

ASX CLEAR OPERATING RULES PROCEDURES

SECTION 1 INTRODUCTION AND GENERAL RULES

...

PROCEDURE 1.23.1 PROCEDURES FOR THE RISK CONSULTATIVE COMMITTEE

1 Scope of Application and Definitions

The following procedures (referred to as the Risk Consultative Committee Procedures) will apply to the Risk Consultative Committee (referred to as the Risk Consultative Committee).

Terms used and not otherwise defined in these Risk Consultative Committee Procedures will have the meanings given to them in the Rules.

Paragraphs of these Risk Consultative Committee Procedures are referred to as Paragraphs.

2.1 Risk Consultative Committee Members

(a) Participant Representatives

ASX Clear will invite ~~each at least 10 Participants representing a cross section of~~ Participants to nominate a single representative for the Risk Consultative Committee (each referred to as a Risk Consultative Committee Member).

However, a person may not be nominated to be a Risk Consultative Committee Member unless that person:

- (a) has appropriate expertise and experience in relation to the matters to be considered by the Risk Consultative Committee; and
- (b) is acceptable to ASX Clear in its reasonable discretion.

If ASX Clear rejects a Risk Consultative Committee Member nominated by a Participant then the Participant may nominate a replacement for consideration by ASX Clear.

(b) Client Representatives

ASX Clear will invite a number of Clients to nominate a representative to participate in the Risk Consultative Committee, providing the Client:

- (a) is a Wholesale Client of one of the participant members;

- (b) has been operating a derivatives segregated client account for a minimum of 6 months;
- (c) at the time of selection, has a minimum margin requirement of greater than AUD \$2 million;
- (d) is not a Related Body Corporate of a Participant.

However, a person may not be nominated unless that person:

- (e) has appropriate expertise and experience in relation to the matters to be considered by the Risk Consultative Committee; and
- (f) is acceptable to ASX Clear in its reasonable discretion.

Clients that meet the above criteria will be entitled to representation on the Risk Consultative Committee provided that the number of Client representatives cannot exceed 50% of Participant representatives). If the number of Clients that meet the above criteria exceeds the maximum, Clients will be selected based on a 50/50 weighting of volume and initial margin, for a maximum of two years (aligned to the Participants membership period) at which time the above criteria will be re-applied.

2.2 **Term ~~[Deleted]~~**

~~Each Participant and Client selected to participate in the Risk Consultative Committee will be invited for a maximum term of two years. The term is from June to June with each member invited to serve a second term after 12 months. After a maximum of two years there will be a rotation of members at the discretion of ASX.~~

2.3 **ASX appointees**

ASX Clear may select and appoint any number of further Risk Consultative Committee Members in its sole discretion, where this is necessary in order for ASX Clear to meet requirements under applicable law with respect to the composition of the Risk Consultative Committee.

2.4 **Change of Risk Consultative Committee Members**

A Participant or Client may, at any time, notify ASX Clear, that it intends to change its nominated Risk Consultative Committee Member by nominating a replacement nominee in accordance with the Paragraph "Risk Consultative Committee Members" above. Once accepted by ASX Clear, the replacement nominee replaces the previous nominee on the Risk Consultative Committee.

2.5 **Related bodies corporate**

If two or more Participants are or become related bodies corporate, as determined by ASX Clear, such Participants are entitled to appoint only one single Risk Consultative Committee Member. If at any time Participants (which are related bodies corporate) have appointed more than one Risk Consultative Committee Member, such Participants will promptly notify ASX Clear of the single Risk Consultative Committee Member who will represent them in the future.

2.6 Chairman

From time to time the Risk Consultative Committee will appoint a Risk Consultative Committee Member by majority vote to serve as chairman (referred to as the Risk Consultative Committee Chairman). Such appointment will be for a period determined by ASX Clear. If the Risk Consultative Committee Chairman ceases to be a Risk Consultative Committee Member or resigns, a new Risk Consultative Committee Chairman will be appointed by the Risk Consultative Committee.

2.7 Risk Consultative Committee Secretary

ASX Clear will serve as the secretary of the Risk Consultative Committee (referred to as the Risk Consultative Committee Secretary) and will perform administrative duties.

2.8 Suspension of Membership

A Risk Consultative Committee Member will be suspended from its capacity as Risk Consultative Committee Member upon the occurrence of a Default in relation to the Participant which has nominated such Risk Consultative Committee Member.

3 Convening the Risk Consultative Committee

3.1 Meeting and Notice

The Risk Consultative Committee Secretary will convene a meeting of the Risk Consultative Committee (referred to as a Risk Consultative Committee Meeting):

- (a) at the request of the Risk Consultative Committee Chairman or any two Risk Consultative Committee Members (provided such request is accompanied by a draft Agenda (as defined below) for such Risk Consultative Committee Meeting); and
- (b) at its own discretion,

by delivering notice (referred to as a Notice) in accordance with this Paragraph 3. Risk Consultative Committee Meetings will be held at a location as determined by the Risk Consultative Committee Secretary. Any Risk Consultative Committee Members who do not attend in person may participate by telephone or video conference.

3.2 Urgent Matters

The Risk Consultative Committee Secretary may convene a Risk Consultative Committee Meeting upon such notice and in such manner as it determines, in order to consider any matter which it determines requires the urgent attention of the Risk Consultative Committee.

3.3 Participating Risk Consultative Committee Member

The Risk Consultative Committee Members attending a respective Risk Consultative Committee Meeting (either in person or by telephone or video conference) are each referred to as a Participating Risk Consultative Committee Member.

3.4 Proxies

The Risk Consultative Committee Chairman may make such arrangements for the appointment of proxies (including setting out the terms on which such proxies may vote or constitute a quorum) as it in its discretion determines.

4 Quorum

The quorum for a valid Risk Consultative Committee Meeting will be one third of all Risk Consultative Committee Members (referred to as the Quorum).

In the event that a Quorum is not present at the start of and throughout a duly convened Risk Consultative Committee Meeting, such Risk Consultative Committee Meeting will be adjourned by the Risk Consultative Committee Chairman to the next following Business Day or such other day as is agreed with the Risk Consultative Committee Secretary. A Quorum at such adjourned Risk Consultative Committee Meeting will consist of the Participating Risk Consultative Committee Members provided that notice of the Risk Consultative Committee Meeting has been given to all Risk Consultative Committee Members in accordance with Paragraph 3 (Convening the Risk Consultative Committee).

5 Voting

All decisions and recommendations made by the Risk Consultative Committee will be made at a Meeting by majority vote of the Participating Risk Consultative Committee Members.

For the purpose of all voting procedures each Participating Risk Consultative Committee Member will have one single vote. In the event that any vote is tied, the Risk Consultative Committee Chairman will have the casting vote.

6 Participation of Employees

A Risk Consultative Committee Member may invite one employee of the Participant or Client which it is representing (or of a related bodies corporate) to participate in a Risk Consultative Committee Meeting in respect of which such employee has particular expertise. The Risk Consultative Committee Member may, by notice to the Risk Consultative Committee Chairman, delegate the authority to vote on its behalf on a particular issue to any such employee.

ASX Clear will send employees to Risk Consultative Committee Meetings in order to perform its function as Risk Consultative Committee Secretary. The Risk Consultative Committee may invite further employees and members of corporate bodies of ASX Clear to Risk Committee Meetings.

7 Minutes and Statements

7.1 Risk Consultative Committee Minutes

Minutes will be taken of all Risk Consultative Committee Meetings (referred to as the Risk Consultative Committee Minutes) by the Risk Consultative Committee Secretary.

7.2 Risk Consultative Committee Statements

The Risk Consultative Committee may appoint one or more Risk Consultative Committee Members to prepare, on behalf of the Risk Consultative Committee, any proposal, response, statement or other document setting out the views of the Risk Consultative Committee with respect to any relevant matter (referred to as a Risk Consultative Committee Statement).

The Risk Consultative Committee Chairman may refer the Risk Consultative Committee Statement to a Meeting for approval or may, if the Risk Consultative Committee Chairman is satisfied that the Risk Consultative Committee Statement represents the views of the majority of Risk Consultative Committee Members after circulating such Statement to the Risk Consultative Committee Members, deliver such Risk Consultative Committee Statement to ASX Clear for incorporation into the Risk Consultative Committee Minutes and will be taken to set out the view of the Risk Consultative Committee.

8 Compensation

Each Risk Consultative Committee Member will be responsible for the costs associated with its Risk Consultative Committee Member's participation in the Risk Consultative Committee and will not be entitled to demand or receive any fee or compensation from ASX Clear for such participation.

9 Confidentiality

Except as expressly contemplated in these Risk Consultative Committee Procedures or as required by applicable law or court order or by a regulatory, self-regulatory or supervising authority having appropriate jurisdiction, each Participant and Client agrees and procures that its relevant Risk Consultative Committee Member agrees:

- (a) to maintain confidentiality as to all aspects of the Risk Consultative Committee, including any discussions, deliberations, proceedings or results of any vote, or any determinations produced by these proceedings (referred to as the Confidential Information); and
- (b) not to use any Confidential Information for its own benefit, the benefit of any of its related bodies corporate or a third person. Each Participant and Client will conclude and maintain a corresponding confidentiality agreement with its Risk Consultative Committee Member.

10 Fiduciary Duties; Limitation of Liability

10.1 Protected Persons

Neither any Risk Consultative Committee Member nor any other person invited to participate in a Meeting (each referred to as a Protected Person) will, to the extent legally possible, have any fiduciary duties or other duties to protect third parties in relation to ASX Clear, any directors, managers or officers of it, the Participants or any other person (each referred to as a Non-protected Person) by reason of such service on the Risk Consultative Committee or the appointment of a Risk Consultative Committee Member to the Risk Consultative Committee.

10.2 No Liability

Despite anything to the contrary in the Rules, to the extent that, for any reason, a Protected Person has any such duties and liabilities relating to its membership of the Risk Consultative Committee to a Non-protected Person, such Protected Person acting under the Risk Consultative Committee Procedures will not be liable to such Non-protected Person for breach of any such duty if they relied in good faith on the Risk Consultative Committee Procedures, the Rules or other provisions of ASX Clear.

11 Governing Law

These Risk Consultative Committee Procedures, and all rights and obligations under them will be governed by and construed in accordance with the law in force in New South Wales.

12 Amendments

These Risk Consultative Committee Procedures may be amended by ASX Clear, provided that the Risk Consultative Committee Secretary will present details of any such amendment to a Risk Consultative Committee Meeting held no later than 30 days after such amendment comes into effect.

Introduced 17/08/15