

## **Equity & ETO Banking (processing & requirement)**

### **Accounts Requirement:**

**Equity Trust AC** – Working trust account which processes all client cash requirements each business day. Facility needs to provide payment type of Cheque (set to A4 format for client payment), CMA (Cash management Account processing – currently 7 CMA providers) RTGs, Transfer between accounts, Austraclear, International Payment, DE payment – bulk file & individual payment, deposit books for branch & BD (Broker Dealer) banking and business Cheque & Deposit book (for BCP (business continuity plan) purpose only)

**Client Trust AC** – Segregated Equity Client Funds account which holds the client protected funds each day. Facility needs to provide Transfer between accounts and business Cheque & Deposit book (for BCP purpose only)

**ETO Client Trust AC** - Segregated ETO (Exchange Traded Options) Client Funds account which holds the client protected funds each day. Facility needs to provide Transfer between accounts and Cheque & Deposit book (for BCP purpose only)

**Facilitation AC** – Overdraft facility which is used to settle daily market obligations and support business funding requirements as detailed below. Facility needs to provide Austraclear, Transfer between accounts and Cheque & Deposit book (for BCP purpose only)

**General AC** - Working General account which processes all business cash requirements each business day. Facility needs to provide payment type of Cheque (set to A4 format for client payment), RTGs, Transfer between accounts, Austraclear, DE payment for individual payment and business Cheque & Deposit book (for BCP purpose only)

### **Facilitation Account usage for business support:**

The facilitation account supports both intraday and overnight funding requirements. The intraday funding ensures BBY Limited meets the morning obligations for the market within specified times set by the ASX. The overnight funding requirements supports cash requirement which is restored the following business morning. The detail of each requirement is outlined below:

### **ETO Margin Requirement**

Each business morning the ASX provide the ETO margin obligation which is a net figure of all BBY Limited T+1 client margins to BBY via email & automated reporting. The obligation can be a receipt or a payment. BBY Limited Operations staff process the message in the Austraclear system of the cash payment or receipt and the underlying bank account to be debited or credited is the facilitation account. This message is to be matched by the ASX input of the opposite side for the same value.

Once the messages are approved by both parties, they are processed and if a payment the bank account is debited immediately and if a receipt the funds re receipt around 12.00pm. The messages processed to a “settled” status must be completed by 10.30am, however BBY process these messages as early as possible to prevent risk of missing this cutoff and the penalties of market default and ASX fine. If the obligation is a debit, BBY will restore the value back to the Facilitation account within the day (post the processing of CMA files and DE files, where BBY retrieves the margins from the underlying clients). If the obligation is a receipt, BBY will move the funds from the Facilitation account to the Equity Trust Account for return to the underlying client.

If there is a significant market swing the ASX may impose an additional intraday margin call which BBY Limited are required to settle within 1 hour of the notification.

### **CHES ASX requirement**

The CHES (Clearing House Equity Settlement System) ASX obligation is the net sum of BBY Limited’s obligation to/from the trading market for the current T+3 settlement day. The obligation can be a receipt or a payment. BBY Limited Operations staff process the message in the Austraclear system of the cash payment or receipt and the underlying bank account to be debited or credited is the facilitation account. This message is to be matched by the ASX input of the opposite side for the same value. Once the messages are approved by both parties, they are processed and if a payment the bank account is debited immediately and if a receipt the funds re receipt around 12.00pm. The messages processed to a “settled” status must be completed by 10.30am, however BBY process these messages as early as possible to prevent risk of missing this cutoff and the penalties of market default and ASX fine. If the obligation is a debit, BBY will restore the value back to the Facilitation account within the day (post the processing of CMA files and DE files, where BBY retrieves the margins from the underlying clients). If the obligation is a receipt, BBY will move the funds from the Facilitation account to the Equity Trust Account for return to the underlying client.

### **CEM (Cash Equity Margin) ASX requirement**

The CEM is an ASX calculation of market exposure and determined dollar value of risk that is provided to each Broker each business morning. The initial obligation is a payment to the ASX on the first business day. The following daily obligation can be an additional or lesser requirement to this initial balance. BBY Limited Operations staff will process the message in the Austraclear system of the cash payment/receipt and the underlying bank account to be debited is there the facilitation account. This message is to be matched by the ASX input of the receipt/payment for the same value. Once the messages are approved by both parties the transactions are processed. If a payment to the ASX the bank account is debited immediately. The messages processed to a “settled” status must be completed by 10.30am, however BBY process these messages as early as possible to prevent risk of missing this cutoff and the penalties of market default and ASX fine. The Facilitation AC is restored be BBY Limited the following business morning.

If there is a significant market swing the ASX may impose an additional intraday margin call which BBY Limited are required to settle within 1 hour of the notification.

### **DE File Funding Overnight**

BBY Limited requires the overnight funding of client direct debit bulk transaction file each business day.

As the bulk direct debit file is processed as an overnight banking process, BBY Limited does not receive the funds from the client bank accounts until the following business day. As such BBY Limited has the value of this file funded from the facilitation account. This value is restored to the facilitation account the following morning prior to the requirements for the new business day.

### **Client Debt Funding Overnight**

BBY Limited requires the overnight funding of client debt positions each business day.

Each business day following all processing of business and client cash settlement, BBY limited Operations team assess the client debt position where BBY Limited has met all market obligation but the client has failed to meet their obligation to BBY Limited. This value is required to be funded by the facilitation account overnight. This value is restored to the facilitation account the following morning prior to the requirements for the new business day.

### **Client Cheque Deposit Requirements**

BBY Limited requires 3<sup>rd</sup> party payment control exemptions on the accounts that received client deposits as some clients will make cheque payable to themselves (as the trading account is in their name) or to the placement or Financial product they are investing in rather than to BBY Limited who manages these payments on their behalf.

BBY Limited requires the immediate clearance or funding of Cheques deposited that would normally be subjected to the minimal clearance time of 3 business days.

### **Potential Additional Funding Items**

- Placement / IPO
- Broker Dealer Migrations inward – Temporary ETO Margin requirements as ETO positions and ETO collateral do not move simultaneously