in the Procedures to ASX Clear, and ASX Clear must pay by the time specified in the Procedures to the Seller, any other amounts prescribed in the Procedures.

Introduced 30/11/15

### 20.3.7 Calculation of Settlement Amount

ASX Clear will calculate the Settlement Amount in relation to an Options CCP Contract in accordance with the following formulae:

- (a) in the case of a Call Option:

$$SA = CS \times (OERP - EP); \text{ and}$$

- (b) in the case of a Put Option:

$$SA = CS \times (EP - OERP),$$

where:

CS is the Contract Size;

SA is the Settlement Amount (which must be greater than zero);

OERP is the Option Exercise Reference Price; and

EP is the Exercise Price of the Options CCP Contract.

Introduced 30/11/15

### 20.3.8 Notification of Option Exercise Reference Price

ASX Clear will notify both the Buyer and the allocated Seller of the Option Exercise Reference Price

for an Options CCP Contract on the Business Day following the day on which the Approved Listing Market Operator notifies it of the closing price of the relevant Underlying Financial Product.

Introduced 30/11/15

### **20.3.9 Unavailability of Option Exercise Reference Price**

If ASX Clear determines that the closing price of the relevant Underlying Financial Product is unreported or unavailable for the purpose of determining the Option Exercise Reference Price and calculating the Settlement Amount, ASX Clear may:

- (a) suspend the settlement of rights and obligations of Buyers and Sellers of Options CCP Contracts over that Underlying Financial Product arising under Rule 20.3.6 until ASX Clear has access to the closing price and is able to determine the Option Exercise Reference Price and calculate the Settlement Amount and has notified the market that the suspension is lifted; or
- (b) specify the closing price and determine the Option Exercise Reference Price and calculate the Settlement Amount accordingly.

Introduced 30/11/15

### **20.3.10 Accuracy of Option Exercise Reference Price**

Unless ASX Clear determines otherwise, the closing price of the relevant Underlying Financial Product first reported by the Approved Listing Market Operator to ASX Clear is (subject to the ability of ASX Clear to have regard to other factors it considers relevant) conclusive for the purpose of ASX Clear's determination of the Option Exercise Reference Price and calculation of the Settlement Amount, even if the closing price is later revised by the Approved Listing Market Operator or if the Approved Listing Market Operator later determines that the closing price reported was inaccurate.

Introduced 30/11/15

### **20.3.11 Limitation of liability**

The calculation, determination and dissemination of information in relation to the closing price in relation to an Underlying Financial Product and the Option Exercise Reference Price for an Options CCP Contract is a Clearing Service as that term is defined in Rule 1.10.1. The benefit of Rule 1.10

extends to the Approved Listing Market Operator.

Introduced 30/11/15

## **20.4 SETTLEMENT OF EXERCISE OF OPTIONS CCP CONTRACTS OVER UNDERLYING INDEX**

### **20.4.1 Application**

This Rule 20.4 applies to Options CCP Contracts over an Underlying Index.

Introduced 11/03/04 Origin OCH S 2.5.1

### **20.4.2 Obligation to pay Settlement Amount**

When ASX Clear allocates an Exercise Notice submitted by the Buyer of an Options CCP Contract to the Seller of an Options CCP Contract of the same Series under Rule 20.1.5:

- (a) the relevant Options CCP Contracts registered in the name of the Buyer and the Seller are discharged and ASX Clear will cancel their registration; and
- (b) the Seller must pay by the time specified in the Procedures to ASX Clear, and ASX Clear must pay by the time specified in the Procedures to the Buyer, the Settlement Amount if:
  - (i) in the case of a Call Option, the Exercise Level is less than the OPIC; and
  - (ii) in the case of a Put Option, the Exercise Level is greater than the OPIC.

Introduced 11/03/04 Origin OCH S 2.5.1

### **20.4.3 Calculation of Settlement Amount**

ASX Clear will calculate the Settlement Amount in relation to an Options CCP Contract in accordance with the following formulae:

- (a) in the case of a Call Option:

$$SA = IM \times (OPIC - EL); \text{ and}$$

- (b) in the case of a Put Option:

$$SA = IM \times (EL - OPIC),$$

where:

SA is the Settlement Amount (which must be greater than zero);

IM is the Index Multiplier of the Options CCP Contract;

OPIC is the Opening Price Index Calculation; and

EL is the Exercise Level of the Options CCP Contract.

Introduced 11/03/04 Origin OCH S 2.5.3

#### **20.4.4 Notification of OPIC**

ASX Clear will notify both the Buyer and the allocated Seller of the OPIC on the Business Day following the day on which the Approved Listing Market Operator notifies it of the OPIC.

Introduced 11/03/04 Origin OCH S 2.5.4 Amended 27/06/11

#### **20.4.5 Unavailability of OPIC**

If ASX Clear determines that the OPIC of an Underlying Index is unreported or unavailable for the purpose of calculating the Settlement Amount, ASX Clear may:

- (a) suspend the settlement of rights and obligations of Buyers and Sellers of Options CCP Contracts over that Underlying Index arising under Rule 20.4.2 until ASX Clear has access to the OPIC and is able to calculate the Settlement Amount and has notified the market that the suspension is lifted; or
- (b) specify an OPIC and calculate the Settlement Amount accordingly.

Introduced 11/03/04 Origin OCH S 2.5.5

#### **20.4.6 Accuracy of OPIC**

Unless ASX Clear determines otherwise, the OPIC first reported by the Approved Listing Market Operator to ASX Clear is conclusive for the purpose of ASX Clear's calculation of the Settlement

Amount, even if the OPIC is later revised by the Approved Listing Market Operator (or any Reporting Authority) or if the Approved Listing Market Operator (or any Reporting Authority) later determines that the OPIC reported was inaccurate.

Introduced 11/03/04 Origin OCH S 2.5.6 Amended 27/06/11

#### **20.4.7 Limitation of liability**

The calculation, determination and dissemination of information in relation to an Underlying Index is a Clearing Service as that term is defined in Rule 1.10.1. The benefit of Rule 1.10 extends to the Approved Listing Market Operator (and any Reporting Authority).

Introduced 11/03/04 Origin OCH S 2.5.7 Amended 27/06/11, 02/02/15

### **20.5 SETTLEMENT OF CASH SETTLED FUTURES CCP CONTRACTS**

#### **20.5.1 Payment of Settlement Amount**

A Cash Settled Futures CCP Contract must be settled by ASX Clear or the Participant paying to the other the Settlement Amount, subject to these Rules, the terms of the Cash Settled Futures CCP Contract and the rules of the Approved Listing Market Operator.

Introduced 11/03/04 Origin OCH S 1.1.2 Amended 27/06/11

### **20.6 ERRORS BY PARTICIPANT IN EXERCISE OF OPTIONS CCP CONTRACTS**

#### **20.6.1 Participant may request assistance to correct error in exercise**

If a Participant as Buyer has made an error (irrespective of whether caused or contributed to by its Client) in having sent, or not having sent, a Clearing Message in the Derivatives Clearing System in accordance with Rules 20.1.1 or 20.1.4, as a result of which the Options CCP Contract is:

- (a) not exercised; or
- (b) exercised,

under these Rules in error ('Participant exercise error'), the Participant ('requesting Participant') may notify ASX Clear of the Participant exercise error and request ASX Clear's assistance to address the

Participant exercise error in the circumstances and manner specified in the Procedures.

If it does so, ASX Clear will, to the extent reasonably practicable, contact the counterparty Participants specified in the Procedures and inform them that a Participant has advised ASX Clear of an error in relation to the exercise or non-exercise of the affected Options CCP Contract and ask them if they are prepared to address the error, and may provide the details of the requesting Participant to the counterparty Participant and the details of the counterparty Participant to the requesting Participant, in the circumstances and manner set out in the Procedures.

Notwithstanding anything contained in this Rule 20.6.1, a requesting Participant does not have a right to have a Participant exercise error addressed and ASX Clear and counterparty Participants are under no obligation to address the error.

Introduced 02/02/15

#### **20.6.2 ASX Clear assistance to give effect to action agreed by Participants to address Participant exercise error on date other than Expiry Date**

Where the Participant exercise error relates to a non-exercise or an exercise of an Options CCP Contract on a date other than the Expiry Date for that Options CCP Contract, ASX Clear may also provide assistance as specified in the Procedures to give effect to action agreed to by the requesting Participant and counterparty Participant to address the Participant exercise error.

Where as part of that assistance:

- (a) ASX Clear reinstates the registration of an affected Options CCP Contract which had been discharged and its registration cancelled under Rule 20.3.2, such reinstatement represents a new Options CCP Contract on the same terms as the affected Options CCP Contract arising between:
  - (i) ASX Clear and the Buyer, registered in the same Account in which the affected Options CCP Contract as Buyer was previously registered; and
  - (ii) ASX Clear and the Seller, registered in the same Account in which the affected Options CCP Contract as Seller was previously registered,
 with the new Options CCP Contract to be treated in the same way as the affected Options CCP Contract, including ASX Clear and the respective Participant as Buyer and ASX Clear and the respective Participant as Seller, having the same rights and obligations as applied in respect of the affected Options CCP Contract which had been discharged; or
- (b) ASX Clear facilitates the reporting to the relevant Underlying Market of the Cash Market Transaction that has arisen from the exercise of the Options CCP Contract, this reporting reflects the agreement that has arisen between the Buyer and Seller of the affected Options CCP Contract to buy and sell the relevant Underlying Financial Product in the same manner as contemplated in Rule 20.3.2, and the Buyer and the Seller (or the General Participant who becomes responsible for the Buyer or Seller with whom they have a Clearing Agreement) must perform the Clearing Obligations associated with those Cash CCP Transactions in the same manner as contemplated in Rule 20.3.5.

Without limitation to paragraphs (a) or (b) above, any steps taken by ASX Clear under this Rule 20.6.2 are binding on the requesting Participant and counterparty Participant.



Introduced 02/02/15

### **20.6.3 ASX Clear not liable for assistance provided to address Participant exercise error**

Without limiting Rule 1.10, ASX Clear accepts no liability for any assistance provided by ASX Clear under Rule 20.6.2 to give effect to the action agreed to by the requesting Participant and counterparty Participant to address the Participant exercise error.

Introduced 02/02/15

### **20.6.4 Requesting Participant to indemnify ASX Clear where ASX Clear provides assistance to address Participant exercise error**

The requesting Participant indemnifies and will keep indemnified ASX Clear against all actions, proceedings, claims, demands, damages, costs, expenses and any other amounts against or incurred by ASX Clear arising out of or in connection with any steps taken by ASX Clear under Rule 20.6.2 to give effect to action agreed to by the requesting Participant and counterparty Participant to address the Participant exercise error.

Introduced 02/02/15

## **20.7 ERRORS BY ASX CLEAR**

### **20.7.1 ASX Clear may take action to correct error**

If ASX Clear becomes aware at any time that it has made an error in connection with the exercise, allocation of Exercise Notices or settlement of Derivatives CCP Contracts under this Rule 20, ASX Clear may decide to take any action to correct the error or the consequences of the error (including if the registration of an Options CCP Contract had been cancelled under Rule 20.1.2) which it considers appropriate having regard to Rule 1.15. ASX Clear may take action under this Rule 20.7.1 irrespective of whether its error was caused or contributed to by any other person. ASX Clear will notify in the manner specified in the Procedures each Participant affected by the error. Participants will take any action necessary to give effect to a decision taken by ASX Clear and notified to the Participant in the manner specified in the Procedures.

Introduced 02/02/15

## 20.7.2 Decisions final and binding

The correction of an error, and any decision or action by ASX Clear under this Rule 20.7, is final and binding on the Participants affected by the decision.

Introduced 02/02/15

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## SECTION 21 SETTLEMENT OF DELIVERABLE FUTURES CCP CONTRACTS OVER UNDERLYING COMMODITIES

Please click [here](#) to access a pdf of ASX Clear Operating Rules Section 21. Download in PDF

This section only applies to the settlement of Deliverable Futures CCP Contracts over Underlying Commodities. It is divided into two parts. Part A deals with an Underlying Commodity which is grain; Part B deals with an Underlying Commodity which is wool.

### PART A -- UNDERLYING COMMODITY WHICH IS GRAIN

#### 21.1 APPLICATION

### **21.1.1 Application of Rules**

Rules 21.1 to 21.5 apply to Futures CCP Contracts which are Deliverable Futures CCP Contracts over an Underlying Commodity which is grain.

Introduced 11/03/04 Origin OCH S 1.2.1

## **21.2 TENDER PROCESS**

### **21.2.1 Admission of Underlying Commodity to deliverable stock**

Prior to electing to tender in accordance with this Rule, the Seller must transfer or procure the transfer of a specified quantity of the Underlying Commodity to ASX Clear in the form and manner determined by ASX Clear in accordance with the Procedures. ASX Clear is not obligated to accept the quantity of the Underlying Commodity and will notify the Seller in accordance with the Procedures whether it has accepted or rejected the specified quantity of the Underlying Commodity. Upon acceptance of the transfer by ASX Clear, the specified quantity of the Underlying Commodity will be admitted to deliverable stock.

Introduced 11/03/04 Origin OCH S 1.2.2.1

### **21.2.2 Seller must have paid all taxes and levies**

Prior to the Underlying Commodity being admitted to deliverable stock the Seller must ensure that all taxes, government levies or industry levies applicable to the Underlying Commodity have been paid.

Introduced 11/03/04

### **21.2.3 Seller may at any time transfer Interest**

A Seller may at any time before electing to tender direct ASX Clear to transfer the Interest to the Seller's account or to an account as directed by the Seller at the Bulk Handler.

Introduced 11/03/04 Origin OCH S 1.2.2.1

#### **21.2.4 Election to tender by Seller**

Where the Seller in respect of a contract elects to effect delivery and settle its obligations during the Delivery Period, the Seller must lodge Tender Documentation with ASX Clear in the form and manner determined by ASX Clear in accordance with the Procedures. In any event, the Seller must lodge Tender Documentation on the Maturity Date by the time set out in the Procedures. Tender Documentation lodged after the time prescribed in the Procedures, other than on the Maturity Date, will be taken to have been lodged on the following Business Day.

At the time of lodging Tender Documentation the Seller must ensure that at least two Business Days prior to lodging such documentation, ASX Clear holds for the benefit of the Seller an Interest of at least the Specified Quantity for each contract in accordance with Rule 21.4.

Introduced 11/03/04 Origin OCH S 1.2.2.1

#### **21.2.5 Acceptance of Tender Documentation**

ASX Clear is not obliged to accept any Tender Documentation and will notify the Seller, in accordance with Rule 21.2.9, when it has accepted Tender Documentation lodged by the Seller under Rule 21.2.4. Without limiting ASX Clear's discretion whether or not to accept Tender Documentation, ASX Clear may reject Tender Documentation where:

- (a) the Seller has failed to comply with Rule 21.2.1; or
- (b) ASX Clear is not satisfied that ASX Clear holds a sufficient portion of the Interest for the benefit of the Seller to enable the Seller to discharge its settlement obligations in respect of the contracts the subject of the Tender Documentation under Rule 21.3.2.

If ASX Clear rejects Tender Documentation, it will notify the Seller in accordance with the Procedures of that rejection, and the reasons for that rejection, as soon as practicable.

Introduced 11/03/04 Origin OCH S 1.2.2.2

#### **21.2.6 Tender Documentation may not be amended or withdrawn**

A Seller may not amend or withdraw Tender Documentation lodged under Rule 21.2.4 without the prior written consent of ASX Clear.

Introduced 11/03/04 Origin OCH S 1.2.2.3

#### **21.2.7 ASX Clear to allocate tender**

If Tender Documentation is accepted by ASX Clear in respect of one or more contracts under Rule 21.2.5 and the Tender Documentation is not withdrawn under Rule 21.2.6, ASX Clear will allocate for settlement a corresponding number of contracts in the same Series or Delivery Month registered in the name of one or more Buyers.

Introduced 11/03/04 Origin OCH S 1.2.2.4

#### **21.2.8 Procedures for allocation**

The allocation under Rule 21.2.7 will be on the basis of random selection or other process determined by ASX Clear from time to time and set out in the Procedures.

Introduced 11/03/04 Origin OCH S 1.2.2.5

#### **21.2.9 ASX Clear to confirm acceptance of Tender Documentation and allocation**

ASX Clear will, as soon as practicable and in accordance with the Procedures, notify the Seller of the acceptance of Tender Documentation under Rule 21.2.5 and notify the Buyer or Buyers of the allocation under Rule 21.2.7.

Introduced 11/03/04 Origin OCH S 1.2.2.6

#### **21.2.10 Tender Documentation and allocation restrictions**

ASX Clear may at any time impose a restriction on the acceptance of Tender Documentation or the allocation under Rule 21.2.7 if it determines the restriction is appropriate having regard to Rule 1.15. If ASX Clear imposes a restriction on one or more Participants, those Participants must comply with that restriction.

Introduced 11/03/04 Origin OCH S 1.2.2.7

#### **21.2.11 Instructions from clients**

A Participant must establish and notify Clients of procedures for Clients to give it instructions to lodge Tender Documentation under Rule 21.2.5 including, without limitation, the latest time at which the Participant will accept those instructions.

Introduced 11/03/04 Origin OCH S 1.2.2.8

### **21.3 SETTLEMENT**

#### **21.3.1 Settlement process**

The settlement of rights and obligations under the relevant Futures CCP Contracts following the allocation process in Rule 21.2.7 will be effected in accordance with this Rule 21.3.

Introduced 11/03/04 Origin OCH S 1.2.3.1

#### **21.3.2 Settlement with the Seller**

Subject to these Rules, where the Seller elects to effect delivery, it must, in respect of the Futures CCP Contract between the Seller and ASX Clear, have lodged Tender Documentation in accordance with the Procedures. ASX Clear must, in respect of the Futures CCP Contract between the Seller and ASX Clear, pay the Settlement Amount to the Seller at the Settlement Time. ASX Clear will amend its records at or as soon as practicable after the Settlement Time, to record that, effective at the Settlement Time, the proportion (by volume) of the Interest which ASX Clear holds for the benefit of the Seller falls by the Specified Quantity.

Introduced 11/03/04 Origin OCH S 1.2.3.2

#### **21.3.3 Legal effect of process**

The amendment by ASX Clear of its records in relation to the Interest in the manner set out in Rule 21.3.2 constitutes a full and complete discharge of the following obligations under the Futures CCP Contract between the Seller and ASX Clear at the Settlement Time:

- (a) the obligation of the Seller to make delivery of the Specified Quantity of the Underlying Commodity to ASX Clear; and
- (b) the obligation of ASX Clear to take delivery of the Specified Quantity of the Underlying Commodity from the Seller.

Upon that amendment being made, the risk in respect of the Specified Quantity of the Underlying Commodity passes from the Seller to ASX Clear with effect from the Settlement Time.

Introduced 11/03/04 Origin OCH S 1.2.3.3

#### **21.3.4 Settlement with the Buyer**

Subject to these Rules, the Buyer must, in respect of the Futures CCP Contract between the Buyer and ASX Clear, pay the Settlement Amount to ASX Clear by the Settlement Time. Subject to the Buyer paying that amount by that time, ASX Clear will amend its records at or as soon as practicable after that time to record that, effective from the Settlement Time, the proportion (by volume) of the Interest which ASX Clear holds for the benefit of the Buyer (which may, immediately before the Settlement Time, be zero) increases by the Specified Quantity.

Introduced 11/03/04 Origin OCH S 1.2.3.4

#### **21.3.5 Legal effect of process**

The amendment by ASX Clear of its records in relation to the Interest in the manner set out in Rule 21.3.3 constitutes a full and complete discharge of the following obligations under the Futures CCP Contract between the Buyer and ASX Clear at the Settlement Time:

- (a) the obligation of the Buyer to take delivery of the Specified Quantity of the Underlying Commodity from ASX Clear; and
- (b) the obligation of ASX Clear to make delivery of the Specified Quantity of the Underlying Commodity to the Buyer.

Upon that amendment being made, the risk in respect of the Specified Quantity of the Underlying Commodity passes from ASX Clear to the Buyer with effect from the Settlement Time.

Introduced 11/03/04 Origin OCH S 1.2.3.5

### **21.3.6 Settlement impossible or impracticable**

ASX Clear may exercise its powers under Rule 16.5 where ASX Clear forms the opinion under that Rule that an event or series of events, whether related or not, has occurred that makes the performance by the parties to Futures CCP Contracts of their obligations or the exercise of their rights impossible or impracticable.

Introduced 11/03/04 Origin OCH S 1.2.3.6

### **21.3.7 Seller default**

Any failure by a Seller to perform its settlement obligations on settlement of a Futures CCP Contract or to take all steps required to put itself in the position to comply with its settlement obligations is an event of default under Rule 15.1(e).

Introduced 11/03/04 Origin OCH S 1.2.3.7

### **21.3.8 Buyer default**

Any failure by the Buyer to pay the Settlement Amount in respect of a Futures CCP Contract by the Settlement Time under Rule 21.3.4 is an event of default under Rule 15.1(b), (c) or (d). The Buyer acknowledges that ASX Clear may, under Rule 15.2.1 sell or otherwise deal with that portion of the Interest which ASX Clear would otherwise have held for the benefit of the Buyer had settlement occurred in accordance with Rule 21.3.4.

Introduced 11/03/04 Origin OCH S 1.2.3.8

### **21.3.9 ASX Clear may retain Interest**

ASX Clear may retain all or part of the Interest which ASX Clear holds for the benefit of the defaulting Buyer referred to in Rule 21.3.7 until all outstanding Payment Obligations of the Buyer are satisfied.

Introduced 11/03/04 Origin OCH S 1.2.3.9



### **21.3.10 Powers cumulative**

The rights and powers of ASX Clear under this 21.3 are cumulative and in addition to its other rights and powers including, without limitation, its rights and powers under Rules 15 and 16.

Introduced 11/03/04 Origin OCH S 1.2.3.10

## **21.4 HOLDING THE INTEREST**

### **21.4.1 Transfer of Interest by Participant to ASX Clear**

When a Participant transfers or procures the transfer of an Interest in a quantity of the Underlying Commodity to ASX Clear, ASX Clear will hold that Interest for the benefit of that Participant from the time at which the Bulk Handler records ASX Clear as the owner of that interest under the terms of the Bulk Handler Agreement.

Introduced 11/03/04 Origin OCH S 1.2.4.1

### **21.4.2 Holding of Interest for Buyer following settlement of Futures CCP Contract**

On the settlement of a Futures CCP Contract between ASX Clear and the Buyer under Rule 21.3.4, ASX Clear will, from the Settlement Time, hold the Interest referred to in Rule 21.3.2 for the benefit of the Buyer referred to in that Rule.

A Buyer may at any time thereafter direct ASX Clear to transfer the Interest to the Buyer's account or another account at the Bulk Handler in accordance with the Procedures.

Introduced 11/03/04 Origin OCH S 1.2.4.2

### **21.4.3 Application of Bulk Handler Agreement**

Each Participant for whom ASX Clear holds the Interest under these Rules acknowledges that the Bulk Handler will store the Underlying Commodity for a number of clients of the Bulk Handler and

will recognise the interest of ASX Clear in the stored Underlying Commodity with other clients of the Bulk Handler (as owners in common). Those Participants acknowledge that the Bulk Handler will recognise ASX Clear as the owner of the Underlying Commodity and is not bound to recognise that ASX Clear holds any part of that interest for the benefit of one or more Participants.

Introduced 11/03/04 Origin OCH S 1.2.4.3

#### **21.4.4 Co-mingling**

Each Participant for whom ASX Clear holds the Interest under these Rules also acknowledges the Interest which ASX Clear holds at any point in time may be held for the benefit of more than one Participant. The proportion of the Interest held for the benefit of each Participant will be determined by ASX Clear in accordance with its records, which will record that proportion as a volume of the Underlying Commodity.

Introduced 11/03/04 Origin OCH S 1.2.4.4

#### **21.4.5 ASX Clear rights to deal with the Interest**

Each Participant for whom ASX Clear holds the Interest under these Rules authorises ASX Clear to deal with, and exercise all rights attached to, the Interest in accordance with these Rules and the Bulk Handler Agreement. ASX Clear is not obliged to comply with any direction by a Participant or any other person as to how it should deal with or exercise those rights other than a direction by a Participant to transfer to the Participant (or to another person at the direction of the Participant) the portion of the Interest held for the Participant's benefit in accordance with the terms of the Bulk Handler Agreement and the Procedures. The obligations of ASX Clear to comply with such a direction are subject to its rights under Rule 21.3.9.

Introduced 11/03/04 Origin OCH S 1.2.4.5(a)

#### **21.4.6 ASX Clear's right to convert old season grain**

Each Participant acknowledges that the Bulk Handler Agreement may give ASX Clear, as the holder of the Interest the right to convert "old season grain" to "new season grain". ASX Clear intends, to the extent permitted under the Bulk Handler Agreement, to exercise that right. Where ASX Clear cannot exercise that right, ASX Clear will notify Participants accordingly and will make a direction in accordance with Rule 21.4.8.

Introduced 11/03/04 Origin OCH S 1.2.4.5(b)

#### **21.4.7 Interest held at location specified by ASX Clear**

Each Participant acknowledges that ASX Clear holds the portion of the Interest held for the Participant's benefit at the location specified by ASX Clear.

Without limiting Rule 21.4.11, any costs and expenses incurred by ASX Clear in respect of the conversion will be borne by the Participants for whom ASX Clear holds the Interest at the time of conversion.

Introduced 11/03/04 Origin OCH S 1.2.4.5(c)

#### **21.4.8 ASX Clear direction to take Interest or Underlying Commodity**

ASX Clear may direct a Participant to:

- (a) accept a transfer from ASX Clear of all or part of the Interest which ASX Clear holds for its benefit; or
- (b) accept physical delivery from ASX Clear (or its agent) of all or part of the Underlying Commodity represented by the Interest which ASX Clear holds for its benefit.

The Participant must immediately comply with any direction given by ASX Clear under this Rule 21.4.8 and take all steps and execute all documents required to give effect to that direction.

Introduced 11/03/04 Origin OCH S 1.2.4.6

#### **21.4.9 Failure to comply with direction**

If a Participant fails to comply with a direction under Rule 21.4.8, the Participant irrevocably authorises ASX Clear to take any action which ASX Clear considers appropriate to dispose of the relevant portion of the Interest including, without limitation:

- (a) sell the Underlying Commodity represented by that portion of the Interest and following such sale, account to the Participant for the proceeds of sale after deducting any costs, expenses, taxes or other amounts incurred by ASX Clear in connection with the sale;
- (b) out-turn from the Bulk Handler the Underlying Commodity represented by that portion of the Interest and deliver the Underlying Commodity to another location selected by ASX Clear in its discretion.

The Participant indemnifies ASX Clear in respect of all losses, damages, liabilities, claims, costs and expenses arising in connection with any failure by the Participant to comply with a direction under Rule 21.4.8 and any exercise by ASX Clear of its powers under this Rule 21.4.9.

Introduced 11/03/04 Origin OCH S 1.2.4.7

#### **21.4.10 Representations by Participant**

Each Participant:

- (a) which transfers, or procures the transfer of an Interest to ASX Clear under Rule 21.4.1 or which requests the transfer or procures the transfer of an Interest from ASX Clear under this Rule 21.4:
  - (i) represents and warrants that it has and will continue to have for so long as it is the relevant Participant in respect of that Interest, the capacity and authority to do so; and
  - (ii) warrants to ASX Clear and to each other Participant that the Interest or any other interest in the Underlying Commodity is free from any encumbrance, lien, tax or levy;
- (b) for whom ASX Clear holds a portion of the Interest under Rule 21.4.2 represents and warrants that it has and will continue to have for so long as it is the relevant Participant in respect of that Interest, the capacity and authority to do so; and
- (c) indemnifies ASX Clear in respect of all losses, damages, liabilities, claims, costs and expenses arising from any representation or warranty by that Participant under paragraphs (a) or (b) of this Rule 21.4.10 being incorrect.

Introduced 11/03/04 Origin OCH S 1.2.4.8

#### **21.4.11 Indemnity from Participants**

Each Participant for whom ASX Clear holds the Interest under these Rules indemnifies ASX Clear in respect of all losses, damages, liabilities, claims, costs and expenses arising in connection with the holding of that Interest. The apportionment of liability under this indemnity among Participants will be determined by ASX Clear acting reasonably and having regard to the proportion of the Interest which it holds for the benefit of each of the relevant Participants at the relevant times.

Introduced 11/03/04 Origin OCH S 1.2.4.9

#### **21.4.12 Insurance**

ASX Clear has no obligation to insure any Interest or any Underlying Commodity represented by that Interest.

Introduced 11/03/04 Origin OCH S 1.2.4.10

## **21.5 RESPONSIBILITIES OF ASX CLEAR IN RESPECT OF THE UNDERLYING COMMODITY**

### **21.5.1 No warranties or representations concerning quality, suitability or description**

Without limiting the exclusion or limitation of liability under Rule 1.10, and without excluding any Non-Excludable Condition (as that term is defined under Rule 1.10.2), ASX Clear makes no representation or warranty concerning:

- (a) the quality or suitability for any purpose of any Underlying Commodity; or
- (b) the correspondence of any Underlying Commodity with any description or sample.

Introduced 11/03/04 Origin OCH S 1.2.5.1

### **21.5.2 International Sales of Goods Convention excluded**

The application of the United Nations Convention on Contracts for the International Sale of Goods is excluded from any contract created or contemplated by these Rules.

Introduced 11/03/04 Origin OCH S 1.2.5.2

### **21.5.3 Title**

Each Participant accepts that the Interest which ASX Clear has at any time in any Underlying Commodity stored with a Bulk Handler is set out in and governed by the terms of the relevant Bulk Handler Agreement. ASX Clear makes no representation or warranty:

- (a) that the Bulk Handler Agreement or any similar agreement between the Bulk Handler and any other person is valid or enforceable;
- (b) that the Interest conferred on ASX Clear under the Bulk Handler Agreement is a valid and enforceable Interest or that it confers on or through ASX Clear a proprietary interest in the

- relevant Underlying Commodity; or
- (c) concerning the suitability or financial viability of, or the services provided by, the Bulk Handler.

The Participant must make and rely on its own enquiries concerning these matters including, without limitation, the effect of the Bulk Handler Agreement on the Participant's legal rights.

Introduced 11/03/04 Origin OCH S 1.2.5.3

#### **21.5.4 No obligation to make enquiries concerning the Commodity**

ASX Clear has no obligation to check any Underlying Commodity or document received from a Participant or any Bulk Handler in connection with the Underlying Commodity.

Introduced 11/03/04 Origin OCH S 1.2.5.4

#### **21.5.5 Forgery**

ASX Clear is not liable to any Participant for any loss, damage or liability arising from any fraud, forgery or other illegal conduct committed by any person other than ASX Clear (or its officers, employees and agents) which affects the Interest or any other interest in the Underlying Commodity. ASX Clear will not be liable to any Participant for any loss, damage or liability in relation to a Futures CCP Contract where the settlement obligations of the Seller and Buyer cannot be effected because of a fraud, forgery or other illegal conduct.

Introduced 11/03/04 Origin OCH S 1.2.5.5

### **PART B -- UNDERLYING COMMODITY WHICH IS WOOL**

#### **21.6 APPLICATION**

### **21.6.1 Application of Rules**

Rules 21.6 to 21.11 apply to Futures CCP Contracts which are Deliverable Futures CCP Contracts over an Underlying Commodity which is wool.

Introduced 11/03/04 Origin OCH S 1.3.1

## **21.7 DELIVERABLE STOCK AND DOCUMENT SAFE KEEPING**

### **21.7.1 Admission Documents**

Prior to electing to tender in accordance with Rule 21.8, the Seller must lodge Admission Documents with ASX Clear in the form and manner determined by ASX Clear in accordance with the Procedures. Wool will be admitted to deliverable stock by ASX Clear when the Admission Documents have been accepted by ASX Clear.

Introduced 11/03/04 Origin OCH S 1.3.2.1

### **21.7.2 Acceptance of Admission Documents**

ASX Clear is not obliged to accept Admission Documents and will notify the Seller, in accordance with Rule 21.7.3 when it has accepted Admission Documents lodged by the Seller.

Without limiting ASX Clear's discretion, whether or not to accept Admission Documents, ASX Clear may reject Admission Documents where the Seller has failed to comply with the requirements in Rule 21.7.1.

If ASX Clear rejects Admission Documents, it will notify the Seller of that rejection and the reasons for that rejection.

Introduced 11/03/04 Origin OCH S 1.3.2.2

### **21.7.3 Stock Confirmation Form**

Where wool is admitted to deliverable stock in accordance with Rule 21.7.2 ASX Clear will:

- (a) notify the Seller that the Admission Documents are held in accordance with Rule 21.7.5 and

- (b) issue a stamped copy of the Stock Confirmation Form in accordance with the Procedures; and retain the Admission Documents in accordance with Rule 21.7.5 until the Participant notifies ASX Clear in accordance with these Rules that the Admission Documents are to be removed from safe keeping.

Introduced 11/03/04 Origin OCH S 1.3.2.3

#### **21.7.4 Instructions from clients**

A Participant must establish and notify Clients of procedures for Clients to give it instructions to lodge Admission Documents under Rule 21.7.1 including, without limitation, the latest time at which the Participant will accept those instructions.

Introduced 11/03/04 Origin OCH S 1.3.2.4

#### **21.7.5 Document Safe Keeping**

Where Admission Documents are accepted by ASX Clear, ASX Clear will:

- (a) hold the Admission Documents as bailee for the Participant;
- (b) keep Admission Documents in a secure manner; and
- (c) record the Admission Documents in safe keeping as soon as reasonably practicable.

Introduced 11/03/04 Origin OCH S 1.3.2.5

#### **21.7.6 Release of Admission Documents**

A Participant may in accordance with the Procedures request that ASX Clear release Admission Documents at any time where:

- (a) the Participant is recognised by ASX Clear as the Holder on the Stock Confirmation Form; and
- (b) the Participant has not already lodged Tender Documentation to effect a tender.

ASX Clear may at its discretion release Admission Documents from safe keeping.



Introduced 11/03/04 Origin OCH S 1.3.2.6

### **21.7.7 Loss of Admission Documents held in safe keeping**

If Admission Documents held by ASX Clear in safe keeping are lost, stolen, damaged or destroyed, the following obligations apply:

- (a) ASX Clear must as soon as it becomes aware of the lost, stolen, damaged or destroyed documents take all reasonable steps to replace the lost, stolen, damaged or destroyed documents; and
- (b) the Participant must do all things necessary to assist ASX Clear for the purpose of paragraph (a).

Where ASX Clear retains Admission Documents in its Document Management System in accordance with Rule 21.7.5, ASX Clear's liability to the Participant in relation to theft, damage, loss or destruction of documentation will, to the extent permitted by law, extend to the cost of replacing the Admission Documentation.

Documents replaced in accordance with Rule 21.7.7(a) will be recognised by ASX Clear as if they were the original Admission Documents. The Participant acknowledges that any documentation that is lost, stolen, damaged or destroyed cannot be subsequently lodged or presented to ASX Clear to effect a delivery.

Introduced 11/03/04 Origin OCH S 1.3.2.7

## **21.8 TENDER PROCESS**

### **21.8.1 Election to tender by Seller**

Where the Seller in respect of a contract elects to effect delivery and settle its obligations during the Delivery Period, the Seller must lodge Tender Documentation with ASX Clear in the form and manner determined by ASX Clear and in accordance with the Procedures. In any event, the Seller must lodge Tender Documentation by the Maturity Date on or before the time set out in the Procedures. Tender Documentation lodged after the time prescribed in the Procedures, other than on the Maturity Date, will be taken to have been lodged on the following Business Day.

At the time of lodging Tender Documentation, the Seller must ensure:

- (a) the Stock Confirmation Form was issued to it by ASX Clear at least 2 Business Days prior to the Seller lodging the Tender Documentation; and
- (b) that Admission Documents held by ASX Clear in safe keeping continue to satisfy all requirements in relation to deliverable stock for the duration of the Delivery Period.

Introduced 11/03/04 Origin OCH S 1.3.3.1

### **21.8.2 Acceptance of Tender Documentation**

ASX Clear is not obliged to accept any Tender Documentation and will notify the Seller, in accordance with Rule 21.8.6, when it has accepted Tender Documentation lodged by the Seller under Rule 21.8.1. Without limiting ASX Clear's discretion whether or not to accept Tender Documentation, ASX Clear may reject Tender Documentation where the Seller has failed to comply with Rule 21.8.1. If ASX Clear rejects Tender Documentation, it will notify the Seller in accordance with Procedures of that rejection, and the reasons for that rejection, as soon as practicable.

Introduced 11/03/04 Origin OCH S 1.3.3.2

### **21.8.3 Tender Documentation may not be amended or withdrawn**

A Seller may not amend or withdraw Tender Documentation lodged under Rule 21.8.1 without the prior written consent of ASX Clear.

Introduced 11/03/04 Origin OCH S 1.3.3.3

### **21.8.4 ASX Clear to allocate tender**

If Tender Documentation is accepted by ASX Clear in respect of one or more contracts under Rule 21.8.2 and the Tender Documentation is not withdrawn under Rule 21.8.3, ASX Clear will allocate for settlement a corresponding number of contracts in the same Series or Delivery Month registered in the name of one or more Buyers.

Introduced 11/03/04 Origin OCH S 1.3.3.4

### **21.8.5 Procedures for allocation**

The allocation under Rule 21.8.4 will be on the basis of random selection or other process determined by ASX Clear from time to time and set out in the Procedures.

Introduced 11/03/04 Origin OCH S 1.3.3.5

### **21.8.6 ASX Clear to confirm acceptance of Tender Documentation and allocation**

ASX Clear will, as soon as practicable and in accordance with the Procedures, notify the Seller of the acceptance of Tender Documentation under Rule 21.8.2 and notify the Buyer or Buyers of the allocation under Rule 21.8.4.

Introduced 11/03/04 Origin OCH S 1.3.3.6

### **21.8.7 Tender Documentation and allocation restrictions**

ASX Clear may at any time impose a restriction on the acceptance of Tender Documentation or the allocation under Rule 21.8.4 if it determines the restriction is appropriate having regard to Rule 1.15. If ASX Clear imposes a restriction on one or more Participants, those Participants must comply with that restriction.

Introduced 11/03/04 Origin OCH S 1.3.3.7

### **21.8.8 Instructions from clients**

A Participant must establish and notify Clients of procedures for Clients to give it instructions to lodge Tender Documentation under Rule 21.8.2 including, without limitation, the latest time at which the Participant will accept those instructions.

Introduced 11/03/04 Origin OCH S 1.3.3.8

## **21.9 SETTLEMENT**

### **21.9.1 Settlement process**

The settlement of rights and obligations under the relevant Futures CCP Contracts following the allocation process in Rule 21.8.4 will be effected in accordance with this Rule 21.9.

Introduced 11/03/04 Origin OCH S 1.3.4.1

### **21.9.2 Settlement with the Seller**

Subject to these Rules, where the Seller elects to effect delivery, it must in respect of the Futures CCP Contract between the Seller and ASX Clear, have lodged Tender Documentation in accordance with the Procedures. ASX Clear must, in respect of the Futures CCP Contract between the Seller and ASX Clear, pay the Settlement Amount to the Seller at the Settlement Time. Following such payment title to the Warehouse Receipt and to the Underlying Commodity will pass from the Seller to ASX Clear.

Introduced 11/03/04 Origin OCH S 1.3.4.2

### **21.9.3 Legal effect of process**

Payment of the Settlement Amount by ASX Clear in the manner set out in Rule 21.9.2 constitutes a full and complete discharge of the following obligations under the Futures CCP Contract between the Seller and ASX Clear at the Settlement Time:

- (a) the obligation of the Seller to make delivery of the Underlying Commodity to ASX Clear; and
- (b) the obligation of ASX Clear to take delivery of the Underlying Commodity from the Seller.

Upon ASX Clear paying the Settlement Amount, the risk in respect of the Underlying Commodity passes from the Seller to ASX Clear with effect from the Settlement Time.

Introduced 11/03/04 Origin OCH S 1.3.4.3

### **21.9.4 Settlement with the Buyer**

Subject to these Rules, the Buyer must, in respect of the Futures CCP Contract between the Buyer and ASX Clear, pay the Settlement Amount to ASX Clear by the Settlement Time. Following such payment, title to the Warehouse Receipt and to the Underlying Commodity will pass from ASX Clear to the Buyer.

Introduced 11/03/04 Origin OCH S 1.3.4.4

### **21.9.5 Legal effect of process**

The payment of the Settlement Amount in the manner set out in Rule 21.9.4 constitutes a full and complete discharge of the following obligations under the Futures CCP Contract between the Buyer and ASX Clear at the Settlement Time:

- (a) the obligation of the Buyer to take delivery of the Underlying Commodity from ASX Clear; and
  - (b) the obligation of ASX Clear to make delivery of the Underlying Commodity to the Buyer.
- Upon the Settlement Amount being paid:
- (a) the risk in respect of the Underlying Commodity passes from ASX Clear to the Buyer; and
  - (b) the Buyer is obligated to pay all costs in relation to the storage and handling of the Underlying Commodity,

with effect from the Settlement Time.

Introduced 11/03/04 Origin OCH S 1.3.4.5

### **21.9.6 Settlement impossible or impracticable**

ASX Clear may exercise its powers under Rule 16.5 where ASX Clear forms the opinion under that Rule that an event or series of events, whether related or not, has occurred that makes the performance by the parties to Futures CCP Contracts of their obligations or the exercise of their rights impossible or impracticable.

Introduced 11/03/04 Origin OCH S 1.3.4.6

### **21.9.7 Seller default**

Any failure by a Seller to perform its settlement obligations on settlement of a Futures CCP Contract or to take all steps required to put itself in the position to comply with its settlement obligations is an event of default under Rule 15.1(e).

Introduced 11/03/04 Origin OCH S 1.3.4.7

### **21.9.8 Buyer default**

Any failure by the Buyer to pay the Settlement Amount in respect of a Futures CCP Contract by the Settlement Time under Rule 21.9.4 is an event of default under Rule 15.1.1(b) and/or (c).  
The Buyer acknowledges that ASX Clear may, under Rule 15.2.1 sell or otherwise deal with the Underlying Commodity which ASX Clear would otherwise have held for the benefit of the Buyer had settlement occurred in accordance with Rule 21.9.4.

Introduced 11/03/04 Origin OCH S 1.3.4.8 Amended 30/12/09

### **21.9.9 Powers cumulative**

The rights and powers of ASX Clear under this Rule 21.9 are cumulative and in addition to its other rights and powers including, without limitation, its rights and powers under Rules 15 and 16.

Introduced 11/03/04 Origin OCH S 1.3.4.9

## **21.10 ASSIGNMENT AND DIRECTIONS BY ASX CLEAR**

### **21.10.1 Sellers and Buyers authorise ASX Clear to make all amendments to a record to effect the assignment of wool from the Seller to the Buyer**

Sellers and Buyers irrevocably appoint ASX Clear to do all acts and execute all documents on their behalf for the purpose of ensuring assignment of the Underlying Commodity.

Introduced 11/03/04 Origin OCH S 1.3.5.1

### **21.10.2 ASX Clear direction to accept delivery documentation**

ASX Clear may direct a Participant to do all things necessary to accept from ASX Clear (or its agent) all or part of the Admission Documents or other documents held in safe keeping.  
The Participant must immediately comply with any direction given by ASX Clear under this Rule 21.10.2 and take all steps and execute all documents required to give effect to that direction.

Introduced 11/03/04 Origin OCH S 1.3.5.2

### **21.10.3 Failure to comply with direction**

If a Participant fails to comply with a direction under Rule 21.10.2, the Participant irrevocably authorises ASX Clear to release Admission Documents and other documents relating to delivery. The Participant and ASX Clear agree that ASX Clear will:

- (a) release documentation to the Participant in accordance with the Procedures; and
- (b) all obligations owed by ASX Clear to the Participant under Rule 21.3.5 will be extinguished once ASX Clear has released the documents.

The Participant indemnifies ASX Clear in respect of all losses, damages, liabilities, claims, costs and expenses arising in connection with any failure by the Participant to comply with a direction under Rule 21.10.2 and any exercise by ASX Clear of its powers under this Rule 21.10.3.

Introduced 11/03/04 Origin OCH S 1.3.5.3

### **21.10.4 Representations by Participant**

Each Participant that lodges Admission Documents and Tender Documentation with ASX Clear in accordance with Rules 21.7.1 and 21.8.1:

- (a) represents and warrants that it has, and will continue to have, for so long as it is the relevant Participant in respect of the Underlying Commodity, the capacity and authority to do so;
- (b) warrants to ASX Clear and to each other Participant that the Underlying Commodity that is the subject of the Admission Documents is free from any encumbrance or lien; and
- (c) indemnifies ASX Clear in respect of all losses, damages, liabilities, claims, costs and expenses arising from any representation or warranty by that Participant under paragraphs (a) or (b) of this Rule 21.10.4 being incorrect.

Introduced 11/03/04 Origin OCH S 1.3.5.4

### **21.10.5 Indemnity from Participants**

Each Participant for whom ASX Clear effects delivery under these Rules indemnifies ASX Clear in respect of all losses, damages, liabilities, claims, costs and expenses arising in connection with the effecting of delivery.

Introduced 11/03/04 Origin OCH S 1.3.5.5

## **21.11 RESPONSIBILITIES OF ASX CLEAR IN RESPECT OF THE UNDERLYING COMMODITY**

### **21.11.1 No warranties or representations concerning quality, suitability or description**

Without limiting the exclusion or limitation of liability under Rule 1.10, and without excluding any Non-Excludable Condition (as that term is defined under Rule 1.10.2), ASX Clear makes no representation or warranty concerning:

- (a) the quality or suitability for any purpose of any Underlying Commodity; or
  - (b) the correspondence of any Underlying Commodity with any description or sample.
- Any question as to quality or suitability for any purpose of the Underlying Commodity will be:
- (c) an issue between the Participant and the relevant Wool Warehouse where the Underlying Commodity is stored; or
  - (d) an issue between the Participant and the relevant wool authority where the Underlying Commodity has been tested or appraised by the wool authority.

Introduced 11/03/04 Origin OCH S 1.3.6.1

### **21.11.2 International Sales of Goods Convention excluded**

The application of the United Nations Convention on Contracts for the International Sale of Goods is excluded from any contract created or contemplated by these Rules.

Introduced 11/03/04 Origin OCH S 1.3.6.2

### **21.11.3 Sale of Goods**

A Holder of the Warehouse Receipt is deemed to be in possession of the Wool from the time it takes delivery of the Warehouse Receipt endorsed by the seller, and shall be taken to remain in possession of the Underlying Commodity until it either endorses the Warehouse Receipt and delivers it to another person or presents it to the Wool Warehouse for the collection of the Underlying Commodity.

Introduced 11/03/04 Origin OCH S 1.3.6.2A



#### **21.11.4 Liability for Wool Warehouse and Warehouse Receipts**

ASX Clear will not be liable in relation to:

- (a) the condition of a Wool Warehouse or the suitability of a Wool Warehouse for storage of the Underlying Commodity;
- (b) the performance of a Wool Warehouse of any obligations it may have to a Participant or a client of a Participant;
- (c) the validity of any endorsement on the Warehouse Receipt; or
- (d) the transfer of title or failure to transfer title in the Underlying Commodity by the Wool Warehouse in relation to a Warehouse Receipt.

Parties placing wool in a Wool Warehouse or taking delivery of wool from a Wool Warehouse in reliance on a Warehouse Receipt and other related documentation, will have no claim against ASX Clear for any loss or damage incurred, no matter how the loss or damage was caused.

Introduced 11/03/04 Origin OCH S 1.3.6.3

#### **21.11.5 Forgery, fraud and unauthorised conduct**

ASX Clear is not liable to any Participant for any loss, damage or liability arising from any fraud, forgery or other unauthorised conduct committed by the Participant or any person other than ASX Clear (or its officers, employees and agents) which affects the effective delivery of the Underlying Commodity in accordance with these Rules. ASX Clear will not be liable to any Participant for any loss, damage or liability in relation to a Futures CCP Contract where the settlement obligations of the Seller and Buyer cannot be effected because of a fraud, forgery or other unauthorised conduct. Where delivery documentation has been forged, Participants acknowledge that the Participant receiving the delivery documentation may take action against the Participant who delivered or caused to be delivered the forged delivery documentation.

Introduced 11/03/04 Origin OCH S 1.3.6.4

#### **21.11.6 Warehouse Receipt**

For the purpose of Rule 21.11, references to a Warehouse Receipt include a Warehouse Receipt where any of the particulars have been forged or other unauthorised conduct has occurred in relation to the provision and use of the Warehouse Receipt to ensure effective delivery of the Underlying Commodity.

Introduced 11/03/04 Origin OCH S 1.3.6.5 Amended 19/08/09, 30/12/09

#### **21.11.7 Negotiability of Warehouse Receipt**

The Seller and Buyer acknowledge to each other and ASX Clear that rights, in relation to the Underlying Commodity represented on a Warehouse Receipt used for the purpose of effecting delivery in accordance with these Rules, will be transferred by the endorsement and delivery of the Warehouse Receipt by the Holder.

The Seller and Buyer acknowledge that ASX Clear will not be required to endorse the Warehouse Receipt to record the assignment of title in the Warehouse Receipt to the Buyer where ASX Clear continues to hold the Admission Documents in safe keeping in accordance with Rule 21.7.5. ASX Clear will instead record the assignment of title in the Warehouse Receipt to the Buyer in its Document Management System. While the Warehouse Receipt remains in safe keeping, title to the Warehouse Receipt will at any time be determined by reference to the record made by ASX Clear in the Document Management System.

Where ASX Clear exercises its discretion under Rule 21.7.6 to release Admission Documents from safe keeping, ASX Clear will endorse the Warehouse Receipt to the Participant entitled to possession of the Warehouse Receipt.

Where Admission Documents held by ASX Clear in safe keeping in the name of the Seller were not originally lodged by the Seller, the Seller seeking to lodge the Warehouse Receipt as part of Tender Documentation under Rule 21.8.1 will be deemed, upon ASX Clear's acceptance of Tender Documentation under Rule 21.8.2, to have satisfied its obligation to endorse the Warehouse Receipt to ASX Clear.

Neither ASX Clear nor the Seller or the Buyer are obligated to ensure the endorsements on a Warehouse Receipt are appropriate to ensure negotiability, other than the Seller and Buyer ensuring that their endorsements are made in good faith.

Where the Seller, or any previous Seller, has acted in good faith in relation to a Warehouse Receipt to effect delivery in accordance with these Rules, the Buyer acknowledges that it has no right of action against the Seller, or any previous Seller, in relation to a forgery or other unauthorised conduct pertaining to that Warehouse Receipt.

Introduced 11/03/04 Origin OCH S 1.3.6.6

#### **21.11.8 No obligation to make enquiries concerning the Underlying Commodity**

ASX Clear has no obligation to make enquiries regarding any Underlying Commodity the subject of Admission Documentation or other documentation received from a Participant in connection with the Underlying Commodity.

Introduced 11/03/04 Origin OCH S 1.3.6.7

### 21.11.9 Disputes

All certificates lodged with ASX Clear relating to testing and appraisal of the Underlying Commodity will be regarded as final and binding evidence of the test and appraisal results and that the procedures for the conduct of the test or appraisal were conducted in the manner specified by the Exchange. Where a Participant disputes a test result or procedure undertaken by a testing or appraisal body, the Participant agrees that the testing or appraisal body is responsible and not ASX Clear.

Introduced 11/03/04 Origin OCH S 1.3.6.8

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22 of 23 DOCUMENTS: ASX Clear Operating Rules/ASX Clear Operating Rules/ASX Clear Operating Rules/SECTION 22 TRANSITIONAL ARRANGEMENTS FOR EXISTING ASX PARTICIPATING ORGANISATIONS (CASH MARKET TRANSACTIONS)



### **SECTION 22 TRANSITIONAL ARRANGEMENTS FOR EXISTING ASX PARTICIPATING ORGANISATIONS (CASH MARKET TRANSACTIONS)**

Please click [here](#) to access a pdf of ASX Clear Operating Rules Section 22. Download in PDF

Section 22 only applies to existing ASX Participating Organisations which were recognised as Clearing Participants able to clear ASX Transactions under the Old ASX Business Rules and which were admitted as Brokers under the Old SCH Business Rules. This section deals with:

- (a) transitioning Brokers under the Old SCH Business Rules as Participants under these Rules;
- (b) transitioning novated ASX Transactions under the Old SCH Business Rules as Cash CCP Transactions under these Rules;
- (c) transitioning the Clearing Agreement between ASX Trading Participants and ASX Clearing Participants to a Clearing Agreement between the same parties as that Approved Market Operator's Market Participant and that Participant under these Rules including Schedule 3; and

(d) abolishing approval of partnership structures on the first anniversary after Implementation Date (ie the date these Rules come into effect).

## 22.1 INTERPRETATION AND APPLICATION OF THIS RULE

### 22.1.1 Interpretation

In this Rule 22:

**"Affiliate"** means an Existing Affiliate or a New Affiliate.

**"Affiliate Based CP"** means an Existing Participant to which ASX granted recognition as a Participating Organisation under the Old ASX Recognition Rules on the basis that one or more directors of an Existing Participant were recognised as Affiliates.

**"Approved Representative"** means an Existing Approved Representative or a New Approved Representative;

**"ASX Settlement"** means ASX Settlement Pty Limited ABN 49 008 504 532.

**"ASX Market Rules"** means the business rules of ASX in force as at the Implementation Date.

**"ASX Transaction"** has the meaning given to it under the ASX Market Rules.

**"Broker"** has the meaning given to it under the Old SCH Business Rules.

**"CCP"** has the meaning given to it under the Old SCH Business Rules.

**"CHESS Approved Financial Products"** has the meaning given to it under the Old SCH Business Rules.

**"Effective Time"** means 2 December 2002 being the time which OCH notified Participants as being the time at which OCH Rule 1A became effective.

**"Existing Affiliate"** means a person who was recognised by ASX as an "Affiliate" under the Old ASX Business Rules.

**"Existing Approved Representative"** means a person who was an "Approved Representative" under the Old ASX Business Rules.

**"Existing Participant"** means a person which, immediately before the Implementation Date, was admitted by ASX Settlement as a Broker under Rule 2.1.1 of the Old SCH Business Rules.

**"Implementation Date"** means the time at which ASX Clear notifies Participants as being the time at which these Rules become effective.

**"New Affiliate"** means a person who becomes an Affiliate during the Recognition Transitional Period under Rule 22.4.1(e);

**"New Approved Representative"** means a person who becomes an Approved Representative during the Recognition Transitional Period under Rule 22.4.1(e).

**"Novated CHES Transaction"** means a transaction in a CHES Approved Financial Product which has been novated to CCP under the Old SCH Business Rules but in relation to which Settlement Obligations have not been discharged by the Implementation Date.

**"OCH"** means Options Clearing House Pty Limited ABN 48 001 314 503.

**"Old ASX Business Recognition Rules"** means the business rules of ASX governing the recognition of Participating Organisations of ASX and the role and conduct of Affiliates and Approved Representatives in force immediately prior to 16 July 2002 (being the date on which rule 5 of the business rules of ASX was amended).

**"Old ASX Business Rules"** means the ASX Business Rules in force immediately before the Implementation Date relating to the clearing and settlement of CHES Approved Financial Products between ASX and its respective participants.

**"Old SCH Business Rules"** means the SCH Business Rules in force immediately before the Implementation Date relating to the clearing and settlement of CHES Approved Financial Products between ASX Settlement and its respective participants.

**"Recognition End Date"** means the earlier of:

- (a) the date on which the Recognition Transitional Period ends; or
- (b) in the case of an Affiliate or an Approved Representative involved in the business of a particular Existing Participant, the date on which the Existing Participant makes an election under Rule 22.4.2.

**"Recognition Transitional Period"** means the period from the Implementation Date up to and including 15 July 2004, unless extended under Rule 22.4.4.

**"SCH"** means ASX Settlement as the operator of a licensed clearing and settlement facility under the Corporations Act.

**"SCH Business Rules"** means the business rules of ASX Settlement in force as at the Implementation Date.

**"Trading Participant"** has the meaning given to it under the Old ASX Business Rules.

Introduced 11/03/04 Origin OCH 1A.1.1

### 22.1.2 Application

This Rule 22 applies to:

- (a) Existing Participants;
- (b) Existing Affiliates engaged in the business of an Existing Participant; and
- (c) Existing Approved Representatives engaged in the business of an Existing Participant,

in respect of admission under the Old SCH Business Rules, ASX Transactions under the Old ASX Business Rules and Novated CHES Transactions under the Old SCH Business Rules.

Introduced 11/03/04 Origin OCH 1A.1.2

## 22.2 TRANSITION OF ADMISSION AND RELATED MATTERS

### 22.2.1 Transition

From the Implementation Date:

- (a) each Existing Participant is taken to be admitted as a:
  - (i) Direct Participant under these Rules; or
  - (ii) General Participant under these Rules where the Existing Participant has entered into a Clearing Agreement under Old ASX Business Rule 2.1A.4;

- (b) each Novated CHESSTransaction at that time is taken to be a Cash CCP Transaction within the meaning of these Rules and the "Buying Broker" and "Selling Broker" of each of those Novated CHESSTransactions under the Old SCH Business Rules are taken to be the receiving Participant and the delivering Participant respectively of each of the corresponding Cash CCP Transactions under these Rules ;
- (c) each Existing Affiliate and each Existing Approved Representative engaged in the business of an Existing Participant at the Implementation Date, is taken to be recognised as an Affiliate or Approved Representative (as applicable) under these Rules;
- (d) each person recognised as a "Responsible Executive" under the Old ASX Business Rules is taken to be recognised as a Responsible Executive under these Rules;
- (e) subject to Rule 22.2.2, the Old ASX Business Rules and the Old SCH Business Rules cease to apply to the Existing Participants, the Novated CHESSTransactions, the Existing Affiliates and the Existing Approved Representatives referred to in paragraphs (a), (b), (c) and (d);
- (f) where an agreement between an Existing Participant and a Client under Old ASX Business Rule 3.1A(2)(d) created a deemed agreement, or under Old ASX Business Rule 3.1A(4) created a written agreement, those terms continue to operate under these Rules following the Implementation Date until the relationship ceases or is replaced with another agreement between the parties in accordance with these Rules;
- (g) where before the Implementation Date, an Existing Participant and a Trading Participant were party to a Clearing Agreement under Old ASX Business Rule 2.1A.4, those terms continue to operate under these Rules and to the extent of any inconsistency between the terms of that Clearing Agreement and the terms set out in these Rules (including without limitation, Rule 9.1 and Schedule 3) the terms set out in these Rules prevail;
- (h) each Existing Participant is taken to be authorised to clear the categories of transaction that it was entitled to clear under the Old SCH Rules; and
- (i) where a Participant has previously notified ASX, or since the Effective Time notified OCH, of the details of an Affiliate or Approved Representative, that Affiliate or Approved Representative is, for the purpose of the Corporations Act, a recognised affiliate of ASX Clear. Recognition continues for the purposes of ongoing jurisdiction in relation to that part of the business which is or was under the supervision and control of the Affiliate or Approved Representative

Introduced 11/03/04 Origin OCH 1A.2.1

### **22.2.2 Effect of transition on existing rights and obligations**

Rule 22.2.1 does not affect any accrued rights which ASX, ASX Settlement, ASX Clear or any other person has against an Existing Participant or any other person under the Old ASX Business Rules or the Old SCH Business Rules or any accrued obligations which the Existing Participant or any other person has under the Old ASX Business Rules or the Old SCH Business Rules to ASX, ASX Settlement, ASX Clear or to any other person. Without limiting this Rule 22.2.2, following the Implementation Date:

- (a) ASX will continue to have jurisdiction in respect of an Existing Participant concerning any

conduct or any failure to comply with the Old ASX Business Rules which occurred before the Implementation Date;

- (b) ASX Settlement will continue to have jurisdiction in respect of an Existing Participant concerning any conduct or any failure to comply with the Old SCH Business Rules which occurred before the Implementation Date;
- (c) the Existing Participant continues to be bound by any warranty, undertaking or indemnity given by the Existing Participant under the Old ASX Business Rules to ASX, OCH or any other person;
- (d) the Existing Participant continues to be bound by any warranty, undertaking or indemnity given by the Existing Participant under the Old SCH Business Rules to SCH or any other person;
- (e) any authority to act granted by an Existing Participant to CCP or ASX Settlement under the Old SCH Business Rules in relation to matters falling within these Rules is taken to be granted by the Existing Participant to ASX Clear under these Rules;
- (f) any condition, restriction or limitation imposed on an Existing Participant or any waiver granted to an Existing Participant under the Old SCH Business Rules to the extent that they are applicable to these Rules are taken to be imposed or granted under these Rules;
- (g) other ASX Business Rules and SCH Business Rules continue to apply in respect of the Existing Participant and any Responsible Executive, Existing Affiliate and Existing Approved Representative to the extent required to give effect to paragraphs (a), (b), (c), (d), (e) and (f); and
- (h) the ASX Business Rules continue to apply to the Existing Participant and any Responsible Executive, Existing Affiliates and Existing Approved Representatives to the extent that the Existing Participant continues to be a Participating Organisation of ASX in a capacity other than as a Participant under these Rules.

Introduced 11/03/04 Origin OCH 1A.2.2

## **22.3 AFFILIATE BASED CP -- END OF AFFILIATE STATUS AND APPROVED REPRESENTATIVES**

### **22.3.1 Recognition ceases at Recognition End Date**

On the Recognition End Date, ASX Clear will cease to recognise:

- (a) Affiliates as "Affiliates"; and
- (b) Approved Representatives as "Approved Representatives".

Introduced 11/03/04 Origin OCH 1A.3.1

### **22.3.2 Effect of end of recognition**

The end of recognition under Rule 22.3.1 does not affect any accrued rights which ASX Clear or other persons have against an Affiliate or Approved Representative or any accrued obligations which the Affiliate or Approved Representative has to ASX Clear or to other persons. Without limiting this Rule 22.3.2, following the Recognition End Date:

- (a) ASX Clear will continue to have jurisdiction in respect of the Affiliate or Approved Representative concerning any conduct or any failure to comply with the Rules which occurred before the Recognition End Date;
- (b) the Affiliate or Approved Representative continues to be bound by any warranty, undertaking or indemnity given by the Affiliate or Approved Representative under the Rules;
- (c) other Rules continue to apply in respect of the Affiliate or Approved Representative to the extent required to give effect to paragraphs (a) and (b); and
- (d) the Participant remains responsible for each Affiliate and Approved Representative involved in its business in accordance with Rule 4.9.

Introduced 11/03/04 Origin OCH 1A.3.2

## **22.4 AFFILIATE BASED CP -- ONGOING COMPLIANCE DURING TRANSITIONAL PERIOD**

### **22.4.1 Transitional arrangements**

Until its Recognition End Date:

- (a) an Affiliate Based CP must continue to have as directors the number of Affiliates required under the Old ASX Business Rules and the majority of those directors must be resident in Australia;
- (b) an Affiliate Based CP is not required to comply with Rule 4.22, nor any other requirement under these Rules in respect of "Responsible Executives";
- (c) Rule 4.8.1 does not apply, but the Affiliate Based CP must have appropriate management structures in place to ensure that its directors and Affiliates have adequate supervision and effective control over all parts of the Existing Participant's business, wherever the business is located (and keep accurate records of its management structure and its allocation of responsibilities among its directors and Affiliates);
- (d) Rule 4.8.2 does not apply to the Affiliate Based CP, but the Affiliate Based CP must ensure that any branch office of the Affiliate Based CP continues to be supervised by an Approved Representative or an Affiliate, as was required under the Old ASX Recognition Rules;
- (e) an Affiliate Based CP may apply to have a person recognised as an Affiliate, or registered as an Approved Representative and ASX Clear will grant that recognition or registration if the person complies with the requirements for recognition and registration of Affiliates and Approved Representatives which existed under the Old ASX Recognition Rules;
- (f) each Affiliate and Approved Representative must continue to comply with the requirements for the recognition and registration of Affiliates and Approved Representatives which existed under the Old ASX Recognition Rules;
- (g) each New Affiliate and New Approved Representative will be regarded as "Affiliates" and



- "Approved Representatives" respectively for the purposes of these Rules; and
- (h) the Affiliate Based CP must ensure that each Affiliate and Approved Representative involved in the business complies with any continuing education requirements prescribed by ASX Clear.

For the purposes of this Rule 22.4.1, any obligation to comply with a requirement which existed under the Old ASX Recognition Rules, is to be construed as an obligation to comply with that requirement as if a reference in the relevant Old ASX Recognition Rule to the "Exchange" were a reference to "ASX Clear".

Introduced 11/03/04 Origin OCH 1A.4.1

#### **22.4.2 Election to comply with new requirements**

An Affiliate Based CP may elect by giving notice in writing to ASX Clear, to no longer rely on the transitional arrangements under Rule 22.4.1. Once an Affiliate Based CP has made that election, it may not revoke it.

Introduced 11/03/04 Origin OCH 1A.4.2

#### **22.4.3 Compliance following end of recognition transitional period or election under Rule 22.4.2**

Following the Recognition End Date, ASX Clear may terminate the admission of the Affiliate Based CP as a Participant unless it complies with all of the requirements of Section 3 and Section 4.

Introduced 11/03/04 Origin OCH 1A.4.3

#### **22.4.4 Extension of Transitional Arrangements**

The ASX Clear may extend the Recognition Transitional Period in respect of a particular Affiliate Based CP following receipt by ASX Clear of a request in writing from the Affiliate Based CP.

Introduced 11/03/04 Origin OCH 1A.4.4

#### **22.4.5 Interpretation of Rules -- Regulated Persons**

In applying the Rules during the Recognition Transitional Period, a reference in the Rules to a Regulated Person includes a reference to an Affiliate and an Approved Representative.

Introduced 11/03/04

#### **22.5 AFFILIATE BASED CP -- APPROVED REPRESENTATIVES**

##### **22.5.1 Change of details**

An Affiliate Based CP must notify ASX Clear of the following events within 2 Business Days after the event occurs:

- (a) any change of name or residential address of an Approved Representative; or
- (b) any termination of the engagement of the Approved Representative, the date of that termination and the reasons for that termination; or
- (c) the date of cancellation of a proper authority held by an Approved Representative from the Affiliate Based CP.

Introduced 11/03/04 Origin OCH 1A.5.1

##### **22.5.2 Cancellation of registration**

If in the opinion of ASX Clear:

- (a) an Approved Representative has failed adequately to supervise Employees of an Affiliate Based CP and the failure has contributed to a breach of the Rules by the Affiliate Based CP or any of its Employees; or
- (b) an Approved Representative has not been engaged in the business of the Affiliated Based CP for a period of 12 months; or
- (c) an Approved Representative no longer complies with the requirements for registration under the Old ASX Recognition Rules,

ASX Clear may, subject to Rule 22.6, cancel the registration of the Approved Representative.

Introduced 11/03/04 Origin OCH 1A.5.2

### **22.5.3 Notice of cancellation**

ASX Clear must notify the Approved Representative and the Affiliate Based CP of the cancellation of the registration under Rule 22.5.2.

Introduced 11/03/04 Origin OCH 1A.5.3

## **22.6 APPEALS FROM DECISIONS OF ASX CLEAR**

### **22.6.1 ASX Clear to give reasons**

Where:

- (a) an Affiliate Based CP applies for a person to be registered as a New Approved Representative under Rule 22.4.1(e) and ASX Clear decides to refuse to register that person as a New Approved Representative;
- (b) an Affiliate Based CP applies for a person to be recognised as a New Affiliate under Rule 22.4.1(e) and ASX Clear decides to refuse to register that person as a New Affiliate;
- (c) ASX Clear decides to cancel the registration of an Approved Representative of an Affiliate Based CP,

ASX Clear must give notice to the Affiliate Based CP of the decision and the reasons in writing for its decision.

Introduced 11/03/04 Origin OCH 1A.6.1

### **22.6.2 Right of Appeal**

The Affiliate Based CP may appeal to the Appeal Tribunal against a decision referred to in Rule 22.6.1 in accordance with the provisions of the ASX Enforcement and Appeals Rulebook.

Introduced 11/03/04 Origin OCH 1A.6.2 Amended 31/03/08

## **22.7 TRANSITIONAL ARRANGEMENTS FOR PARTNERSHIPS -- [DELETED]**

### **22.7.1 Application -- [Deleted]**

Introduced 11/03/04 Origin OCH 1A.7.1 Deleted 15/06/15

**22.7.2 Admission Requirements -- [Deleted]**

Introduced 11/03/04 Origin OCH 1A.7.2 Deleted 15/06/15

**22.7.3 Conditions -- [Deleted]**

Introduced 11/03/04 Origin OCH 1A.7.3 Deleted 15/06/15

**22.7.4 Partnership treated as separate person -- [Deleted]**

Introduced 11/03/04 Origin OCH 1A.7.4 Deleted 15/06/15

**22.7.5 Breach of Rules -- [Deleted]**

Introduced 11/03/04 Origin OCH 1A.7.5 Deleted 15/06/15

**22.7.6 Change in composition of partnership -- [Deleted]**

Introduced 11/03/04 Origin OCH 1A.7.6 Deleted 15/06/15

**22.7.7 Overseas partnerships -- [Deleted]**

Introduced 11/03/04 Origin OCH 1A.7.7 Deleted 15/06/15

### **22.7.8 Disciplinary action -- [Deleted]**

Introduced 11/03/04 Origin OCH 1A.7.8 Amended 01/08/10 Deleted 15/06/15

### **22.7.9 Interpretation of Rules -- [Deleted]**

Introduced 11/03/04 Origin OCH 1A.7.9 Deleted 15/06/15

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23 of 23 DOCUMENTS: ASX Clear Operating Rules/ASX Clear Operating Rules/ASX Clear Operating Rules/SECTION 23 TRANSITIONAL ARRANGEMENTS FOR EXISTING ASX PARTICIPATING ORGANISATIONS (DERIVATIVES)



## **SECTION 23 TRANSITIONAL ARRANGEMENTS FOR EXISTING ASX PARTICIPATING ORGANISATIONS (DERIVATIVES)**

Please click [here](#) to access a pdf of ASX Clear Operating Rules Section 23. Download in PDF

Section 23 only applies to Derivatives CCP Contracts and continues to govern OCH Clearing Participants which transitioned from being ASX Derivatives Clearing Participants in December 2002 as well as now dealing with:

- (a) transitioning Clearing Participants under the OCH Rules as Participants under these Rules;
- (b) transitioning novated open contracts under the OCH Rules as Derivative CCP Contracts under these Rules;
- (c) transitioning all cover under the OCH Rules as cover under these Rules;
- (d) transitioning the rights and obligations arising under existing terminology under the OCH Rules to new terminology and requirements under these Rules including Schedule 5 Client Agreement minimum terms;
- (e) transitioning the Clearing Agreement between ASX and ASXF Trading Participants and the OCH Clearing

Participant to a Clearing Agreement between the same parties as that Approved Market Operator's Market Participant and that Participant under these Rules including Schedule 4;

- (f) abolishing approval of partnership structures on the first anniversary after Implementation Date (ie the date the ACH Rules come into effect).

## 23.1 INTERPRETATION AND APPLICATION OF THIS RULE

### 23.1.1 Interpretation

In this Rule 23:

**"Affiliate"** means an Existing Affiliate or a New Affiliate;

**"Affiliate Based CP"** means an Existing Clearing Participant to which ASX granted recognition as a Participating Organisation under the Old Recognition Rules on the basis that one or more directors of an Existing Clearing Participant were recognised as Affiliates;

**"Approved Representative"** means an Existing Approved Representative or a New Approved Representative;

**"Effective Time"** means 2 December 2002 being the time which OCH notified Participants as being the time at which OCH Rule 1A became effective;

**"Exchange Participant"** has the meaning given to it under the OCH Rules;

**"Existing Affiliate"** means a person who was recognised by OCH as an "Affiliate" under the OCH Rules;

**"Existing Approved Representative"** means a person who was an "Approved Representative" under the OCH Rules;

**"Existing Clearing Participant"** means a person which, immediately before the Implementation Date was recognised by OCH as a Clearing Participant under the OCH Rules;

**"Implementation Date"** means the time which ASX Clear notifies Participants as being the time at which these Rules become effective.

**"New Affiliate"** means a person who becomes an Affiliate during the Recognition Transitional Period under Rule 23.4.1(e);

**"New Approved Representative"** means a person who becomes an Approved Representative during the Recognition Transitional Period under Rule 23.4.1(e);

**"OCH Rules"** means the operating rules of OCH immediately prior to the Implementation Date.

**"Old Recognition Rules"** means the business rules of ASX governing the recognition of Participating Organisations of ASX and the role and conduct of Affiliates and Approved Representatives in force immediately prior to 16 July 2002 (being the date on which rule 5 of the business rules of ASX was amended);

**"Old ASX Business Rules"** means the business rules of ASX in force immediately before the Effective Time relating to the clearing and settlement by ASX Clear and Existing Clearing Participants of exchange traded option contracts (including without limitation, low exercise price options (LEPOs)) entered into on markets operated by ASX;

**"Recognition End Date"** means the earlier of:

- (a) the date on which the Recognition Transitional Period ends; or
  - (b) in the case of an Affiliate or an Approved Representative involved in the business of a particular Participant, the date on which the Participant makes an election under Rule 23.4.2;
- and

**"Recognition Transitional Period"** means the period from the Effective Time up to and including 15 July 2004, unless extended under Rule 23.4.4.

Introduced 11/03/04 Origin OCH 1A.1.1

### 23.1.2 Application

This Rule 23 applies to:

- (a) Existing Clearing Participants;
- (b) Existing Affiliates engaged in the business of an Existing Clearing Participant; and
- (c) Existing Approved Representatives engaged in the business of an Existing Clearing Participant,

in respect of recognition under the OCH Rules, Open Contracts under the OCH Rules and Derivatives CCP Contracts under these Rules.

Introduced 11/03/04 Origin OCH 1A.1.2

## 23.2 TRANSITION OF RECOGNITION AND RELATED MATTERS

### 23.2.1 Transition

From the Implementation Date:

- (a) each Existing Clearing Participant is taken to be admitted as a:
  - (i) Direct Participant under these Rules; or
  - (ii) General Participant under these Rules where the Existing Clearing Participant has entered into a Clearing Agreement under OCH Rule 6.7.1;
- (b) each contract registered at that time with OCH as an "Open Contract" (within the meaning of the OCH Rules) at that time is taken to be a Derivatives CCP Contract within the meaning of these Rules and the "Buyer" and "Seller" respectively of the Open Contract under the OCH Rules are taken to be the "Buyer" and the "Seller" respectively of the Derivatives CCP Contract under these Rules;
- (c) all "Cover" (within the meaning of the OCH Rules) held by OCH at that time is taken to be Cover within the meaning of these Rules;
- (d) each Existing Affiliate and each Existing Approved Representative engaged in the business of an Existing Clearing Participant at the Effective Time is taken to be recognised as an Affiliate or Approved Representative (as applicable) under these Rules;
- (e) each person recognised as a "Responsible Executive" under the OCH Rules is taken to be recognised as a Responsible Executive under these Rules;

- (f) any circulars, notices, bulletins, explanatory memoranda or other communications issued or made by OCH under the OCH Rules are taken to be issued or made by ASX Clear under these Rules with such modifications to rule references and terminology as are necessary to give effect to the circular, notice, bulleting explanatory memorandum or communication;
- (g) any notices, acknowledgments or forms, including Collateral forms, provided by an Existing Clearing Participant to OCH under the OCH Rules are taken to be provided by the Existing Clearing Participant under these Rules;
- (h) subject to Rule 23.2.2, the OCH Rules cease to apply to the Existing Clearing Participants, the Open Contracts, the Cover, the Existing Affiliates and the Existing Approved Representatives referred to in paragraphs (a), (b), (c), (d) and (e);
- (i) to the extent of any inconsistency between the terms of an agreement between an Existing Clearing Participant and a Client under the OCH Rules and the terms set out in Schedule 5, the terms set out in Schedule 5 prevail;
- (j) each Existing Participant is taken to be authorised to clear the categories of transaction that it was recognised as being able to clear under the Old Rules;
- (k) where an Existing Clearing Participant and an Exchange Participant are party to a Clearing Agreement which was entered under OCH Rule 6.7.1, before the Implementation Date, the terms of that agreement are replaced by the terms set out in Rule 8.1.1 and Schedule 4;
- (l) where a Participant has previously notified ASX, or since the Effective Time has notified OCH, of the details of an Affiliate or Approved Representative, that Affiliate or Approved Representative is a suitability qualified affiliate, for the purpose of Section 761A of the Corporations Act, a recognised affiliate of ASX Clear. Recognition as a qualified affiliate continues for the purposes of ongoing jurisdiction in relation to that part of the business which is or was under the supervision and control of the Affiliate or Approved Representative.
- (m) any wholesale client agreement previously lodged with ASX under the Old ASX Business Rule 7.3.1.5 continues in effect and is deemed to have been provided to ASX Clear under Rule 7.1.3.

Introduced 11/03/04 Origin OCH 1A.2.1 Amended 10/06/04, 01/08/05

### **23.2.2 Effect of transition on existing rights and obligations**

Rule 23.2.1 does not affect any accrued rights which ASX, ASX Clear or any other person has against an Existing Clearing Participant or any other person under the Old ASX Business Rules or the OCH Rules or any accrued obligations which the Existing Clearing Participant or any other person has under the Old ASX Business Rules or the OCH Rules to ASX, ASX Clear or to any other person. Without limiting this Rule 23.2.2, following the Effective Time or Implementation Date as the case may be:

- (a) ASX will continue to have jurisdiction in respect of an Existing Clearing Participant and any Responsible Executive, Existing Affiliate and Existing Approved Representative concerning any conduct or any failure to comply with the Old ASX Business Rules which occurred before the Effective Time;
- (b) OCH will continue to have jurisdiction in respect of an Existing Clearing Participant and any Responsible Executive, Existing Affiliate and Existing Approved Representative concerning



- any conduct or any failure to comply with the OCH Rules which occurred before the Implementation Date;
- (c) the Existing Clearing Participant continues to be bound by any warranty, undertaking or indemnity given by the Existing Clearing Participant under the Old ASX Business Rules or the OCH Rules to ASX, OCH, or any other person;
  - (d) any authority to act granted by an Existing Clearing Participant to OCH under the OCH Rules is taken to be granted by the Existing Clearing Participant under these Rules;
  - (e) any condition, limitation or restriction imposed on an Existing Clearing Participant or any waiver granted to an Existing Clearing Participant under the OCH Rules are taken to be imposed or granted under these Rules;
  - (f) other ASX business rules and OCH Rules continue to apply in respect of the Existing Clearing Participant and any Responsible Executive, Existing Affiliate and Existing Approved Representative to the extent required to give effect to paragraphs (a) (b), (c), (d) and (e); and
  - (g) the business rules of ASX continue to apply to the Existing Clearing Participant and any Responsible Executive, Existing Affiliates and Existing Approved Representatives to the extent that the Existing Clearing Participant continues to be a Participating Organisation of ASX.

Introduced 11/03/04 Origin OCH 1A.2.2 Amended 10/06/04

### **23.3 AFFILIATE BASED CP -- END OF AFFILIATE STATUS AND APPROVED REPRESENTATIVES**

#### **23.3.1 Recognition ceases at Recognition End Date**

On the Recognition End Date, ASX Clear will cease to recognise:

- (a) Affiliates as "Affiliates"; and
- (b) Approved Representatives as "Approved Representatives".

Introduced 11/03/04 Origin OCH 1A.3.1

#### **23.3.2 Effect of end of recognition**

The end of recognition under Rule 23.3.1 does not affect any accrued rights which ASX Clear or other persons have against an Affiliate or Approved Representative or any accrued obligations which the Affiliate or Approved Representative has to ASX Clear or to other persons. Without limiting this Rule 23.3.2, following the Recognition End Date:

- (a) ASX Clear will continue to have jurisdiction in respect of the Affiliate or Approved Representative concerning any conduct or any failure to comply with the Rules which

- occurred before the Recognition End Date;
- (b) the Affiliate or Approved Representative continues to be bound by any warranty, undertaking or indemnity given by the Affiliate or Approved Representative under the Rules;
- (c) other Rules continue to apply in respect of the Affiliate or Approved Representative to the extent required to give effect to paragraphs (a) and (b); and
- (d) the Participant remains responsible for each Affiliate and Approved Representative involved in its business in accordance with Rule 4.2.2.

Introduced 11/03/04 Origin OCH 1A.3.2

## **23.4 AFFILIATE BASED CP -- ONGOING COMPLIANCE DURING TRANSITIONAL PERIOD**

### **23.4.1 Transitional arrangements**

Until its Recognition End Date:

- (a) an Affiliate Based CP must continue to have as directors the number of Affiliates required under the Old ASX Business Rules and the majority of those directors must be resident in Australia;
- (b) an Affiliate Based CP is not required to comply with Rule 4.22, nor any other requirement under these Rules in respect of "Responsible Executives";
- (c) Rule 4.8.1 does not apply, but the Affiliate Based CP must have appropriate management structures in place to ensure that its directors and Affiliates have adequate supervision and effective control over all parts of the Participant's business, wherever the business is located (and keep accurate records of its management structure and its allocation of responsibilities among its directors and Affiliates);
- (d) Rule 4.8.2 does not apply to the Affiliate Based CP, but the Affiliate Based CP must ensure that any branch office of the Affiliate Based CP continues to be supervised by an Approved Representative or an Affiliate, as was required under the Old Recognition Rules;
- (e) an Affiliate Based CP may apply to have a person recognised as an Affiliate, or registered as an Approved Representative and ASX Clear will grant that recognition or registration if the person complies with the requirements for recognition and registration of Affiliates and Approved Representatives which existed under the Old Recognition Rules;
- (f) each Affiliate and Approved Representative must continue to comply with the requirements for the recognition and registration of Affiliates and Approved Representatives which existed under the Old Recognition Rules;
- (g) each New Affiliate and New Approved Representative will be regarded as "Affiliates" and "Approved Representatives" respectively for the purposes of these Rules; and
- (h) the Affiliate Based CP must ensure that each Affiliate and Approved Representative involved in the business complies with any continuing education requirements prescribed by ASX Clear.

For the purposes of this Rule 23.4.1, any obligation to comply with a requirement which existed under the Old Recognition Rules, is to be construed as an obligation to comply with that requirement as if a reference in the relevant Old Recognition Rule to the "Exchange" were a reference to "ASX Clear".

Introduced 11/03/04 Origin OCH 1A.4.1

#### **23.4.2 Election to comply with new requirements**

An Affiliate Based CP may elect by giving notice in writing to ASX Clear, to no longer rely on the transitional arrangements under Rule 23.4.1. Once an Affiliate Based CP has made that election, it may not revoke it.

Introduced 11/03/04 Origin OCH 1A.4.2

#### **23.4.3 Compliance following end of recognition transitional period or election under Rule 23.4.2**

Following the Recognition End Date, ASX Clear may terminate the admission of the Affiliate Based CP as a Participant unless it complies with all of the requirements of Rule 3 and Rule 4.

Introduced 11/03/04 Origin OCH 1A.4.3

#### **23.4.4 Extension of Transitional Arrangements**

ASX Clear may extend the Recognition Transitional Period in respect of a particular Affiliate Based CP following receipt by ASX Clear of a request in writing from the Affiliate Based CP.

Introduced 11/03/04 Origin OCH 1A.4.4

#### **23.4.5 Interpretation of Rules -- Regulated Persons**

In applying the Rules during the Recognition Transitional Period, a reference in the Rules to a Regulated Person includes a reference to an Affiliate and Approved Representative.

Introduced 11/03/04

## **23.5 AFFILIATE BASED CP -- APPROVED REPRESENTATIVES**

### **23.5.1 Change of details**

An Affiliate Based CP must notify ASX Clear of the following events within 2 Business Days after the event occurs:

- (a) any change of name or residential address of an Approved Representative; or
- (b) any termination of the engagement of the Approved Representative, the date of that termination and the reasons for that termination; or
- (c) the date of cancellation of a proper authority held by an Approved Representative from the Affiliate Based CP.

Introduced 11/03/04 Origin OCH 1A.5.1

### **23.5.2 Cancellation of registration**

If in the opinion of ASX Clear:

- (a) an Approved Representative has failed adequately to supervise Employees of an Affiliate Based CP and the failure has contributed to a breach of the Rules by the Affiliate Based CP or any of its Employees; or
- (b) an Approved Representative has not been engaged in the derivatives business of the Affiliate Based CP for a period of 12 months; or
- (c) an Approved Representative no longer complies with the requirements for registration under the Old Recognition Rules,

ASX Clear may, subject to Rule 23.6, cancel the registration of the Approved Representative.

Introduced 11/03/04 Origin OCH 1A.5.2

### **23.5.3 Notice of cancellation**

ASX Clear must notify the Approved Representative and the Affiliate Based CP of the cancellation of the registration under Rule 23.5.2.

Introduced 11/03/04 Origin OCH 1A.5.3

## **23.6 APPEALS FROM DECISIONS OF ASX CLEAR**

### **23.6.1 ASX Clear to give reasons**

Where:

- (a) an Affiliate Based CP applies for a person to be registered as a New Approved Representative under Rule 23.4.1(e) and ASX Clear decides to refuse to register that person as a New Approved Representative;
- (b) an Affiliate Based CP applies for a person to be recognised as a New Affiliate under Rule 23.4.1(e) and ASX Clear decides to refuse to register that person as a New Affiliate;
- (c) ASX Clear decides to cancel the registration of an Approved Representative of an Affiliate Based CP,

ASX Clear must give notice to the Affiliate Based CP of the decision and the reasons in writing for its decision.

Introduced 11/03/04 Origin OCH 1A.6.1

### **23.6.2 Right of Appeal**

The Affiliate Based CP may appeal to the Appeal Tribunal against a decision referred to in Rule 23.6.1 in accordance with the provisions of the ASX Enforcement and Appeals Rulebook.

Introduced 11/03/04 Origin OCH 1A.6.2 Amended 31/03/08

## **23.7 TRANSITIONAL ARRANGEMENTS FOR PARTNERSHIPS -- [DELETED]**

### **23.7.1 Application -- [Deleted]**

Introduced 11/03/04 Origin OCH 1A.7.1 Deleted 15/06/15

### **23.7.2 Admission Requirements -- [Deleted]**

Introduced 11/03/04 Origin OCH 1A.7.2 Deleted 15/06/15

**23.7.3 Conditions -- [Deleted]**

Introduced 11/03/04 Origin OCH 1A.7.3 Deleted 15/06/15

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**23.7.5 Breach of Rules -- [Deleted]**

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**23.7.6 Change in composition of partnership -- [Deleted]**

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**23.7.8 Disciplinary action -- [Deleted]**

Introduced 11/03/04 Origin OCH 1A.7.8 Amended 01/08/10 Deleted 15/06/15

**23.7.9 Interpretation of Rules -- [Deleted]**

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