



# **ASX CLEAR OPERATING RULES PROCEDURES**

ASX Clear Pty Limited  
ABN 48 001 314 503  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000 Australia

<b>SECTION 1</b>	<b>INTRODUCTION AND GENERAL RULES.....</b>	<b>6</b>
PROCEDURE 1.7.2	METHODS OF GIVING NOTICE IN WRITING .....	6
PROCEDURE 1.7.3	DELIVERY OF NOTICE.....	7
PROCEDURE 1.17.1	GRANT OF CHESS LICENCE .....	7
PROCEDURE 1.8.3	OTC OPTIONS MARKET TRANSACTION INFORMATION.....	7
PROCEDURE 1.22.1	ASX CLEAR TO CONDUCT ANNUAL REVIEW .....	8
PROCEDURE 1.22.6	RECOVERY RULES .....	8
PROCEDURE 1.23.1	PROCEDURES FOR THE RISK CONSULTATIVE COMMITTEE .....	8
<b>SECTION 2</b>	<b>DEFINITIONS AND INTERPRETATION .....</b>	<b>14</b>
<b>SECTION 3</b>	<b>PARTICIPATION IN THE CLEARING FACILITY .....</b>	<b>17</b>
PROCEDURE 3.1.1	APPLICATION PROCESS.....	17
PROCEDURE 3.1.4	CONDITIONS ON ADMISSION .....	17
PROCEDURE 3.1.8	APPLICATION FOR AUTHORISATION TO CLEAR MARKET TRANSACTIONS EFFECTED THROUGH ADDITIONAL APPROVED MARKET OPERATORS .....	17
PROCEDURE 3.2.2	ADDITIONAL REQUIREMENTS FOR ADMISSION .....	17
PROCEDURE 3.2.3	ADDITIONAL REQUIREMENTS FOR PARTICIPANTS CLEARING MARKET TRANSACTIONS EFFECTED THROUGH MULTIPLE APPROVED MARKET OPERATORS .....	18
PROCEDURE 3.4.1	BUSINESS INTEGRITY REQUIREMENTS.....	18
PROCEDURE 3.5.1	ORGANISATIONAL REQUIREMENTS .....	19
PROCEDURE 3.6.1	APPLICANT TO HAVE NECESSARY ORGANISATIONAL AND TECHNICAL RESOURCES.....	20
PROCEDURE 3.8.1	APPLICANTS INCORPORATED OR CARRYING ON BUSINESS OUTSIDE AUSTRALIA .....	20
<b>SECTION 4</b>	<b>RIGHTS AND OBLIGATIONS OF PARTICIPANTS .....</b>	<b>22</b>
PROCEDURE 4.2.1	PARTICIPANT TO MAINTAIN DISASTER RECOVERY AND BUSINESS CONTINUITY ARRANGEMENTS .....	22
PROCEDURE 4.4.2	FINANCIAL RECORDS.....	22
PROCEDURE 4.4.3	FINANCIAL STATEMENTS .....	22
PROCEDURE 4.7.1	NOTIFICATION REQUIREMENTS .....	23
PROCEDURE 4.7.2	ANNUAL GROUP STRUCTURE CHART .....	23
PROCEDURE 4.12.1	PARTICIPANT TO SUBMIT DETAILS OF AUTHORISED SIGNATORIES .....	23
PROCEDURE 4.15.1	MONTHLY STATEMENTS TO CLIENTS.....	23
PROCEDURE 4.19.1	FOREIGN PARTICIPANTS AND OTHER PARTICIPANTS WITH OVERSEAS ACTIVITY .....	23
PROCEDURE 4.20.1	SETTLEMENT OF CASH MARKET TRANSACTIONS AND CASH CCP TRANSACTIONS.....	24
PROCEDURE 4.23.6	RECONCILIATION OF TRUST ACCOUNTS.....	24
PROCEDURE 4.23.7	OBLIGATION TO NOTIFY ASX CLEAR IN RESPECT OF CLIENT MONEY .....	24
PROCEDURE 4.23.8	POLICIES AND PROCEDURES .....	25
PROCEDURE 4.24.1	ACCESSING TRUST ACCOUNT MONEY .....	25
PROCEDURE 4.26	DEFAULT BROKER REQUIREMENTS.....	26
<b>SECTION 5</b>	<b>RISK MANAGEMENT AND CAPITAL REQUIREMENTS .....</b>	<b>27</b>
PROCEDURE 5.2	OTHER CAPITAL REGIMES.....	27
<b>SECTION 6</b>	<b>COMMUNICATIONS WITH ASX CLEAR .....</b>	<b>28</b>
PROCEDURE 6.2	TESTING REQUIREMENTS.....	28

PROCEDURE 6.9	ASX CLEAR EMERGENCY ASSISTANCE .....	28
<b>SECTION 7</b>	<b>CLIENT REQUIREMENTS .....</b>	<b>30</b>
PROCEDURE 7.1.1	STEPS TO BE TAKEN BEFORE AGREEING TO CLEAR FOR A CLIENT .....	30
PROCEDURE 7.1.3	TERMS OF AGREEMENT .....	30
<b>SECTION 8</b>	<b>CLEARING FUND CONTRIBUTIONS AND PRIORITY OF APPLICATION OF CLEARING ASSETS .....</b>	<b>31</b>
PROCEDURE 8.1.1	ASX CLEAR MAY SEEK CONTRIBUTION .....	31
PROCEDURE 8.1.2	CALCULATION OF CONTRIBUTION AMOUNT .....	31
PROCEDURE 8.3.1	PRIORITY OF APPLICATION OF ASSETS .....	31
<b>SECTION 9</b>	<b>THIRD PARTY CLEARING AND SETTLEMENT ARRANGEMENTS .....</b>	<b>32</b>
PROCEDURE 9.1.3	.....	32
PROCEDURE 9.1.5	.....	32
PROCEDURE 9.2.5	.....	32
<b>SECTION 10</b>	<b>ACCOUNTS .....</b>	<b>33</b>
PROCEDURE 10.1.1	PARTICIPANT TO ESTABLISH ACCOUNTS .....	33
PROCEDURE 10.2.3	RECORD OF COLLATERAL – [DELETED] .....	33
PROCEDURE 10.2.5	INTEREST ON CASH COVER AND EXCESS CASH .....	33
PROCEDURE 10.4.1	PREMIUM TO BE DEBITED TO BUYER.....	34
PROCEDURE 10.4.2	PREMIUM TO BE CREDITED TO SELLER.....	35
<b>SECTION 11</b>	<b>DERIVATIVES MARKET CONTRACT – ALLOCATION, PRICE AVERAGING AND DESIGNATION.....</b>	<b>36</b>
PROCEDURE 11.1.1	PARTICIPANT MAY ALLOCATE DERIVATIVES MARKET CONTRACTS .....	36
PROCEDURE 11.1.3	WHEN ALLOCATION EFFECTIVE .....	36
PROCEDURE 11.1.5	EFFECT OF NON-ACCEPTANCE OF ALLOCATION.....	37
PROCEDURE 11.2.1 AND 11.2.2	PRICE AVERAGING FOR CLIENT ACCOUNTS AND HOUSE ACCOUNTS .....	37
PROCEDURE 11.3.1	PARTICIPANT TO DESIGNATE ACCOUNT FOR REGISTRATION.....	37
PROCEDURE 11.3.2	FAILURE TO DESIGNATE .....	37
<b>SECTION 12</b>	<b>REGISTRATION, NOVATION, NETTING AND SETTLEMENT .....</b>	<b>38</b>
PROCEDURE 12.1.1	MARKET TRANSACTIONS TO BE REGISTERED.....	38
PROCEDURE 12.1.1A	REGISTRATION OF OTC OPTIONS MARKET TRANSACTIONS .....	38
PROCEDURE 12.1.2	MARKET TRANSACTIONS NOTIFIED BUT NOT REGISTERED .....	39
PROCEDURE 12.1.5	TIMING OF REGISTRATION .....	39
PROCEDURE 12.2.1	NOVATION .....	39
PROCEDURE 12.6.2	NOTIFICATION OF CASH CCP TRANSACTIONS TO APPROVED SETTLEMENT FACILITY .....	39
PROCEDURE 12.7.1	REMOVAL BY ASX CLEAR OF A CASH CCP TRANSACTION FROM SETTLEMENT NOTIFICATION.....	40
PROCEDURE 12.7.2	BUYER AND SELLER MAY REQUEST CASH MARKET TRANSACTION BE REMOVED FROM NOVATION AND SET OFF .....	40
PROCEDURE 12.7.3	BUYER AND SELLER MAY REQUEST CASH CCP TRANSACTIONS BE EXCLUDED FROM SET OFF .....	40
PROCEDURE 12.7.4	ACTION BY ASX CLEAR WHERE BUYER AND SELLER REQUEST CASH CCP TRANSACTION BE EXCLUDED FROM SET OFF .....	41
PROCEDURE 12.7.5	BUYER AND SELLER MAY CANCEL REQUEST .....	41
PROCEDURE 12.7.7	REQUEST BY BUYER OR SELLER WHERE COUNTERPARTY NOT KNOWN.....	41

PROCEDURE 12.8A	ASX CLEAR TO ENTER INTO OFFSETTING TRANSACTIONS .....	42
PROCEDURE 12.15.1	APPLICATION – [DELETED] .....	43
PROCEDURE 12.16.1	CALCULATION, SET-OFF AND NOTIFICATION OF NET PAYMENT AMOUNT – HOUSE ACCOUNTS .....	43
PROCEDURE 12.16.2	CALCULATION, SET-OFF AND NOTIFICATION OF NET PAYMENT AMOUNT – CLIENT ACCOUNTS .....	43
PROCEDURE 12.17.1	PAYMENT OF NET AMOUNT BY PARTICIPANT .....	44
PROCEDURE 12.17.2	PAYMENT OF NET AMOUNT BY ASX CLEAR .....	44
PROCEDURE 12.17.2A	NET PAYMENT – HOUSE ACCOUNTS AND CASH MARKET MARGIN OBLIGATIONS .....	44
PROCEDURE 12.17.3	SINGLE NET PAYMENT .....	44
PROCEDURE 12.17.5	TIME FOR PAYMENT OF AMOUNTS DUE TO ASX CLEAR .....	45
PROCEDURE 12.19	ASX CLEAR MAY CHARGE PARTICIPANT INTEREST .....	45
PROCEDURE 12.20.1	ASX CLEAR TO GIVE DETAILS OF DERIVATIVES MARKET CONTRACTS AND DERIVATIVES CCP CONTRACTS .....	45
PROCEDURE 12.20.2	REPORTING POSITIONS TO ASX CLEAR .....	45
PROCEDURE 12.20.3	PARTICIPANT TO CHECK INFORMATION .....	45
PROCEDURE 12.21.1	ERROR REPORTED BY PARTICIPANT .....	46
PROCEDURE 12.22.2	CANCELLATION OF DERIVATIVES MARKET CONTRACTS IN RELATION TO OTC OPTIONS MARKET TRANSACTIONS .....	46
PROCEDURE 12.23.1	ACTION BY ASX CLEAR WHERE NOTIFIED OF AN ERROR IN DESIGNATION .....	47
PROCEDURE 12.24.1	ASX CLEAR MAY TAKE ACTION TO CORRECT ERROR .....	47

### **SECTION 13 DERIVATIVES CCP CONTRACTS – TRANSFERS, CLOSE OUTS AND ADJUSTMENTS .....48**

PROCEDURE 13.1.1	TRANSFER BETWEEN PARTICIPANTS .....	48
PROCEDURE 13.1.4	TRANSFERS BETWEEN ACCOUNTS WITHIN A SINGLE PARTICIPANT .....	48
PROCEDURE 13.2.1	PARTICIPANT MAY INSTRUCT ASX CLEAR TO CLOSE OUT DERIVATIVES CCP CONTRACTS .....	48
PROCEDURE 13.2.4	REINSTATEMENT FOLLOWING CLOSE OUT .....	48
PROCEDURE 13.4.4	ADJUSTMENTS – OTC OPTIONS MARKET TRANSACTIONS .....	49
PROCEDURE 13.4.5	TERMINATION IN SOME CASES – OTC OPTIONS MARKET TRANSACTIONS .....	49

### **SECTION 14 RISK MANAGEMENT .....50**

PROCEDURE 14.1.1	ASX CLEAR MAY PRESCRIBE POSITION LIMITS – DERIVATIVES MARKET CONTRACTS AND DERIVATIVES CCP CONTRACTS .....	50
PROCEDURE 14.2.1	ASX CLEAR MAY PRESCRIBE INITIAL MARGIN LIMITS – DERIVATIVES MARKET CONTRACTS AND DERIVATIVES CCP CONTRACTS .....	50
PROCEDURE 14.3.1	ASX CLEAR MAY PRESCRIBE EXERCISE LIMITS – DERIVATIVES MARKET CONTRACTS AND DERIVATIVES CCP CONTRACTS .....	50
PROCEDURE 14.5.1	ASX CLEAR TO DETERMINE MARKED TO MARKET AND OTHER MARGIN OBLIGATIONS .....	50
PROCEDURE 14.5.2	ASX CLEAR TO NOTIFY TOTAL MARGIN OBLIGATIONS .....	50
PROCEDURE 14.6.1	PARTICIPANT TO PROVIDE COVER (INCLUDING ADDITIONAL COVER) .....	51
PROCEDURE 14.6.2	DEPOSIT OF EXCESS CASH .....	58
PROCEDURE 14.6.3	COVER AND EXCESS CASH TO BE UNENCUMBERED .....	59
PROCEDURE 14.6.4	ATTRIBUTING COVER .....	60
PROCEDURE 14.6.5	ATTRIBUTING EXCESS CASH .....	60
PROCEDURE 14.6.6	RETURN OF EXCESS CASH .....	61
PROCEDURE 14.6.8	RETURN EXCESS COLLATERAL .....	61
PROCEDURE 14.7.4	CIRCUMSTANCES WHERE CALL NEED NOT BE MADE .....	61

<b>SECTION 15</b>	<b>DEFAULT .....</b>	<b>62</b>	
	PROCEDURE 15.4	TRANSFER OF CLIENT DERIVATIVES CCP CONTRACTS.....62	
<b>SECTION 16</b>	<b>STATE OF EMERGENCY, UNDESIRABLE PRACTICES AND IMPOSSIBILITY OF PERFORMANCE .....</b>	<b>63</b>	
<b>SECTION 17</b>	<b>ASX CLEAR TERMINATION OF DERIVATIVES CCP TRANSACTIONS .....</b>	<b>64</b>	
	PROCEDURE 17.1.7A	TERMINATION OF DERIVATIVES CCP CONTRACTS – OTC OPTIONS MARKET TRANSACTIONS..... 64	
	PROCEDURE 17.4.3	ACCOUNTING .....	64
<b>SECTION 18</b>	<b>DISPUTES AND COMPLAINTS .....</b>	<b>65</b>	
<b>SECTION 19</b>	<b>SUPERVISION AND DISCIPLINARY MATTERS .....</b>	<b>66</b>	
<b>SECTION 20</b>	<b>SETTLEMENT OF DERIVATIVES CCP CONTRACTS.....</b>	<b>67</b>	
	PROCEDURE 20.1.1	EXERCISE OF OPTIONS CCP CONTRACT BY BUYER.....67	
	PROCEDURE 20.1.4	EXERCISE NOTICE MAY BE AMENDED OR WITHDRAWN OR AUTOMATIC EXERCISE EXCLUDED.....67	
	PROCEDURE 20.1.6	PROCEDURES FOR ALLOCATION.....67	
	PROCEDURE 20.1.7	ASX CLEAR TO CONFIRM EXERCISE AND ALLOCATION..... 68	
	PROCEDURE 20.3.2	ALLOCATION OF EXERCISE NOTICE GIVES RISE TO AGREEMENT TO BUY AND SELL THE UNDERLYING FINANCIAL PRODUCTS ..... 68	
	PROCEDURE 20.3.3	OBLIGATION TO REPORT SALE TO UNDERLYING MARKET..... 68	
	PROCEDURE 20.3.4	INFORMATION GENERATED AUTOMATICALLY..... 68	
	PROCEDURE 20.3.5	CLEARING AND SETTLEMENT OF UNDERLYING FINANCIAL PRODUCTS..... 69	
	PROCEDURE 20.3.6	OBLIGATION TO PAY SETTLEMENT AMOUNT ..... 69	
	PROCEDURE 20.4.2	OBLIGATION TO PAY SETTLEMENT AMOUNT ..... 69	
	PROCEDURE 20.6.1	PARTICIPANT MAY REQUEST ASSISTANCE TO CORRECT ERROR IN EXERCISE.....70	
	PROCEDURE 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..... 71	
	PROCEDURE 20.7.1	ASX CLEAR MAY TAKE ACTION TO CORRECT ERROR .....72	
<b>SECTION 21</b>	<b>SETTLEMENT OF DELIVERABLE FUTURES CCP CONTRACTS OVER UNDERLYING COMMODITIES – [DELETED] .....</b>	<b>73</b>	
	<b>SCHEDULES TO ASX CLEAR OPERATING RULES.....</b>	<b>74</b>	
	PROCEDURE S1.2.1	CORE CAPITAL, LIQUID CAPITAL AND TOTAL RISK REQUIREMENT .....74	

# SECTION 1 INTRODUCTION AND GENERAL RULES

## PROCEDURE 1.7.2 METHODS OF GIVING NOTICE IN WRITING

Unless otherwise specified in correspondence with a Participant, documents addressed to ASX Clear should be addressed to:

General Manager, Clearing and Settlement Operations

ASX Clear Pty Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Telephone: 1800 814 051  
Fax: 02 9227 0265

Notice to ASX Clear may be given by:

1. Delivering it personally to the person specified above or otherwise specified in correspondence with the Participant;
2. Leaving it at or by sending by courier or post to the address specified in correspondence with the Participant;
3. Sending it by facsimile to the facsimile number specified above or otherwise in correspondence with the Participant;
4. Updating the Participant's corporate details on ASX Online where applicable, unless otherwise directed by ASX Clear;
5. Submitting it via the participant forms facility on the web-based system interface known as ASX Online where applicable unless otherwise directed by ASX Clear; or
6. Specific email by any method which identifies an ASX Clear department or an ASX Clear employee's name or title as addressee and no notice of non-delivery has been received.

Where a Participant is also a participant in another market or clearing and settlement facility operated by ASX Clear or a Related Body Corporate of ASX Clear and the notice being provided relates to both participations, a notice given to ASX Clear or a Related Body Corporate of ASX Clear in accordance with the operating rules of that other market or facility is taken to be given to ASX Clear in accordance with these Rules.

ASX Clear may give notice to any person, firm or corporation by any of the following methods:

1. Delivering it to the recipient personally;
2. Leaving it at or by sending it by courier or post to the address of the recipient last notified to ASX Clear;

3. Sending it by facsimile to the recipient's facsimile number last notified to ASX Clear;
4. A circular or bulletin addressed to a class of persons and delivered or communicated by any means permitted under this Procedure;
5. Specific email by any method which identifies a person or person's title as addressee and no notice of non-delivery has been received;
6. Broadcast email by any method which identifies the addressee and which, having regard to all the relevant circumstances at the time, was as reliable as appropriate for the purposes for which the information was communicated; or
7. Sending it via ASX Online.

Introduced 11/03/04 Amended 21/06/05, 09/07/08, 02/02/09, 19/02/10, 07/06/13, 15/06/15, 10/01/19

### **PROCEDURE 1.7.3 DELIVERY OF NOTICE**

Notice by:

1. Post is taken to be given on the second Business Day after the document is put in the post in a stamped envelope or other covering addressed to the recipient;
2. Courier is taken to be given at the time of delivery to the address referred to in Procedure 1.7.2;
3. Facsimile is taken to be given when the sender's facsimile machine indicates a successful transmission to the facsimile number referred to in Procedure 1.7.2;
4. Email under Procedure 1.7.2 is taken to be given 2 hours after the time the email enters the recipient's information system, unless a response to the contrary is received (e.g. an out of office notification); and
5. The web-based system interface known as ASX Online is taken to be given at the time which that system records the transmission.

For the purposes of the Rules, a notice given in accordance with Procedure 1.7.2 to a person is taken to be received by that person at the time it is given to that person under this Procedure 1.7.3.

Introduced 11/03/04 Amended 30/04/04, 09/07/08, 02/02/09, 10/01/19

### **PROCEDURE 1.17.1 GRANT OF CHESS LICENCE**

The Procedures referred to in this Rule are contained in the ASX Settlement Participant Guidelines (APG), and the External Interface Specification (EIS).

Introduced 11/03/04 Amended 21/06/05

### **PROCEDURE 1.8.3 OTC OPTIONS MARKET TRANSACTION INFORMATION**

Information relating to OTC Options Market Transactions provided by or on behalf of a Participant to a client must be limited to information that is specific to that particular client.

If information is provided to a client by or on behalf of a Participant other than in accordance with this Procedure that Participant must retrieve that information immediately they become aware of this error and obtain written confirmation from the recipients that they have deleted all records of the information.

For the purposes of this Procedure, information relating to OTC Options Market Transactions includes: OTC SPAN files, OTC Position reports and OTC Deal reports.

Introduced 28/05/12

### **PROCEDURE 1.22.1 ASX CLEAR TO CONDUCT ANNUAL REVIEW**

The review will comprise:

- (a) reviewing ASX Clear's information processing facilities and integrity of the Clearing System including:
  - (i) maintenance of security and confidentiality over the data of Participants;
  - (ii) security over the physical operation of the Clearing System;
  - (iii) backup and disaster recovery procedures; and
  - (iv) Clearing System access controls; and
- (b) assessing the integrity and accuracy of information generated by the Clearing System, including:
  - (i) internal controls over data input by ASX Clear; and
  - (ii) processing and reporting of transaction data.

Introduced 11/03/04

### **PROCEDURE 1.22.6 RECOVERY RULES**

Nothing in these Procedures limits the Recovery Rules. These Procedures do not prevail over the Recovery Rules.

*Explanatory Note: The Recovery Rules may affect the operation of the Procedures.*

Introduced 01/10/15

### **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 Participant 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]**

## **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 Amended 25/07/22

## SECTION 2 DEFINITIONS AND INTERPRETATION

“**Approved Financial Products**” means Approved Financial Products as defined in the ASX Settlement Operating Rules that meet the criteria for acceptable Collateral in Annexure 1 of these Procedures.

Introduced 07/06/13

“**Approved Market Operator**” – ASX Clear has approved each of the following Australian market licensees as an Approved Market Operator:

1. ASX Limited (ACN 008 624 691);
2. Cboe Australia Pty Limited (ACN 129 584 667);
3. National Stock Exchange of Australia Limited (ACN 000 902 063).

Amended 27/06/11, 23/11/20, 15/07/22

“**Approved Settlement Facility**” – ASX Clear has approved ASX Settlement Pty Limited as an Approved Settlement Facility.

“**CDI**” has the meaning given to it in the ASX Settlement Operating Rules.

Introduced 28/04/14

“**CHESS Holding**” has the meaning given to it in the ASX Settlement Operating Rules.

Introduced 28/04/14

“**CHESS Subregister**” has the meaning given to it in the ASX Settlement Operating Rules.

Introduced 28/04/14

“**FDI**” has the meaning given to it in the ASX Settlement Operating Rules.

Introduced 28/04/14

“**Holding**” has the meaning given to it in the ASX Settlement Operating Rules.

Introduced 28/04/14

“**Issuer Sponsored Holding**” has the meaning given to it in the ASX Settlement Operating Rules.

Introduced 28/04/14

“**Issuer Sponsored Subregister**” has the meaning given to it in the ASX Settlement Operating Rules.

Introduced 28/04/14

“**OPIC**” (Opening Price Index Calculation) – In relation to an Options CCP Contract resulting from the registration of an OTC Options Market Transaction the OPIC will be the same as for an equivalent Options Market Transaction executed on the licensed market operated by ASX. An equivalent Options Market Transaction is one where the Underlying Financial Product or

Underlying Index, Exercise Price, Contract Size, Exercise Style (being American Style or European Style) and option type (Call Option or Put Option) are the same as for the OTC Options Market Transaction.

Introduced 28/05/12

**“OTC Options Market Transaction”** – OTC Options Market Transactions which are accepted for clearing are options with the same terms as Options Market Transactions executed on the licensed market operated by ASX in accordance with ASX Operating Rule 2221 and Schedules 4 and 5 to the ASX Operating Rules, except that:

- (a) the OTC Options Market Transactions are executed on the over the counter market rather than on the licensed market;
- (b) the Buyer and Seller are as defined in these Rules rather than the ASX Operating Rules;
- (c) the concept of a Last Trading Day does not apply;
- (d) the concept of an Alternative Clearing Facility does not apply;
- (e) the expiry date may be different to the expiry date of an Options Market Contract (with the same Underlying Financial Product or Underlying Index, Exercise Price, Contract Size, Exercise Style (being American Style or European Style) and option type (Call Option or Put Option)) executed on the licensed market operated by ASX;
- (f) a restriction on exercise will apply when there is a restriction on exercise of the equivalent Options Market Transaction; and
- (g) the OTC Options Transaction must be greater than or equal to Special Size as defined in relation to Options Transactions in the ASX Operating Rules. For the purpose of this Procedure only, in relation to newly listed Options Classes under the ASX Operating Rules a Special Size criteria will apply as if the Options Class was an established Option Class.

Introduced 28/05/12 Amended 04/05/15, 07/05/21

**“PID”** – where requested by a Participant in accordance with any requirements (including the payment of any fee) notified by ASX Clear from time to time, ASX Clear may allocate more than one PID per Participant up to a maximum number of five (5) PIDs per Participant.

Introduced 02/08/13

**“Principal Trader”** – has the meaning given to it in the ASX Operating Rules.

Introduced 23/07/18

**“Series”** – The terms of an OTC Options Market Transaction are the same as for an Options Market Transaction executed on the licensed market operated by ASX Ltd in accordance with Rule 2221 Schedules 4 and 5 to the ASX Operating Rules, except that:

- (a) the OTC Options Market Transaction is executed on the over the counter market rather than on the licensed market;
- (b) the Buyer and Seller are as defined in these Rules rather than the ASX Operating Rules;
- (c) the concept of a Last Trading Day does not apply;

- (d) the concept of an Alternative Clearing Facility does not apply;
- (e) the expiry date may be different to the expiry date of an Options Market Contract (with the same Underlying Financial Product or Underlying Index, Exercise Price, Contract Size, Exercise Style (being American Style or European Style) and option type (Call Option or Put Option)) executed on the licensed market operated by ASX; and
- (f) the OTC Options Transaction must be greater than or equal to Special Size as defined in relation to Options Transactions in the ASX Operating Rules.

Introduced 28/05/12 Amended 04/05/15



## **SECTION 3 PARTICIPATION IN THE CLEARING FACILITY**

### **PROCEDURE 3.1.1 APPLICATION PROCESS**

The application form which must be completed by an applicant to be a Participant is that form determined by ASX Clear from time to time. An applicant should request the form from ASX Clear.

Introduced 11/03/04

### **PROCEDURE 3.1.4 CONDITIONS ON ADMISSION**

ASX Clear will always impose conditions which authorise a Participant to clear:

- (a) one or more of the following classes of Market Transactions through ASX Clear:
  - (i) all or some classes of Cash Market Transactions;
  - (ii) all or some classes of Options Market Transactions; or
  - (iii) all or some classes of OTC Options Market Transactions,
- (b) such class or classes of Market Transactions executed on or reported to one or more specified Approved Market Operators.

Introduced 11/03/04 Amended 30/04/04, 28/11/05, 27/06/11, 28/05/12, 19/02/24

### **PROCEDURE 3.1.8 APPLICATION FOR AUTHORISATION TO CLEAR MARKET TRANSACTIONS EFFECTED THROUGH ADDITIONAL APPROVED MARKET OPERATORS**

An application by a Participant wishing to have conditions relating to the Approved Market Operators in respect of which it is authorised to clear Market Transactions amended must include a statement to that effect and an acknowledgement of the matters set out in Procedure 3.2.3.

Introduced 27/06/11, 15/06/15

### **PROCEDURE 3.2.2 ADDITIONAL REQUIREMENTS FOR ADMISSION**

ASX Clear Operating Rule 3.2.2 provides that if an applicant wishes to be admitted as a Participant it must comply with any requirements specified by ASX Clear in the Procedures. The following additional requirements are specified for Clearing Participants involved in clearing arrangements with multiple clearers and for Direct Participants wishing to clear for a Wholly-Owned Group Entity.

#### **(a) Clearing Participant with Clearing Arrangements Involving Multiple Clearers**

When a Clearing Participant:

- (i) clears for itself and also clears through another General Participant;

- (ii) clears for a Market Participant which clears for itself and also clears through another General Participant; or
- (iii) clears for a Market Participant which clears through two or more General Participants,

the Clearing Participant acknowledges that it may, in accordance with the ASX Clear Operating Rules, have the Clearing Obligations for a misdirected Market Transaction and that if it does not meet those Clearing Obligations, it may breach the ASX Clear Operating Rules.

#### **(b) Direct Participant Legal Opinion**

Where a Direct Participant wishes to clear for a Wholly-Owned Group Entity the Direct Participant must, prior to commencing to provide that clearing service, provide ASX Clear with a legal opinion at the expense of the Direct Participant and in a form satisfactory to ASX Clear, confirming that the relevant body corporate satisfies the definition of Wholly-Owned Group Entity.

Introduced 11/03/04 Amended 30/04/04, 15/05/07, 07/06/13, 02/08/13, 15/06/15

### **PROCEDURE 3.2.3 ADDITIONAL REQUIREMENTS FOR PARTICIPANTS CLEARING MARKET TRANSACTIONS EFFECTED THROUGH MULTIPLE APPROVED MARKET OPERATORS**

ASX Clear Operating Rule 3.2.3 provides that 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. The following additional requirements are specified for Participants proposing to clear Market Transactions effected through two or more Approved Market Operators.

When an applicant or Participant proposes to clear Market Transactions effected through two or more Approved Market Operators, the applicant or Participant acknowledges that it will be taken to have agreed to clear every Market Transaction submitted by an Approved Market Operator for registration in the Participant's name, notwithstanding that the Participant has been incorrectly identified in the Approved Market Operator's trade registration request message as a clearing counterparty to the trade (see ASX Clear Operating Rule 12.1.4) and that if it does not meet those Clearing Obligations, it may breach the ASX Clear Operating Rules.

Introduced 27/06/11 Amended 15/06/15

### **PROCEDURE 3.4.1 BUSINESS INTEGRITY REQUIREMENTS**

In order to satisfy ASX Clear that it meets the business integrity requirements, an applicant must provide to ASX Clear one of the following:

- (a) If the applicant is an ADI, the applicant must confirm to ASX Clear that it has in place a 'fit and proper' policy that meets the requirements of the Australian Prudential Regulation Authority Prudential Standard CPS 520.

The applicant must be able to provide evidence of that policy to ASX upon request at any time.

- (b) If the applicant holds an Australian financial services licence which authorises it to carry on business as a Participant, that the applicant must confirm to ASX Clear that it has in place measures to ensure its responsible managers are fit and proper persons, as required in the ASIC Regulatory Guides 105 and 2, which are also applied to any of its directors who are not responsible managers.

The applicant must be able to provide evidence of those measures to ASX Clear upon request at any time.

- (c) In any other case, if the applicant is not an existing Market Participant or a participant of the Approved Settlement Facility, the ASX 24 market or the Approved Futures Clearing Facility, the applicant must provide a statutory declaration to ASX Clear in relation to itself and from each of its directors confirming that:
- (i) they have not been the subject of any previous bankruptcy, insolvency, receivership, administration, or similar event;
  - (ii) they have not been charged with or convicted of any offences relating to dishonesty, fraud, financial markets-related conduct, or money laundering;
  - (iii) they have not been the subject of any fines, civil penalties, banning, suspension or other disciplinary measures for financial markets-related conduct;
  - (iv) they have not been the subject of any disciplinary action or adverse mention in a report made by, or at the request of, any government or governmental authority or agency, the Commission, ASX, an Approved Clearing Facility, an Approved Settlement Facility, and any other exchange, market operator or clearing and/or settlement facility;
  - (v) they have not been refused membership of any financial markets-related, legal or accounting professional organisation or had such a membership revoked;
  - (vi) they have not had an application for Participant status (or equivalent status) on another exchange, market, Approved Clearing Facility or Approved Settlement Facility refused; and
  - (vii) they satisfy any other criteria determined by ASX Clear from time to time,

whether in Australia or elsewhere, or, if that is not the case, a statement to that effect and a detailed explanation of the circumstances involved.

The applicant must also consent to ASX Clear obtaining information on the credit worthiness of the applicant.

ASX Clear may also have regard to any other information in its possession from any source in assessing whether the applicant meets the business integrity requirements.

Introduced 02/08/13 Amended 15/06/15, 24/01/22

### **PROCEDURE 3.5.1 ORGANISATIONAL REQUIREMENTS**

In order to satisfy ASX Clear that it meets the organisational requirements, an applicant must provide to ASX Clear on or before its admission as a Participant a certification in the form prescribed

by ASX Clear from time to time that the applicant has the resources and processes in place to comply with its obligations under the Rules.

For these purposes, “resources” and “processes” have the same meaning as in Rule 3.5.1.

In providing this certification to ASX Clear the applicant must have regard to:

- the Rules;
- ASX Clear Operating Rules Guidance Note 1 *Admission as a Participant*;
- ASX Clear Operating Rules Guidance Note 9 *Offshoring and Outsourcing*;
- ASX Clear Operating Rules Guidance Note 10 *Business Continuity and Disaster Recovery*;
- ASX Clear Operating Rules Guidance Note 13 *Managing Liquidity Requirements*;
- the standards expected of financial services licensees set out in ASIC Regulatory Guide 104 *AFS Licensing: Meeting the general obligations* and ASIC Regulatory Guide 105 *AFS Licensing: Organisational competence* (this applies even if the applicant does not hold an Australian Financial Services Licence); and
- any other matters specified in the form prescribed by ASX Clear for these purposes.

If required by ASX Clear, the applicant must be able to demonstrate to the satisfaction of ASX Clear, at any time, the basis on which the certification is or was provided.

Introduced 11/03/04 Amended 23/01/09, 01/01/12, 15/06/15, 24/01/22, 02/02/22

### **PROCEDURE 3.6.1 APPLICANT TO HAVE NECESSARY ORGANISATIONAL AND TECHNICAL RESOURCES**

For the purposes of Rule 3.6.1(b) an applicant must:

- (a) employ or retain such personnel familiar with the Rules and Procedures as are necessary to allow the applicant to generate, receive and process Clearing Messages in accordance with the Rules and Procedures;
- (b) appoint a person to be responsible for communication with ASX Clear in connection with the Clearing System and communicate the name of that person to ASX Clear, both upon admission to participation and where there are any subsequent changes made.

Introduced 27/06/11

### **PROCEDURE 3.8.1 APPLICANTS INCORPORATED OR CARRYING ON BUSINESS OUTSIDE AUSTRALIA**

If an applicant is incorporated or intends to carry on any part of its business as a Participant outside Australia:

- (a) ASX Clear may require that the applicant (or a Related Body Corporate) currently conducts clearing operations which are regulated by a foreign clearing and settlement facility, a foreign financial market or a foreign regulatory authority acceptable to ASX Clear; or

- (b) ASX Clear may require that the applicant is:
- (i) a clearing and settlement facility which holds an Australian CS Facility licence; or
  - (ii) operates as a clearing and settlement facility in an overseas jurisdiction in accordance with the legal requirements of that jurisdiction and ASX Clear considers the applicant to be adequately regulated in that jurisdiction; and
- (c) ASX Clear may require the applicant (or persons connected with the applicant) to give an additional undertaking or undertakings governed by Australian law in respect of any matter which ASX Clear considers reasonable or in the interest of the public or ASX Clear including, without limitation, undertakings as to:
- (i) the amount of resources and number of Employees to be located in Australia;
  - (ii) access by ASX Clear to records required to be kept under these Rules;
  - (iii) foreign taxes that might be payable;
  - (iv) the law governing the applicant's activities under the Rules and the applicant's submission to jurisdiction;
  - (v) whether the law of the applicant's incorporation would recognise protections which are substantially equivalent to those afforded by Australian law to clients' money and property in a winding-up of the applicant; and
  - (vi) the ranking of creditors on a winding-up of the applicant; and
- (d) ASX Clear may require the applicant to provide a legal opinion, from independent lawyers acceptable to ASX Clear and paid for by the applicant, which deals with matters required by ASX Clear and which is acceptable to ASX Clear; and
- (e) ASX Clear may require a performance bond in the form and substance acceptable to ASX Clear; and
- (f) if the applicant proposes to conduct any Overseas Activity (as defined in Rule 4.19.1), ASX Clear may require the applicant to notify ASX Clear of the details of the proposed Overseas Activity and to demonstrate that the proposed Overseas Activity will comply with Procedure 4.19.1.

Introduced 15/06/15

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

### **PROCEDURE 4.2.1      PARTICIPANT TO MAINTAIN DISASTER RECOVERY AND BUSINESS CONTINUITY ARRANGEMENTS**

Unless notified otherwise in writing by ASX Clear, a Participant must test its disaster recovery and business continuity arrangements at least once annually. A Participant must also test its disaster recovery and business continuity arrangements as soon as practicable following material changes to the Participant's business or material changes to its disaster recovery and business continuity arrangements.

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

### **PROCEDURE 4.4.2      FINANCIAL RECORDS**

Rule 4.4.2 provides that a Participant must maintain financial records in sufficient detail to show particulars of matters set out in the Procedures.

Currently, ASX Clear has not prescribed any matters in the Procedures.

Introduced 11/03/04 Amended 30/04/04

### **PROCEDURE 4.4.3      FINANCIAL STATEMENTS**

#### **Time for delivery of financial statements and auditor's report**

Rule 4.4.3 provides that a Participant must prepare and deliver to ASX Clear financial statements and an auditor's report by the time set out in the Procedures. The time by which a Participant must deliver to the ASX Clear the Participant's financial statements and auditor's report is:

Within 3 months following the end of the Participant's financial year.

#### **Form of financial statements acceptable to ASX Clear**

The form of these documents is the form determined by ASX Clear from time to time. A Participant should request the form of these documents from Counterparty Risk Assessment.

A Participant that is a foreign ADI as that term is defined in the Banking Act 1959 must prepare its financial statements in accordance with the accounting standards applicable to the foreign ADI in its home jurisdiction.

#### **Form of auditor's report acceptable to ASX Clear**

The form of the auditor's report on financial information is set out in Annexure 4.4.3-1. Participants that are subject to the Other Capital Regime are not required to lodge the auditor's report on financial information.

Introduced 11/03/04 Amended 30/06/05, 30/06/06, 09/11/12, 13/12/13, 15/06/15, 30/11/15, 19/02/24

### **PROCEDURE 4.7.1 NOTIFICATION REQUIREMENTS**

For the purposes of Rule 4.7.1(f), a Participant must notify ASX Clear in writing as soon as reasonably practicable, if it becomes aware of any fact or matter or intends to take any action that will or may affect its capacity to communicate reliably with CHESSE or the Derivatives Clearing System including (without limitation) any change to its interface with CHESSE or the Derivatives Clearing System.

For the purposes of Rule 4.7.1(f), where a Direct Participant clears for a Wholly-Owned Group Entity the Direct Participant must:

- (a) annually on the anniversary of having commenced to clear for a Wholly-Owned Group Entity, provide to ASX Clear a certification, in a form satisfactory to ASX Clear, that the body corporate continues to satisfy the definition of Wholly-Owned Group Entity; and
- (b) notify ASX Clear as far as practicable in advance if at any time the Wholly-Owned Group Entity ceases or will cease to satisfy the definition of Wholly-Owned Group Entity.

Introduced 27/06/11 Amended 02/08/13

### **PROCEDURE 4.7.2 ANNUAL GROUP STRUCTURE CHART**

For the purposes of Rule 4.7.2, a Participant must submit its group structure chart as at 30 June each year by the following 31 July. The notification must be lodged via ASX Online.

Introduced 15/06/15 Amended 24/01/22

### **PROCEDURE 4.12.1 PARTICIPANT TO SUBMIT DETAILS OF AUTHORISED SIGNATORIES**

A Participant must submit to ASX Clear a list of persons authorised by the Participant to sign documentation and to deal with clearing issues in connection with the operation of its business as a Participant in such form and manner as may be prescribed by ASX Clear from time to time.

Introduced 11/03/04 Amended 30/04/04, 15/06/15

### **PROCEDURE 4.15.1 MONTHLY STATEMENTS TO CLIENTS**

Rule 4.15.1 provides that a Participant must send to the Client a written statement within 7 days after the end of the month, or such other time as prescribed by ASX Clear and set out in the Procedures.

Currently, ASX Clear has not prescribed any other time.

Introduced 11/03/04

### **PROCEDURE 4.19.1 FOREIGN PARTICIPANTS AND OTHER PARTICIPANTS WITH OVERSEAS ACTIVITY**

For the purposes of Rule 4.19.1, the requirements are as follows:

- (a) provide prior written notification to ASX Clear including details of the proposed Overseas Activity;

- (b) obtain and maintain all necessary regulatory approvals from any relevant governmental agency or regulatory authority in Australia or elsewhere in respect of the Overseas Activity and provide a copy of those regulatory approvals to ASX Clear upon request;
- (c) comply with the directions of ASX Clear and any relevant governmental agency or regulatory authority in Australia or elsewhere concerning the conduct and supervision of the Overseas Activity; and
- (d) not engage in Overseas Activity of a type which would result in ASX Clear becoming subject to the jurisdiction of any relevant government agency or regulatory authority outside Australia without the prior written consent of ASX Clear.

Note: This Procedure applies to all Participants who locate aspects of their activities as a Participant overseas, regardless of where they are incorporated or carry on business.

Introduced 15/06/15

#### **PROCEDURE 4.20.1 SETTLEMENT OF CASH MARKET TRANSACTIONS AND CASH CCP TRANSACTIONS**

For the purposes of Rule 4.20.1, a Cash Market Transaction may be settled on a day other than the second Business Day following the date the transaction was created on or reported to the Approved Market Operator where:

- (a) the Cash Market Transaction is a forward delivery transaction (in which case the Cash Market Transaction must be settled on the agreed forward date); or
- (b) ASX Clear classifies the Cash Market Transaction as “deferred delivery” or “deferred settlement” (in which case the Cash Market Transaction must be settled on the day specified by ASX Clear).

Introduced 27/06/11 Amended 07/03/16

#### **PROCEDURE 4.23.6 RECONCILIATION OF TRUST ACCOUNTS**

For the purposes of Rule 4.23.6, the time, form and manner in which a reconciliation must be prepared are as follows:

- (a) the reconciliation must be prepared by 7.00pm on the Business Day after the Business Day to which the reconciliation relates; and
- (b) the reconciliation must be prepared in the form set out in Annexure 4.23.6.

Introduced 06/10/09 Amended 23/07/18, 16/08/21

#### **PROCEDURE 4.23.7 OBLIGATION TO NOTIFY ASX CLEAR IN RESPECT OF CLIENT MONEY**

For the purposes of Rule 4.23.7, the notification must be in writing and:

- (a) state the paragraph of Rule 4.23.7 to which the notification relates;
- (b) contain details of the failure or deficiency, as applicable;



- (c) explain any remedial action taken or proposed to be taken by the Participant in relation to the matters in the notification;
- (d) if paragraph (c) or (d) of Rule 4.23.7 applies, include a copy of the reconciliation to which the notification relates (with all relevant supporting documentation);
- (e) contain any other information the Participant considers necessary to explain the matters detailed in the notification; and
- (f) be lodged via ASX Online.

*Note: A Participant may notify ASX Clear of the matters referred to in this Procedure 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 (Securities Markets) 2017, provided the notification contains all of the information set out above.*

Introduced 06/10/09 Amended 28/04/14, 10/01/19, 16/08/21

### **PROCEDURE 4.23.8 POLICIES AND PROCEDURES**

For the purposes of Rule 4.23.8, the Participant should have regard to ASX Clear Operating Rules Guidance Note 12 *Trust and Client Segregated Accounts*.

Introduced 16/08/21

### **PROCEDURE 4.24.1 ACCESSING TRUST ACCOUNT MONEY**

For the purposes of Clearing Rule 4.24.1, the Participant (or if the Participant appoints a Settlement Participant as its agent, that Settlement Participant) must take all steps required to be taken by it (including Transmitting to ASX Settlement a Valid Originating Message that initiates a CHES to Issuer Sponsored Demand Transfer or Conversion in accordance with Rule 9.7.1 of the ASX Settlement Operating Rules or a Demand Transfer or Conversion or a Settlement Transfer to a CHES Holding in accordance with Rule 8.8.1 of the ASX Settlement Operating Rules (as applicable)) in order for the relevant number of Financial Products acquired under the Cash Market Transaction to be recorded in:

- (a) the Issuer Sponsored Subregister against an Issuer Sponsored Holding; or
- (b) the CHES Subregister against a CHES Holding,

in the name of the client, or if the client has instructed the Financial Products be registered in the name of another person, then in the name of that other person.

In the case of a Cash Market Transaction that is settled through the transfer of CDIs or FDIs, the steps to be taken by the Participant (or if the Participant appoints a Settlement Participant as its agent, that Settlement Participant) are those required to be taken by it in order for the relevant number of CDIs or FDIs acquired under the Cash Market Transaction to be recorded in a Holding on the Principal Register or the CDI Register in the name of the client, or if the client has instructed the CDIs or FDIs be in the name of another person, then in the name of that other person.

Introduced 28/04/14 Amended 25/05/15

## **PROCEDURE 4.26     DEFAULT BROKER REQUIREMENTS**

For the purpose of Rule 4.26, ASX Clear may, in its absolute discretion, select a Participant to satisfy the default broker requirements having regard to matters that may include, but are not limited to, the following criteria as they apply to the Participant, or a Related Body Corporate of the Participant, in its capacity as a Market Participant:

- (a) the types of Market Transactions the Market Participant is authorised to execute;
- (b) the resources and processes of the Market Participant that support its execution activities;  
and
- (c) how active the Market Participant is in executing different types of Market Transactions.

ASX Clear will compile a list of Market Participants that have entered into a Default Broker Agreement with ASX Clear under Rule 4.26 (all “Eligible Default Brokers”). ASX Clear will select at least three Eligible Default Brokers from the list to serve as “Active Default Brokers”. An Eligible Default Broker will be required to serve as an Active Default Broker for a period of two years at a time. An Active Default Broker must participate in default simulations held by ASX Clear from time to time. ASX Clear will inform each Eligible Default Broker of its selection as an Active Default Broker at least three months prior to the commencement of its two year term. ASX Clear may require an Eligible Default Broker to serve as an Active Default Broker for consecutive terms.

Nothing in this Procedure (Default Broker Requirements) precludes ASX Clear from executing orders with an Eligible Default Broker that is not serving as an Active Default Broker at the time ASX Clear has declared a Participant to be in default under Section 15 of the Rules.

All Market Transactions executed by an Eligible Default Broker on the instructions of ASX Clear are to be routed or given up to an account of ASX Clear for clearing.

Introduced 01/01/18

## **SECTION 5      RISK MANAGEMENT AND CAPITAL REQUIREMENTS**

### **PROCEDURE 5.2      OTHER CAPITAL REGIMES**

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

For the purpose of Rule 5.2.1, ASX Clear determines that the Participant must satisfy the following requirements:

- (a)      be listed by the Australian Prudential Regulation Authority (APRA) under one of the categories "Australian-owned Banks", "Foreign Subsidiary Banks" or "Branches of Foreign Banks".

Introduced 02/08/13 Amended 04/03/15

## **SECTION 6      COMMUNICATIONS WITH ASX CLEAR**

### **PROCEDURE 6.2      TESTING REQUIREMENTS**

ASX Clear may require a Participant to undertake the following testing:

#### **Primary Technical Accreditation – CHESS**

Accreditation must be successfully completed for all Participants' EIS software. The extent of the testing required is contained in the CHESS Participant Technical Accreditation document available from ASX Clear.

All tests will be based on specifications and procedures defined in the EIS and APG.

#### **Connectivity testing – DCS**

The connectivity test is an objectively successful status check of the Gateway and server undertaken by the Central Clearing Controller (CCC) as initiated by ASX Clear. Note that this does not require ASX Clear to physically attend the premises of the Participant.

#### **Validation testing – DCS**

Validation tests must be successfully completed by Participants using ASX Derivatives Clearing System OIS software. The extent of the testing required is contained in the Derivatives Clearing System Participant Technical Accreditation document available from ASX Clear.

ASX Clear will notify Participants of any amendment or addition to these validation tests.

Introduced 11/03/04 Amended 21/06/05, 27/06/11

### **PROCEDURE 6.9      ASX CLEAR EMERGENCY ASSISTANCE**

If a Participant is no longer able to transmit Clearing Messages, the Participant may request the ASX Clear to provide emergency assistance on a reasonable endeavours basis by following the following procedure.

An Authorised Signatory of the Participant should immediately contact ASX Clearing Operations.

Unless otherwise determined by ASX Clear, the Authorised Signatory of the Participant must provide ASX Clear with its request for emergency assistance in writing as soon as possible, including identifying the specific actions the Participant requests that ASX Clear take.

A letter signed by the Authorised Signatory of the Participant in the form set out below must also be provided as soon as possible.

The written request for emergency assistance and letter are to be sent by email to:  
[deriv.clearing@asx.com.au](mailto:deriv.clearing@asx.com.au).

ASX Clear may require that such written request for emergency assistance and letter is received by ASX Clear before it provides the emergency assistance on a reasonable endeavours basis.

**[Participant letterhead]**

By email to: [deriv.clearing@asx.com.au](mailto:deriv.clearing@asx.com.au)

[date]

ASX Clearing Operations  
ASX Clear Pty Limited

### **Request for emergency assistance**

I confirm that:

1. I am an Authorised Signatory of the Participant as notified to ASX Clear under Rule 4.12.1;
2. I warrant that I have the authority to request and bind the Participant to the terms of the request for emergency assistance and to the ASX Clear's Rules, Procedures and practices (as amended from time to time);
3. I, on behalf of the Participant, acknowledge that ASX Clear accepts no responsibility or liability for activities undertaken as a result of the Participant's request; and
4. I, on behalf of the Participant, indemnifies ASX Clear and its officers, employees, agents and contractors against all actions, proceedings, claims, demands, damages, costs, expenses and any other amounts against or incurred by ASX Clear, or its officers, employees, agents or contractors arising out of or in connection with any action taken by or any inaction by any of ASX Clear, or its officers, employees, agents or contractors under the ASX Clear Rules in relation to the emergency assistance.

Introduced 11/03/04 Amended 21/06/05, 07/06/13, 02/02/15

## **SECTION 7      CLIENT REQUIREMENTS**

### **PROCEDURE 7.1.1      STEPS TO BE TAKEN BEFORE AGREEING TO CLEAR FOR A CLIENT**

Before agreeing to clear Derivatives Market Transactions for a client, a Participant must give the client the following documents:

Currently, ASX Clear has not prescribed any additional documents which a Participant must give to a client.

Introduced 11/03/04 Amended 30/04/04, 01/08/05

### **PROCEDURE 7.1.3      TERMS OF AGREEMENT**

The minimum terms for a Wholesale Client Agreement (OTC Options Market Transactions) are set out in Annexure 13.

A 'U.S. person' for the purposes of Rule 7.1.3 is a U.S. person as that term is defined in Rule 902(k) of Regulation S under the Securities Act 1933 (United States).

Introduced 11/03/04 Amended 01/08/05, 23/11/16

## **SECTION 8      CLEARING FUND CONTRIBUTIONS AND PRIORITY OF APPLICATION OF CLEARING ASSETS**

### **PROCEDURE 8.1.1      ASX CLEAR MAY SEEK CONTRIBUTION**

Currently ASX Clear does not collect Contributions.

Introduced 26/03/07 Amended 10/12/07, 02/02/09, 30/09/09, 07/06/13

### **PROCEDURE 8.1.2      CALCULATION OF CONTRIBUTION AMOUNT**

Currently ASX Clear does not collect Contributions.

Introduced 31/03/05 Amended 26/03/07, 10/12/07, 02/02/09, 30/09/09, 19/04/10, 07/06/13

### **PROCEDURE 8.3.1      PRIORITY OF APPLICATION OF ASSETS**

The amount prescribed for the purpose of Rule 8.3.1(e) is \$78,511,313.

For the purpose of Rule 8.3.1(f), the designated financial backing is share capital invested in ASX Clear by ASX Clearing Corporation Limited (ABN 45 087 801 554) (excluding share capital that is from time to time included in assets applicable pursuant to Rule 8.3.1(e)) up to a maximum amount of A\$100,000,000.

The amount of ASX Clear's other assets prescribed for the purpose of Rule 8.3.1(i) is \$0.

Introduced 31/03/05 Amended 21/06/05, 12/03/07, 02/06/09, 23/12/09, 28/06/13, 01/10/15

## **SECTION 9      THIRD PARTY CLEARING AND SETTLEMENT ARRANGEMENTS**

### **PROCEDURE 9.1.3**

For the purposes of Rule 9.1.3, a Participant is required to give ASX Clear a copy of each Clearing Agreement at least 10 Business Days before the Clearing Agreement becomes effective.

Introduced 01/08/14

### **PROCEDURE 9.1.5**

For the purposes of Rule 9.1.5, a Participant is not required to notify ASX Clear of changes that do not affect the meaning or purpose of the clearing agreement (for example, pricing changes, minor typographical errors).

For all other amendments, a Participant is required to notify ASX Clear at least 10 Business Days before the amendment becomes effective.

Introduced 18/12/06 Amended 01/08/14

### **PROCEDURE 9.2.5**

For the purposes of Rule 9.2.5, a Participant is not required to notify ASX Clear of changes that do not affect the meaning or purpose of the settlement agreement (for example, pricing changes, minor typographical errors).

Introduced 18/12/06



## SECTION 10 ACCOUNTS

### PROCEDURE 10.1.1 PARTICIPANT TO ESTABLISH ACCOUNTS

For the purposes of Rule 10.1.1(a)-(c), a Participant must establish the following accounts within the Derivatives Clearing System:

- (a) [deleted]
- (b) a house account for the registration of Derivatives Market Contracts;
- (c) a suspense account, designated as “oooooooooooo”;
- (d) a separate account for each Market Maker cleared by the Participant for the registration of Derivatives Market Contracts;
- (e) a separate account for each Local Participant cleared by the Participant; and
- (f) a separate Client Account for each client (including each client of a Market Participant) for the registration of Options Market Contracts other than Options Market Contracts over an Underlying Derivative.

*Note: This requirement preserves individual client accounts for Participants clearing ETO's.*

Subject to (f) above, Participants may, but are not obliged to, establish other client or house accounts.

For the purpose of Rule 10.1.1(d), a Participant is taken to have established with ASX Clear a Cash Market Account if it is authorised under the Rules to clear Cash Market Transactions.

Introduced 11/03/04 Amended 30/04/04, 07/06/13, 19/02/24

### PROCEDURE 10.2.3 RECORD OF COLLATERAL – [DELETED]

Introduced 11/03/04 Amended 30/04/04 Deleted 19/02/24

### PROCEDURE 10.2.5 INTEREST ON CASH COVER AND EXCESS CASH

Under Rule 10.2.5, ASX Clear must pay interest on Cash Cover and Excess Cash credited to that Participant on the basis set out in this Procedure.

#### **Interest rate and administration fee on Cash Cover**

The interest rate paid on Cash Cover and ASX Clear's administration fee will be in accordance with the fee schedules published by ASX Clear from time to time.

#### **Interest rate and administration fee on Excess Cash**

Currently ASX Clear only accepts deposits of Excess Cash in respect of a Participant's Cash Market Account and Client Accounts in which Options Market Contracts are registered.

The interest rate and ASX Clear's administration fee paid on Excess Cash will be in accordance with the fee schedules published by ASX Clear from time to time.

### **Payment of interest for Cash Cover on Derivatives CCP Contracts and Excess Cash on Options Market Contracts**

Interest will be calculated on a simple (i.e. not compound) daily basis and credited to each Participant at the end of each month. The interest amount will be included in the Participant's settlement on the first Business Day of the following month.

Interest credited for Cash Cover in respect of Derivative CCP Contracts and Excess Cash in respect of Options Market Contracts will be notified to Participants through DCS.

### **Payment of interest for Cash Cover and Excess Cash on Cash Market Account**

Interest will be calculated on a simple (i.e. not compound) daily basis and advised to the Participant via the daily interest statement. The interest obligation will be settled by ASX Clear on the second Business Day of the following month in a payment separate to the Participant's settlement.

Introduced 11/03/04 Amended 01/07/09, 07/06/13, 30/11/15

## **PROCEDURE 10.4.1 PREMIUM TO BE DEBITED TO BUYER**

The Premium (or in the case of a LEPO, the outstanding balance of the Premium as determined by ASX Clear having regard to daily mark to market margin with respect to the LEPO settled under Rule 12.17) payable by the Buyer of an Options CCP Contract will be debited by ASX Clear to the relevant Account of the Buyer:

- (a) for LEPOs other than LEPOs over an underlying financial product that are Cash Settled or index LEPO's – at the time:
  - (i) [deleted]
  - (ii) the contract is closed out; or
  - (iii) the LEPO lapses.

For LEPOs other than LEPOs over an underlying financial product that are Cash Settled or index LEPOs, which are exercised, the payment of the outstanding balance of the Premium is to occur in accordance with Rule 20.3 on the date the underlying is scheduled to be settled.

- (b) for LEPOs over an underlying financial product that are Cash Settled and Index LEPOs at the time:
  - (i) the contract is exercised;
  - (ii) the contract is closed out; or
  - (iii) the LEPO lapses.

- (c) for all other Options CCP Contracts – at the time the contract is registered with ASX Clear.

Introduced 11/03/04 Amended 18/01/05, 21/11/14, 30/11/15

## PROCEDURE 10.4.2 PREMIUM TO BE CREDITED TO SELLER

The Premium (or in the case of a LEPO, the outstanding balance of the Premium as determined by ASX Clear having regard to daily mark to market margin with respect to the LEPO settled under Rule 12.17) receivable by the Seller of an Options CCP Contract will be credited by ASX Clear to the relevant Account of the Seller:

- (a) for LEPOs other than LEPOs over an underlying financial product that are Cash Settled or index LEPO's – at the time:
  - (i) [deleted]
  - (ii) the contract is closed out; or
  - (iii) the LEPO lapses.

For LEPOs other than LEPOs over an underlying financial product that are Cash Settled or index LEPOs, which are exercised, the receipt of the outstanding balance of the Premium is to occur in accordance with Rule 20.3 on the date the underlying is scheduled to be settled.

- (b) for LEPOs over an underlying financial product that are Cash Settled and Index LEPOs at the time:
  - (i) the contract is exercised;
  - (ii) the contract is closed out; or
  - (iii) the LEPO lapses.
- (c) for all other Options CCP Transactions – at the time the contract is registered with ASX Clear.

Introduced 11/03/04 Amended 18/01/05, 21/11/14, 30/11/15

## SECTION 11 DERIVATIVES MARKET CONTRACT – ALLOCATION, PRICE AVERAGING AND DESIGNATION

### PROCEDURE 11.1.1 PARTICIPANT MAY ALLOCATE DERIVATIVES MARKET CONTRACTS

- (1) Subject to (2), for the purposes of Rule 11.1.1, an allocation of a Derivatives Market Contract by a Participant (the “First Participant”) to another Participant (the “Second Participant”) is effected only if made on the day on which the Derivatives Market Contract is entered (trade day) and the allocation is made in accordance with the following:
  - (a) the First Participant provides the details of the Derivatives Market Contract by 5.45 pm (Sydney time) on the trade day; and
  - (b) the Second Participant, in accordance with Rule 11.1.6 and these Procedures, either:
    - (i) accepts the allocated Derivatives Market Contract and on-allocates it by 5.45 pm (Sydney time) to another Participant; or
    - (ii) accepts the allocated Derivatives Market Contract by 6.00 pm (Sydney time) and does not on-allocate it in accordance with paragraph (i).

Note, subject to Rule 1.20.2 ASX may extend the above times on request by the Participants concerned.

- (2) Where the Derivatives Market Contract was entered by the sending Participant on the instruction of a Principal Trader in relation to an Options Market Contract, the sending Participant **must** allocate the Derivatives Market Contract to that Principal Trader’s Participant. ASX Clear will then register the Derivatives Market Contract in the name of the receiving Participant in that Principal Trader’s account.

If on the day the Derivatives Market Contract was entered, the receiving Participant or its Principal Trader disputes the Derivatives Market Contract was entered on the instruction of the Principal Trader and notifies this to ASX Clear **and** the sending Participant confirms to ASX Clear that the allocation was incorrectly made, the allocation to that Principal Trader will be cancelled and the Derivatives Market Contract will be returned to the sending Participant.

Under Rule 1.18.1, ASX Clear may charge Participants fees in respect of the services it provides to Participants. This includes fees relating to the allocation of Derivatives Market Contracts under Rule 11.1.1. Currently ASX Clear does not charge fees in respect of allocation of Derivatives Market Contracts.

Introduced 11/03/04 Amended 30/04/04, 23/07/18, 24/01/22

### PROCEDURE 11.1.3 WHEN ALLOCATION EFFECTIVE

An allocation is effective when:

- it has been accepted by a Participant; and

- registered to an account of that accepting Participant.

Introduced 11/03/04

### **PROCEDURE 11.1.5 EFFECT OF NON-ACCEPTANCE OF ALLOCATION**

If the Second Participant fails to accept the Derivatives Market Contract by 6.00 pm (Sydney time) on the trade day, the allocation will not be effective and the Derivatives Market Contract will be designated to the First Participant's Suspense Account.

Introduced 11/03/04 Amended 30/04/04

### **PROCEDURE 11.2.1 AND 11.2.2 PRICE AVERAGING FOR CLIENT ACCOUNTS AND HOUSE ACCOUNTS**

A Participant may nominate Derivatives Market Contracts for accumulation and price averaging under the ASX Clear Rules by using the price averaging facility in the MCM Software or in the replacement software.

Introduced 11/03/04

### **PROCEDURE 11.3.1 PARTICIPANT TO DESIGNATE ACCOUNT FOR REGISTRATION**

For the purposes of Rule 11.3.1, unless otherwise notified to Participants by ASX Clear, a Participant must notify ASX Clear of the Account in which a Derivatives Market Contract is to be registered by 7.00pm (Sydney time) on the day on which the Derivatives Market Contract is entered into.

Introduced 11/03/04

### **PROCEDURE 11.3.2 FAILURE TO DESIGNATE**

If the Participant fails to designate an account in accordance with Rule 11.3.1 by 7.00 pm (Sydney time) on the day the Derivatives Market Contract is entered into, ASX Clear will designate the Derivatives Market Contract to the Participant's Suspense Account.

Introduced 11/03/04

## **SECTION 12 REGISTRATION, NOVATION, NETTING AND SETTLEMENT**

### **PROCEDURE 12.1.1 MARKET TRANSACTIONS TO BE REGISTERED**

#### **Cash Market Transactions:**

- (a) Subject to paragraph (b), ASX Clear will accept for registration a Cash Market Transaction that is a reportable transaction under the operating rules of an Approved Market Operator that:
  - (i) results from the process of matching bids and offers in a trading platform of the Approved Market Operator; or
  - (ii) is recorded by a trading platform of the Approved Market Operator.
- (b) ASX Clear will not accept for registration a Cash Market Transaction in a class of Financial Product to which the acceptable considerations for not clearing certain securities apply. The acceptable considerations are set out in the Open Access Principles for a licensed listing market seeking access to ASX Clear published by the Commission and Reserve Bank of Australia.

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.

#### **Derivatives Market Transactions:**

### **CONTRACTS WHICH WILL BE REGISTERED**

ASX Clear will accept for registration a Derivatives Market Transaction that comprises an Options Market Contract traded on a trading platform of ASX.

ASX Clear will notify Participants of any new, or amendments to, Derivatives Market Contracts that it will accept for registration. Notification will be by way of a Notice to Participants.

Introduced 11/03/04 Amended 28/11/05, 27/06/11, 07/06/13, 23/11/20, 19/02/24

### **PROCEDURE 12.1.1A REGISTRATION OF OTC OPTIONS MARKET TRANSACTIONS**

Under Rule 12.1.1A Participants must notify ASX Clear of OTC Options Market Transactions they wish to register with ASX Clear promptly after agreeing the transaction using electronic registration, via an ASX approved system, at the following times:

- (a) if the Options Market Contract which relates to the OTC Options Market Transaction has an Underlying Financial Product, the time when the market on which that Underlying Financial Product is quoted is in Open Session State;

- (b) if the Options Market Contract which relates to the OTC Options Market Transaction has an Underlying Index, the time when the market on which the components of the Underlying Index are quoted is in Open Session State.

Open Session State has the same meaning as in the ASX Operating Rules.

A 'U.S. person' for the purposes of Rule 12.1.1A is a U.S. person as that term is defined in Rule 902(k) of Regulation S under the Securities Act 1933 (United States).

Introduced 28/05/12 Amended 04/05/15, 08/09/16, 23/11/16

## **PROCEDURE 12.1.2 MARKET TRANSACTIONS NOTIFIED BUT NOT REGISTERED**

No categories of Cash Market Transactions are presently specified.

Introduced 11/03/04 Amended 28/11/05, 27/06/11

## **PROCEDURE 12.1.5 TIMING OF REGISTRATION**

### **Cash Market Transactions:**

Registration of a Cash Market Contract will occur immediately upon novation of the Cash Market Transaction under Rule 12.2.1, or in the case of an Offsetting Transaction Arrangement, registration of a transaction under the second leg of the Offsetting Transaction Arrangement will occur immediately upon the entry into of the Offsetting Transaction Arrangement.

### **Derivatives Market Transactions:**

## **TIME OF REGISTRATION OF MARKET CONTRACTS**

Unless ASX Clear notifies Participants of another time, registration of a Derivatives Market Transaction will occur when the Derivatives Market Contract has been properly designated to Accounts of **both** Participants in whose names the Derivatives CCP Contracts will be registered.

Introduced 11/03/04 Amended 28/04/14

## **PROCEDURE 12.2.1 NOVATION**

Where the delivering PID and the receiving PID relate to the same legal entity, a Participant may instruct ASX Clear in writing and in a manner advised by ASX Clear from time to time, that it is not necessary to register a Cash Market Transaction and notify the Participant that it has been registered.

Introduced 07/06/13

## **PROCEDURE 12.6.2 NOTIFICATION OF CASH CCP TRANSACTIONS TO APPROVED SETTLEMENT FACILITY**

The time by which ASX Clear will generate and forward CCP Net Batch Instructions to the Approved Settlement Facility is by Start of Day on the Business Day before the Settlement Date.

The CCP Net Batch Instruction will:

- (a) specify:
- (i) the class of Financial Products;
  - (ii) the net number of Financial Products of that class to be delivered to ASX Clear by the Participant or received from ASX Clear by the Participant for each PID;
  - (iii) the net Settlement Amount to be paid to ASX Clear by the Participant or received from ASX Clear by the Participant for each PID;
  - (iv) if the Participant is obliged to deliver Financial Products, the source PID from which the Financial Products are to be delivered;
  - (v) if the Participant is entitled to receive Financial Products, the target PID to which the Financial Products are to be delivered; and
  - (vi) the scheduled Settlement Date;
- (b) include the PID of the delivering Participant or receiving Participant, as the case requires; and
- (c) be designated as an on market transaction.

Introduced 11/03/04 Amended 27/06/11, 08/08/13

#### **PROCEDURE 12.7.1 REMOVAL BY ASX CLEAR OF A CASH CCP TRANSACTION FROM SETTLEMENT NOTIFICATION**

ASX Clear may remove a Cash Market Transaction from settlement notification under this Rule provided it does so prior to netting for scheduled settlement.

Introduced 11/03/04

#### **PROCEDURE 12.7.2 BUYER AND SELLER MAY REQUEST CASH MARKET TRANSACTION BE REMOVED FROM NOVATION AND SET OFF**

The Buyer and Seller must notify ASX Clear of their request to remove a Cash Market Transaction from novation and set off before netting for scheduled settlement, i.e. before End of Day on the second Business Day before the Settlement Date.

Introduced 11/03/04 Amended 27/06/11, 07/03/16

#### **PROCEDURE 12.7.3 BUYER AND SELLER MAY REQUEST CASH CCP TRANSACTIONS BE EXCLUDED FROM SET OFF**

The Buyer and Seller must notify ASX Clear of their request to exclude a Cash Market Transaction from set off before End of Day on the second Business Day before the Settlement Date.

The Buyer and Seller must notify ASX Clear of their request to settle a Cash Market Transaction in Real Time Gross Settlement before End of Day on the second Business Day before the Settlement Date.

Introduced 11/03/04 Amended 27/06/11, 07/03/16



#### **PROCEDURE 12.7.4 ACTION BY ASX CLEAR WHERE BUYER AND SELLER REQUEST CASH CCP TRANSACTION BE EXCLUDED FROM SET OFF**

##### **Requests relating to CCP Gross Batch Instructions:**

The time by which ASX Clear will generate and forward CCP Gross Batch Instructions to the Approved Settlement Facility is by Start of Day on the Business Day before the Settlement Date of the Cash CCP Transaction.

##### **Requests relating to CCP RTGS Instructions:**

The time by which ASX Clear will generate and forward CCP RTGS Instructions to the Approved Settlement Facility is by Start of Day on the Business Day before the Settlement Date.

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

#### **PROCEDURE 12.7.5 BUYER AND SELLER MAY CANCEL REQUEST**

The Buyer and Seller must notify ASX Clear of their cancellation of a request to:

- (a) exclude the Cash CCP Transaction from novation and set off (under Rule 12.7.2),
- (b) exclude the Cash CCP Transaction from set off (under Rule 12.7.3);

before End of Day on the second Business Day before the Settlement Date.

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

#### **PROCEDURE 12.7.7 REQUEST BY BUYER OR SELLER WHERE COUNTERPARTY NOT KNOWN**

A Clearing Participant must notify ASX Clear if it wishes to make a request under either Rule 12.7.2 or Rule 12.7.3, in the following manner:

By email or telephone to the Help Desk during the operating hours of 8.00 am (Sydney time) to 5.00 pm (Sydney time), prior to the netting process.

and must include the following information:

- (a) the ASX security code
- (b) the settlement amount
- (c) the unit quantity
- (d) the CHESST transaction id from the CHESST 164 (Notified Trade)
- (e) the settlement date

Introduced 28/11/05

## **PROCEDURE 12.8A ASX CLEAR TO ENTER INTO OFFSETTING TRANSACTIONS**

The Offsetting Transaction Arrangement entered into by ASX Clear and a Participant under Rule 12.8A will consist of two legs on the following terms:

- (a) Under the first leg of the Offsetting Transaction Arrangement:
  - (i) ASX Clear has an obligation to deliver to the Participant the same number and class of Financial Products (or Entitlements relating to those Financial Products) as the Participant is obliged to deliver to ASX Clear under the Failed CCP Batch Instruction;
  - (ii) The Participant has an obligation to pay to ASX Clear the same amount of money for the above delivery as ASX Clear is obliged to pay to the Participant under the Failed CCP Batch Instruction;
- (b) Under the second leg of the Offsetting Transaction Arrangement:
  - (i) The Participant has an obligation to deliver to ASX Clear the same number and class of Financial Products (or Entitlements relating to those Financial Products) as ASX Clear is obliged to deliver to the Participant under the first leg of the Offsetting Transaction Arrangement;
  - (ii) ASX Clear has an obligation to pay to the Participant the same amount of money for the above delivery as the Participant is obliged to pay to ASX Clear under the first leg of the Offsetting Transaction Arrangement.

The first leg of the Offsetting Transaction Arrangement is due for performance on the same Business Day as the Offsetting Arrangement is entered into.

The second leg of the Offsetting Transaction Arrangement is due for performance on the first Business Day after the Offsetting Arrangement is entered into.

If any of the above terms are considered to be inconsistent with terms and conditions that are novated under Cash Market Transactions in accordance with Rule 12.5.1, then the above terms must be construed in a manner so as to avoid that inconsistency and to enable:

- (a) the obligations and entitlements under the Failed CCP Batch Instruction to be satisfied by way of set-off with the obligations or entitlements under the first leg of the Offsetting Transaction Arrangement in the manner set out in Rule 12.8A.1(d);
- (b) the obligations and entitlements under the first leg of the Offsetting Transaction Arrangement to be satisfied by way of set-off with the obligations or entitlements under the Failed CCP Batch Instruction in the manner set out in Rule 12.8A.1(d); and
- (c) the obligations and entitlements under the second leg of the Offsetting Transaction Arrangement to be subject to set-off with all other payment and delivery obligations and entitlements and inclusion for settlement and discharge by net delivery and net payment in the manner set out in Rule 12.8A.1(e).

Introduced 28/04/14

## **PROCEDURE 12.15.1 APPLICATION – [DELETED]**

Introduced 11/03/04 Deleted 19/02/24

## **PROCEDURE 12.16.1 CALCULATION, SET-OFF AND NOTIFICATION OF NET PAYMENT AMOUNT – HOUSE ACCOUNTS**

ASX Clear specifies the following categories of Derivatives Market Transactions for the purposes of Rule 12.16.1:

- (a) [deleted]
- (b) Options Market Contracts traded on a trading platform of ASX; and
- (c) OTC Options Market Transactions registered by ASX Clear.

At least once each Business Day ASX Clear will notify each Participant of the net amount payable by the Participant to ASX Clear or by ASX Clear to the Participant in respect of the Participant's House Accounts for each PID.

ASX Clear will generally notify the Participant by sending a Clearing Message via DCS to the Participant. However, it may sometimes be necessary to notify orally or by some other means.

Introduced 11/03/04 Amended 28/11/05, 08/08/13, 04/05/15, 19/02/24

## **PROCEDURE 12.16.2 CALCULATION, SET-OFF AND NOTIFICATION OF NET PAYMENT AMOUNT – CLIENT ACCOUNTS**

ASX Clear specifies the following categories of Derivatives Market Transactions for the purposes of Rule 12.16.2:

- (a) [deleted]
- (b) Options Market Contracts traded on a trading platform of ASX; and
- (c) OTC Options Market Transactions registered by ASX Clear.

At least once each Business Day ASX Clear will notify each Participant of the net amount payable by the Participant to ASX Clear or by ASX Clear to the Participant in respect of the Participant's Client Accounts for each PID.

ASX Clear will generally notify the Participant by sending a Clearing Message via DCS to the Participant. However, it may sometimes be necessary to notify orally or by some other means.

Net payment amounts of less than \$5.50 will not be required to be paid and will be rolled over.

Introduced 11/03/04 Amended 10/05/04, 28/11/05, 08/08/13, 04/05/15, 19/02/24

## PROCEDURE 12.17.1 PAYMENT OF NET AMOUNT BY PARTICIPANT

A Participant must pay to ASX Clear a net amount notified under Rule 12.16 through Austraclear by 10.30 am Sydney time (i.e. the Austraclear payments must be released by the bank and at “Settled” state by 10.30 am Sydney time) on the day on which the payment is due, as specified by ASX Clear.

Introduced 11/03/04 Amended 10/05/04, 11/12/06, 01/07/08, 20/10/08, 01/02/10

## PROCEDURE 12.17.2 PAYMENT OF NET AMOUNT BY ASX CLEAR

ASX Clear must pay to a Participant a net amount notified under Rule 12.16 through Austraclear by 12.30pm Sydney time (i.e. the Austraclear payments must be at “Matched” state or “Settled” state by 12.30pm Sydney time) on the day on which the payment is due, as specified by ASX Clear.

Introduced 11/03/04 Amended 10/05/04, 11/12/06, 27/07/07, 01/07/08, 01/02/10, 07/03/16

## PROCEDURE 12.17.2A NET PAYMENT – HOUSE ACCOUNTS AND CASH MARKET MARGIN OBLIGATIONS

ASX Clear does not currently permit 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) to be settled through a single net payment of those amounts.

Introduced 07/06/13

## PROCEDURE 12.17.3 SINGLE NET PAYMENT

Any net payment right or net payment obligation of a Participant notified by ASX Clear under Rule 12.16.1(c) may be settled through a net payment of those amounts if the Participant has established a net payment facility with ASX Clear. Such net payment shall be made by the time and in the manner required by Rule 12.17.1 or Rule 12.17.2 (as applicable).

Any net payment right or net payment obligation of a Participant notified by ASX Clear under Rule 12.16.2(c) may be settled through a net payment of those amounts if the Participant has established a net payment facility with ASX Clear. Such net payment shall be made by the time and in the manner required by Rule 12.17.1 or Rule 12.17.2 (as applicable).

Requests for a net payment facility should be emailed to [ERMTeam@asx.com.au](mailto:ERMTeam@asx.com.au).

ASX Clear will aim to process requests for the establishment of a net payment facility, received by ASX Clear by 2.00pm, for use on the next business day.

Any net payment rights or net payment obligations of a Participant notified by ASX Clear under Rule 12.16.1(c) may **not** be set-off against any net payment rights or net payment obligations of a Participant notified by ASX Clear under Rule 12.16.2(c) and thus may **not** be settled through a single net payment of those amounts.

Introduced 11/03/04 Amended 10/05/04, 11/12/06, 20/10/08, 01/02/10, 06/09/10, 08/08/13

## **PROCEDURE 12.17.5 TIME FOR PAYMENT OF AMOUNTS DUE TO ASX CLEAR**

The time for payment of amounts due to ASX Clear is 10.30 am Sydney time on the day the request for payment is made, except that payments to cover margin and settlement to market obligations calculated intra-day (as opposed to following Trading Close) must be made by the time advised by ASX Clear at the time the call is made.

Introduced 11/03/04 Amended 10/05/04, 20/10/08

## **PROCEDURE 12.19 ASX CLEAR MAY CHARGE PARTICIPANT INTEREST**

ASX Clear may charge interest on unpaid amounts due by a Participant. At this stage, ASX Clear does not allow a Participant to maintain debit ledger balances and no manner of notification is prescribed.

Introduced 11/03/04

## **PROCEDURE 12.20.1 ASX CLEAR TO GIVE DETAILS OF DERIVATIVES MARKET CONTRACTS AND DERIVATIVES CCP CONTRACTS**

ASX Clear will make available trading and clearing information to each Participant on the Business Day following the Trading Day. Such information (as applicable) will include details concerning:

- allocation
- designation
- registration
- settlement-to-market
- cancellation
- transfers
- exercises
- delivery
- insertions
- deletions
- open positions
- cash settlement
- matchouts
- collateral
- margins

Introduced 11/03/04 Amended 21/06/05, 19/02/24

## **PROCEDURE 12.20.2 REPORTING POSITIONS TO ASX CLEAR**

Participants, or Market Participants for which the Participant provides clearing services, that report to ASX in the time and manner specified for ASX Operating Rule [3500] are deemed to have reported to ASX Clear in the time and manner required for Rule 12.20.2.

Introduced 11/03/04 Amended 20/05/05, 08/08/13

## **PROCEDURE 12.20.3 PARTICIPANT TO CHECK INFORMATION**

The Participant must check the details provided to it by ASX Clear and notify ASX Clear of any errors within 24 hours after receiving the details.

For the purposes of this Rule 12.20.3, notification may be:

- In the case of registration and allocation errors, via message in the Derivatives Clearing System (including an explanation of the error); or

- In the case of other errors, via letter, email or facsimile.

Introduced 11/03/04 Amended 18/12/06

### PROCEDURE 12.21.1 ERROR REPORTED BY PARTICIPANT

The time for reporting of errors will normally be prior to 6.00 pm on the trade date for a Derivatives Market Contract, unless otherwise notified by ASX Clear.

For the purposes of this Rule 12.21.1, notification may be:

- In the case of registration and allocation errors, via message in the Derivatives Clearing System (including an explanation of the error); or
- In the case of other errors, via letter, email or facsimile.

Introduced 11/03/04 Amended 18/12/06

### PROCEDURE 12.22.2 CANCELLATION OF DERIVATIVES MARKET CONTRACTS IN RELATION TO OTC OPTIONS MARKET TRANSACTIONS

The Participant which entered into the Derivatives Market Contract in relation to an OTC Options Market Transaction as Buyer and the Participant which entered into the Derivatives Market Contract in relation to an OTC Options Market Transaction as Seller may cancel the Derivatives Market Contract up until 10am on the next Business Day after the day on which ASX Clear is notified of the original OTC Options Market Transaction. The cancellation must be effected within the times and in the manner outlined below:

Timing			Cancellation of Derivatives Market Contracts
On the trade report date (T), within the relevant time period as set out in the following table:			The Buyer or the Seller must submit the cancellation request in the ASX Equity FlexClear facility and the other party (that is, the Seller or the Buyer as the case may be) must approve the cancellation in the ASX Equity FlexClear facility within the relevant time period specified in the table in column 1.
Trading day (as notified by ASX)	Derivatives Market Contracts where there is an Underlying Financial Product	Derivatives Market Contracts where there is an Underlying Index	
standard trading day	10.10am – 4.30pm	9.50am – 5.00pm	
shortened trading day	10.10am – 2.30pm	9.50am – 2.45pm	

Timing	Cancellation of Derivatives Market Contracts
From the relevant end time of the trading day as noted above on T to 10am on T+1	The Buyer and the Seller can only cancel Derivatives Market Contracts in relation to an OTC Options Market Transaction by each making a written request to ASX Trading Operations by email to <a href="mailto:tradingoperations@asx.com.au">tradingoperations@asx.com.au</a>
Beyond 10am on T+1	Not permitted

### OTC Options Market Transaction with a contingent equity hedge trade

Where an OTC Options Market Transaction was reported with a contingent equity hedge trade, the equity hedge trade that was automatically reported to ASX Trade (identified with 'OC' condition code and OTC trade slip number in the Buy and Sell Info fields) needs to be separately cancelled in ASX Trade. Any such cancellation needs to be processed prior to 6.50pm on the trade report date. The equity hedge trade leg may not be cancelled after that time. ASX can facilitate this cancellation when requested to do so. A written request by email to [tradingoperations@asx.com.au](mailto:tradingoperations@asx.com.au) followed by a phone call to ASX Trading Operations is required prior to 6.30pm on the trade report date.

Introduced 28/05/12 Amended 08/09/16

### PROCEDURE 12.23.1 ACTION BY ASX CLEAR WHERE NOTIFIED OF AN ERROR IN DESIGNATION

Where a Derivatives Market Contract has been allocated to an Account in error, and the error is detected on the trade date (T), the Participant may re-allocate the Derivatives CCP Contract to the correct Account prior to 7.00pm by using the allocation edit facility in the MCM Software or in the replacement software.

Where a Derivatives Market Contract has been registered to an Account in error, and the error is not detected until after the trade date (T+1 or later), ASX Clear will approve the transfer of the Derivatives CCP Contract to the correct Account if the Participant notifies ASX Clear prior to 5.30pm that an error has occurred by using the transfer facility in the MCM Software or in the replacement software and the conditions in Rule 12.23 are satisfied.

Introduced 11/03/04

### PROCEDURE 12.24.1 ASX CLEAR MAY TAKE ACTION TO CORRECT ERROR

ASX Clear will generally notify the Participant where it becomes aware it has made an error by sending a Clearing Message via DCS to the Participant. However, it may sometimes be necessary to notify orally or by some other means.

Introduced 11/03/04

## **SECTION 13 DERIVATIVES CCP CONTRACTS – TRANSFERS, CLOSE OUTS AND ADJUSTMENTS**

### **PROCEDURE 13.1.1 TRANSFER BETWEEN PARTICIPANTS**

ASX Clear will only transfer Derivatives CCP Contracts from a transferring Participant to a receiving Participant if the requirements for the transfer have been met under Rule 13.1.1.

Where the account names are identical, approval from ASX Clear will be automatic provided the receiving Participant has entered the details of the Derivatives CCP Contract by 5.45pm (Sydney time) on the day the transfer is intended to take place.

Where the account names are not identical, ASX Clear will use its best endeavours to facilitate the transfer provided the transferring and receiving Participants have both entered the details of the Derivatives CCP Contract by 4.00pm (Sydney time) on the day the transfer is intended to take place.

If a Participant wants to request ASX Clear to transfer a Derivatives CCP Contract to another Participant, the transferring Participant must send a Clearing Message via DCS by 5.30 pm (Sydney time) on the day the transfer is intended to take place.

Introduced 11/03/04

### **PROCEDURE 13.1.4 TRANSFERS BETWEEN ACCOUNTS WITHIN A SINGLE PARTICIPANT**

See Procedures in relation to 13.1.1

### **PROCEDURE 13.2.1 PARTICIPANT MAY INSTRUCT ASX CLEAR TO CLOSE OUT DERIVATIVES CCP CONTRACTS**

A Participant may close out Derivatives CCP Contracts which meet the requirements under Rule 13.2.1.

ASX Clear will cancel the registration of Derivatives CCP Contracts which a Participant has advised are to be closed out.

The manner in which a Participant must close out Derivatives CCP Contracts is as follows:

To close out two Derivatives CCP Contracts the Participant must:

- (a) set the account to “auto matchout”; or
- (b) send a matchout message via DCS before 7.00 pm (Sydney time).

Introduced 11/03/04

### **PROCEDURE 13.2.4 REINSTATEMENT FOLLOWING CLOSE OUT**

The time for notifying and requesting (in writing) ASX Clear reinstate Derivatives CCP Contracts closed out in error is by 9.30am on the next Business Day after the close out in error occurred or such other time notified by ASX Clear.

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



#### **PROCEDURE 13.4.4 ADJUSTMENTS – OTC OPTIONS MARKET TRANSACTIONS**

ASX Clear will generally make an adjustment to Derivatives CCP Contracts resulting from the registration of OTC Options Market Transactions in the circumstances that ASX would make an adjustment to Derivative CCP Contracts resulting from the registration of an equivalent Options Market Transaction executed on the licensed market operated by ASX. The adjustment will generally become effective at the same time as an adjustment to an equivalent Options Market Transaction would become effective.

An equivalent Options Market Transaction is one where the Underlying Financial Product or Underlying Index, Exercise Price, Contract Size, Exercise Style (being American Style or European Style) and option type (Call Option or Put Option) is the same as for the OTC Options Market Transaction.

*Note: An Options Market Transaction is considered to be equivalent to an OTC Options Market Transaction if, as far as possible, all the terms of the Options Market Contract executed on the ASX market and the Options Market Contract executed OTC are the same. That is, if ASX would make an adjustment to an Options Market Transaction with a certain Underlying Financial Product/Underlying Index, Exercise Price, Contract Size, Exercise Style (being American Style or European Style) and option type (Call Option or Put Option) then ASX Clear will make the same adjustment to an OTC Options Market Transaction on the same terms.*

*The Options Market Contract executed OTC may have identical terms to an Options Market Contract executed on the ASX market, as the Options Market Contracts executed OTC may have the same Expiry Date as an Options Market Contract executed on the ASX market and all other terms may also be the same. However, OTC Options Market Transactions are executed on the over the counter market, rather than the ASX market, and hence concepts such as the Last Trading Day do not apply. For the avoidance of doubt, note that Options Market Contracts executed OTC are not fungible with Options Market Contracts executed on the ASX market.*

*It is possible, although not common, for the nature and effective date of an adjustment to depend in part upon the Expiry Date of an option. In this case, if the Expiry Date of an Options Market Contract executed OTC is different to the Expiry Date of an Options Market Contract executed on the ASX market, the nature and effective date of the adjustment to the OTC Options Market Transaction will be determined by applying the same methodology as would apply to an adjustment to an equivalent Options Market Transaction, but will take account of the Expiry Date of the OTC Options Market Transaction.*

Introduced 28/05/12 Amended 04/05/15

#### **PROCEDURE 13.4.5 TERMINATION IN SOME CASES – OTC OPTIONS MARKET TRANSACTIONS**

An event, in relation to Derivatives CCP Contracts resulting from the registration of OTC Options Market Transactions, is a situation where an adjustment would not be made to a Derivative CCP Contract resulting from the registration of an equivalent Options Market Transaction. An equivalent Options Market Transaction is as defined in Procedure 13.4.4.

Introduced 28/05/12

## **SECTION 14 RISK MANAGEMENT**

### **PROCEDURE 14.1.1 ASX CLEAR MAY PRESCRIBE POSITION LIMITS – DERIVATIVES MARKET CONTRACTS AND DERIVATIVES CCP CONTRACTS**

There is currently only a limit on the number of Derivatives Market Contracts in a Class that may be registered with ASX Clear. The number of underlying securities represented by the net naked (i.e. non Specific Covered) written Derivatives CCP Call Contracts cannot exceed 10% of the issued securities of the underlying Class.

Introduced 11/03/04 Amended 07/06/13

### **PROCEDURE 14.2.1 ASX CLEAR MAY PRESCRIBE INITIAL MARGIN LIMITS – DERIVATIVES MARKET CONTRACTS AND DERIVATIVES CCP CONTRACTS**

ASX Clear will notify Participants if it prescribes a limit on the amount of exposure a Participant may have under Rule 14.2.1. ASX Clear would normally do this by reference to the amount of capital requirements of the Participant.

Introduced 11/03/04 Amended 07/06/13

### **PROCEDURE 14.3.1 ASX CLEAR MAY PRESCRIBE EXERCISE LIMITS – DERIVATIVES MARKET CONTRACTS AND DERIVATIVES CCP CONTRACTS**

There is currently no exercise limit on Options CCP Contracts in a Class or Series.

Introduced 11/03/04 Amended 07/06/13

### **PROCEDURE 14.5.1 ASX CLEAR TO DETERMINE MARKED TO MARKET AND OTHER MARGIN OBLIGATIONS**

ASX Clear will calculate for each Account of a Participant, margins and/or settlement to market amounts for Derivatives CCP Contracts and Cash CCP Transactions registered in the name of the Participant, using methods and assumptions determined from time to time by ASX Clear.

ASX Clear calculates the margin and settlement to market obligations following Trading Close on each Business Day. See Section 14.6.1.

In addition, ASX Clear may in its discretion make intra-day margin calls.

Introduced 11/03/04 Amended 20/10/08, 20/09/10, 10/12/12, 07/06/13

### **PROCEDURE 14.5.2 ASX CLEAR TO NOTIFY TOTAL MARGIN OBLIGATIONS**

For margin and settlement to market obligations calculated following Trading Close on each Business Day, ASX Clear will notify each Participant of the amounts calculated under Rule 14.5.1 for which the Participant must provide Cover under Rule 14.6.1.

ASX Clear will generally notify each Participant by sending a Clearing Message at least once each Business Day. However, it may sometimes be necessary to notify orally or by some other means.

For intra-day margin obligations Participants will be notified via email or by some other means.

Unless ASX Clear determines otherwise, having regard to the matters in Rule 1.15, an intra-day margin call will not be notified to, or required to be paid by, a Participant unless:

- (i) the Participant's Initial Margin has been eroded by 25% (or such other percentage as notified to Participants by ASX Clear from time to time) or more since the previous close of business calculation;
- (ii) the Participant's intra-day margin call amount is greater than \$100,000 taking into account amounts for both House Accounts and Client Accounts; and
- (iii) the Participant does not have sufficient unutilised Collateral to satisfy the call.

ASX Clear reserves the right to notify and call intra-day margin for amounts less than \$100,000 if conditions (i) and (iii) are satisfied.

Introduced 11/03/04 Amended 20/10/08, 07/06/13, 06/02/17

#### **PROCEDURE 14.6.1 PARTICIPANT TO PROVIDE COVER (INCLUDING ADDITIONAL COVER)**

A Participant must provide to, and maintain with, ASX Clear Cover for its margin, settlement to market and other obligations as follows:

##### **Settlement to market obligations**

Daily settlement to market obligations can only be covered by cash.

##### **Margin**

Derivatives CCP Contracts – Margin obligations can be covered by:

- (a) Cash;
- (b) Approved Financial Products;
- (c) Bank guarantees.

Cash CCP Transactions – Margin obligations can be covered by:

- (a) Cash;
- (b) Approved Financial Products.

The manner of payment of cash will be the same as described under the Procedures for Rule 12.17. However, any cash payments to cover margin and settlement to market obligations calculated and called intraday (as opposed to following Trading Close) must be executed via Austraclear's Exigo system. The required time for payment will be advised to impacted Clearing Participants at the time the call is made.

Details of acceptable bank guarantees and Approved Financial Products set out above, and the forms and Procedures for providing such Cover to ASX Clear are set out in Annexure 1 of these Procedures.

### **Lodging Approved Financial Products on a Cash Market Account**

1. A Participant may lodge Approved Financial Products to satisfy margin obligations in respect of its Cash Market Account if the following conditions are satisfied:
  - (a) the Approved Financial Products are acceptable Collateral for the purpose of Rule 14.6.1;
  - (b) the Approved Financial Products are and remain for the period of lodgement with ASX Clear unencumbered in accordance with Rule 14.6.3;
  - (c) the Approved Financial Products are lodged from a Direct Holding (as defined in the ASX Settlement Operating Rules) established and maintained by the Participant in its capacity as a Controlling Participant and notified to ASX Clear on a “Cash Market Account HIN” form; and
  - (d) the Participant is (and remains) the beneficial owner of the Approved Financial Products.
2. A Participant is permitted to:
  - (a) Register new Direct Holdings specifically for covering margins in respect of Cash Market Accounts; or
  - (b) Use existing Direct Holdings that cover margins in respect of Derivatives CCP Contracts,where the Direct Holding satisfies the conditions in 1 above.
3. A Participant with multiple PIDs may only nominate the Direct Holdings of one of those PIDs for the purpose of lodging Approved Financial Products on a Cash Market Account.

Procedures for providing Cover are set out in Annexure 1 of these Procedures.

*Note: Any unutilised collateral lodged in respect of a Cash Market Account cannot be used to cover margin obligations for an Account on the derivatives market and vice versa. However, this does not limit how collateral may be applied in the event of a Participant default.*

### **Lodging Approved Financial Products on a House Account**

1. A Participant may lodge Approved Financial Products to satisfy margin obligations in respect of its House Account if the following conditions are satisfied:
  - (a) the Approved Financial Products are acceptable Collateral for the purpose of Rule 14.6.1;
  - (b) the Approved Financial Products are and remain for the period of lodgement with ASX Clear unencumbered in accordance with Rule 14.6.3;
  - (c) the Approved Financial Products are lodged from a Direct Holding (as defined in the ASX Settlement Operating Rules) established and maintained by the

Participant in its capacity as a Controlling Participant and notified to ASX Clear on a “House Account HIN” form; and

- (d) the Participant is (and remains) the beneficial owner of the Approved Financial Products.

2. A Participant is permitted to:

- (a) Register new Direct Holdings specifically for covering margins in respect of House Accounts; or
- (b) Use existing Direct Holdings that cover margins in respect of Cash CCP Transactions,

where the Direct Holding satisfies the conditions in 1 above.

3. A Participant with multiple PIDs may only nominate the Direct Holdings of one of those PIDs for the purpose of lodging Approved Financial Products on a House Account.

Procedures for providing Cover are set out in Annexure 1 of these Procedures.

*Note: Any unutilised collateral lodged in respect of a House Account cannot be used to cover margin obligations for a Client Account on the derivatives market or a Cash Market Account on the cash market and vice versa. However, this does not limit how collateral may be applied in the event of a Participant default.*

### **Additional Cover**

ASX Clear will require Clearing Participants to provide additional Cover in the form, manner and amount specified below.

#### **1. Form of additional Cover**

Additional Cover can only be covered by:

- (a) Cash; and
- (b) Unutilised Collateral as of close of business the previous business day which has not been flagged for withdrawal.

#### **2. Settlement of additional Cover**

##### **a. Notice to Clearing Participants**

ASX Clear will notify Clearing Participants by email of any requirement to provide additional Cover, or receive a return of additional Cover, as soon as practical after ASX Clear has performed the calculations outlined below on each Business Day.

##### **b. Cash settlement facility**

All additional Cover provided in cash must be executed via Austraclear’s Exigo system.

Clearing Participants must advise ASX Clear of their Exigo and account details in the manner and form prescribed by ASX Clear from time to time.

Clearing Participants that are not Austraclear Participants will be required to arrange for an Austraclear Participant (such as a Related Entity or its Payments Provider (as defined in the ASX Settlement Operating Rules)) (“Austraclear Agent”) to transfer funds on their behalf via Exigo and advise ASX Clear of the Exigo details in the manner and form prescribed by ASX Clear from time to time.

Clearing Participants are responsible for promptly alerting their Austraclear Agent of an ASX Clear notification to pay/receive funds. Further, Clearing Participants are responsible for liaising with their Austraclear Agent to ensure that their cash limits are adequate to cover their payment obligations and that the deadlines for payments and receipts specified above are met by their Austraclear Agent.

**c. Time within which cash additional Cover must be transferred**

Additional Cover payments by Clearing Participants to ASX Clear must be “Matched” in Exigo within thirty minutes of receiving notification from ASX Clear as set out at 2.a above, and “Settled” in Exigo within two hours of receiving notification from ASX Clear as set out at 2.a above.

Payments by ASX Clear to Clearing Participants (by way of a return of additional Cover funds) must be “Matched” in Exigo within thirty minutes of receiving notification from ASX Clear as set out at 2.a above.

**3. Calculation of additional Cover amount**

The following paragraphs describe the calculation of additional Cover for three additional Cover call types:

(A) Capital Based Position Limit additional Initial Margin (“CBPL AIMS”) – to protect ASX Clear against a Clearing Participant running large position exposures relative to the size of the organisation;

(B) Capital Stress Test additional Initial Margin; (“STEL AIMS”) – a protection to mitigate the risk of loss to ASX Clear in the event of a Clearing Participant default under stressed market conditions;

(C) “General requirement additional Initial Margin” – to mitigate against a risk to ASX Clear arising from circumstances, events or incidents negatively impacting a Clearing Participant.

**(A) CBPL additional Initial Margin**

**a. Basis of initial calculation**

ASX Clear will calculate the amount of CBPL additional Initial Margin required from each Clearing Participant on each Business Day according to the formulae specified below:

**(i) Calculate Account CBPL Initial Margin**

Account CBPL Initial Margin is calculated for each Account based on Initial Margin and premium margin values calculated as at close of business the prior day as follows:

Account CBPL Initial Margin = Zero **IF** Account premium margin < Zero\*  
**AND** absolute Account premium margin >= Account Initial Margin

**Otherwise**

Account CBPL Initial Margin = Account Initial Margin

*\* An Account with credit premium margin*

**(ii) Calculate Clearing Participant CBPL Initial Margin**

Clearing Participant CBPL Initial Margin is calculated for each Clearing Participant based on their Account CBPL Initial Margins as follows:

CBPL Initial Margin = Sum [Account CBPL Initial Margin<sub>Clearing Participant</sub>] + Cash Market Margining Risk Margin

**(iii) Calculate Clearing Participant CBPL Usage**

Clearing Participant CBPL Usage is calculated for each Clearing Participant based on their Clearing Participant CBPL Initial Margin and reported Liquid Capital in accordance with ASX Clear Risk Based Capital Requirements, or NTA, as each of those terms is defined in Schedules 1 and 2 respectively of the ASX Clear Operating Rules (collectively referred to below as Capital) as follows:

CBPL Usage = CBPL Initial Margin / Capital

**(iv) Calculate CBPL additional Initial Margin Obligation**

ASX Clear requires Clearing Participants to maintain CBPL Usage below a “CBPL Usage Threshold” of 2.0, or as amended from time to time and advised to Clearing Participants by ASX Clear Notice or separate advice to a Clearing Participant.

A Clearing Participant in breach of the CBPL Usage Threshold will be required to meet a CBPL additional Cover Obligation calculated as follows:

CBPL additional Initial Margin Cover Obligation = CBPL Initial Margin  
– (Capital x CBPL Usage Threshold x CF%)

**Where** CF% is a correction factor advised by ASX Clear at the time of the call.

The correction factor is intended to reduce CBPL Usage to a level below the threshold to avoid the need for frequent top- ups.

**b. Daily review**

**(i) Calculate Clearing Participant Adjusted CBPL Usage**

Following an initial lodgement of CBPL additional Initial Margin Cover by a Clearing Participant, ASX Clear will calculate CBPL Usage adjusted for CBPL additional Cover held (“Adjusted CBPL Usage”) on a daily basis as follows:

Adjusted CBPL Usage = (CBPL Initial Margin – CBPL additional Initial Margin Cover) / Capital

**(ii) Adjustments to CBPL additional Initial Margin Cover**

ASX Clear will monitor Clearing Participant CBPL Usage and Adjusted CBPL Usage on a daily basis.

Any adjustment to a Clearing Participant's CBPL additional Initial Margin Cover obligation will be determined at ASX Clear's discretion and notified to the Clearing Participant as detailed at 2a above.

**(iii) Full return of CBPL additional Initial Margin Cover**

CBPL additional Initial Margin Cover will be returned to a Clearing Participant in full at such time as ASX Clear is satisfied that CBPL Usage can be maintained below the CBPL Usage Threshold in the medium term as demonstrated by:

- an increase in Capital (including through drawdown of Approved Subordinated Debt), or
- a reduction in CBPL Initial Margin resulting from a sustained reduction in open positions.

**(B) CST additional Initial Margin ("STEL AIMS")**

**a. Basis of calculation**

ASX Clear will calculate the amount of CST additional Initial Margin required from each Clearing Participant on each Business Day ("STEL AIMS Obligation") according to the formulae specified below:

**(i) Calculate Clearing Participant CST**

Clearing Participant CST (" $CST_{Total}$ ") is calculated by ASX Clear in respect of each Clearing Participant on each Business Day using the Capital Stress Test (CST) Model, which estimates ASX Clear's potential loss in the event of the Clearing Participant's default in extreme but plausible market conditions (for further details refer to Participant Notices 022/07 and 046/08).

$CST_{Total}$  is the sum of stress losses calculated by ASX Clear, using the CST Model, in respect of the Clearing Participant's cash market clearing obligations (" $CST_{Cash}$ ") and derivatives market clearing obligations (" $CST_{Derivatives}$ ").

**(ii) Calculate Clearing Participant additional Initial Margin Obligation**

The quantum of the Clearing Participant's obligation on a Business Day to make a CST additional Initial Margin call ("**STEL AIMS Obligation**") is calculated as the greater of:

- (A)  $CST_{Total}$  on that Business Day minus the Stress Test Exposure Limit ("**STEL**"); and
- (B) zero.

Each Clearing Participant will be assigned a STEL to be used as the call threshold in the calculation of the Clearing Participant's STEL AIMS Obligation. The STEL is a limit based on ASX Clear's internal credit assessment of each Clearing Participant.

ASX Clear will advise each Clearing Participant of its initial STEL, and any subsequent changes to its STEL, in writing. ASX Clear may change its internal credit assessment and



STEL in respect of a Clearing Participant at any time in its absolute discretion and without prior notice to the Clearing Participant.

ASX Clear may apply, in its absolute discretion, a discount to the STEL AIMS Obligation for highly rated Clearing Participants under normal market conditions. Relevant Clearing Participants will be notified of their eligibility for discounts in their STEL Advice.

For Clearing Participants subject to a limit on the value of parent/associated entity equity Collateral lodgements (“Associated Collateral”) (refer Annexure 1, 2.2.1), the STEL in respect of Clearing Participants referenced at (A) will be reduced by the haircut value of Associated Collateral held by ASX Clear at close of business on the business day preceding the call.

Any STEL AIMS Obligation will be reduced by the value of any non CST additional Initial Margin already lodged at the time of the STEL AIMS call.

**(iii) Calculate Clearing Participant CST Cash Obligation**

The Clearing Participant’s CST Cash Obligation on a Business Day is calculated as a proportion of its STEL AIMS Obligation on that Business Day, as follows:

$$\text{CST Cash Obligation} = \text{CST}_{\text{Cash}} / \text{CST}_{\text{Total}} \times \text{STEL AIMS Obligation}$$

**(iv) Calculate Clearing Participant CST Derivatives Obligation**

The Clearing Participant’s CST Derivatives Obligation on a Business Day is calculated as a proportion of its STEL AIMS Obligation on that Business Day, as follows:

$$\text{CST Additional Cover Obligation} = \text{CST}_{\text{Derivatives}} / \text{CST}_{\text{Total}} \times \text{STEL AIMS Obligation}$$

The STEL AIMS amounts calculated in accordance with (i) to (iv) above will be rounded to the nearest hundred thousand dollars, with values less than fifty thousand dollars rounded down, and values equal to or greater than fifty thousand dollars rounded up.

**b. Daily review/recalculation**

- (i) Each Clearing Participant’s STEL AIMS Obligation will be reviewed and recalculated by ASX Clear and, if greater than zero, notified to the Clearing Participant each Business Day.
- (ii) Subject to paragraph 3(B)b.(iii), if the STEL AIMS Obligation for a Clearing Participant, recalculated in accordance with paragraphs (B)a.(i) to (iv) above, is greater than or less than the STEL AIMS Obligation calculated for that Clearing Participant on the immediately preceding Business Day, then the Clearing Participant must lodge further STEL AIMS Cover, or ASX Clear will return funds previously lodged by the Clearing Participant as STEL AIMS Cover, as the case may be, to the extent necessary to ensure that the Clearing Participant’s aggregate STEL AIMS Cover, following the lodgement of further STEL AIMS Cover or return of funds, is maintained at the re-calculated level of its STEL AIMS Cover Obligation. Any such lodgement of further STEL AIMS Cover or return of funds must be made in accordance with this section (B).
- (iii) By transferring funds to ASX Clear as STEL AIMS Cover in fulfilment of its STEL AIMS Obligation, a Clearing Participant is taken to have authorised ASX Clear to allocate from time to time such proportion (0 – 100%) of those funds, to the extent they are not then required to meet the Clearing Participant’s CST Derivatives Obligation to the Clearing

Participant's CST Cash Obligation, as re calculated in accordance with paragraph (B)(b)(i), and to hold such cash for the duration of such allocation as the absolute legal and beneficial property of ASX Clear in accordance with Rule 10.3.1.

**(C) General requirement**

Any obligation to lodge additional Cover under this paragraph (C) will be separately discussed with and communicated to the Clearing Participant concerned, including details of lodgement times and subsequent adjustments and review of the obligation.

**4. Interest**

**a. Interest rate and administration fee on cash STEL AIMS Cover**

The interest rate paid on cash STEL AIMS and CBPL AIMS Cover will be in accordance with the fee schedules published by ASX Clear from time to time.

**b. Payment of interest**

Interest will be credited to Clearing Participants monthly in arrears on the 1<sup>st</sup> Business Day of the month.

ASX Clear will notify Clearing Participants by email of interest payments (if applicable) as soon as practical after the interest has been credited to Clearing Participants.

All interest transfers will be executed via Austraclear's Exigo system.

Interest payments by ASX Clear to Clearing Participants must be matched in Exigo by Clearing Participants within thirty minutes of receiving notification of that payment from ASX Clear.

Introduced 11/03/04 Amended 30/04/04, 31/07/07, 10/12/07, 20/10/08, 02/02/09, 30/09/09, 19/04/10, 23/08/10, 11/04/11, 10/12/12, 07/06/13, 15/06/15, 08/02/17

**PROCEDURE 14.6.2 DEPOSIT OF EXCESS CASH**

Currently ASX Clear only accepts deposits of Excess Cash in respect of Cash Market Accounts and Client Accounts in which Options Market Contracts are registered.

**Cash Market Account**

A Participant may maintain an Excess Cash balance in its Cash Market Account with ASX Clear if, prior to depositing Excess Cash with ASX Clear, the Participant lodges a standing settlement instruction by sending a 909 – *Excess Cash Standing Instruction Amendment Request* CHES message. A standing settlement instruction must identify the maximum amount of Excess Cash the Participant intends to deposit in its Cash Market Account with ASX Clear. After the Participant receives a 936 – *Effected Excess Cash Standing Instruction Amendment*, the standing settlement instruction will become effective for settlement on the next business day.

A Participant may amend an existing standing settlement instruction by sending a 909 – *Excess Cash Standing Instruction Amendment Request* CHES message to ASX Clear. After the Participant receives a 936 – *Effected Excess Cash Standing Instruction Amendment*, the standing settlement instruction will become effective for settlement on the next business day.

## **Client Accounts for Options Market Contracts**

A Participant may maintain Excess Cash with ASX Clear for a Client Account in which Options Market Contracts are registered if the Participant has notified ASX Clear of a total cash amount that ASX Clear is to record in respect of that Client Account. Notification is to be provided by a Clearing Participant to ASX Clear using the method notified by ASX Clear from time to time.

Notification to ASX Clear in respect of a Client Account may be made at any time prior to 7.00pm, however, ASX Clear will only update its records when the cash amount is settled. The total cash amount notified in respect of a Client Account can be less than, equal to or more than Participant's Initial Margin and other margin obligations for the Client Account determined under Rule 14.5.1. However, such notification does not relieve the Participant of its obligation to provide ASX Clear with Cover for its Initial Margin and other margin obligations for the Client Account determined under Rule 14.5.1.

A notification provided by a Participant in respect of a Client Account remains in effect until changed by a further notice from the Participant.

A Participant may amend the total cash amount to be recorded by ASX Clear for a Client Account by:

- (a) notifying ASX Clear at any time prior to 7.00pm of an increase in the total cash amount that ASX Clear is to credit to that Client Account; or
- (b) complying with Procedure 14.6.6 in order to reduce the total cash amount credited by ASX Clear to that Client Account.

ASX Clear will determine the Excess Cash (if any) to be credited to a Client Account from time to time taking into account:

- (a) the Initial Margin and other margin obligations of the Participant in respect of that Client Account;
- (b) any Collateral provided in respect of that Client Account; and
- (c) the total cash amount (if any) notified to ASX Clear by the Participant in respect of that Client Account.

If no total cash amount is notified by the Participant in respect of a Client Account, then ASX Clear will record nil Excess Cash in respect of that Client Account.

A notice of a total cash amount for a Client Account is not valid if it would result in the aggregate Cash Cover and Excess Cash balances of all Client Accounts of the Participant being greater than the cash deposited by the Participant with ASX Clear for all the Participant's Client Accounts.

Introduced 11/03/04 Amended 07/06/13, 30/11/15

### **PROCEDURE 14.6.3 COVER AND EXCESS CASH TO BE UNENCUMBERED**

For the purpose of Rule 14.6.3, ASX Clear will be taken to have agreed otherwise where, prior to 1 March 2019 ASX Clear agreed in writing that a security interest may be granted over Cover or Excess Cash and such security interest was granted subject to any conditions imposed by ASX Clear. This includes, but is not limited to, circumstances in which a security interest was provided to a margin

lender under a deed of priority, entered into between ASX Clear and the margin lender, which provides that ASX Clear's charge has priority over the margin lender's security interest.

Introduced 01/03/19

#### **PROCEDURE 14.6.4 ATTRIBUTING COVER**

##### **General Attribution**

Derivatives CCP Contracts Cover (with the exception of STEL AIMS Cover (as defined in Procedure 14.6.1)) will be attributed in the manner determined by the Clearing System.

The clearing system will attribute Cover in the following order:

- Specific Cover;
- Other Collateral; and then
- Cash.

Where a Cover Group has been established:

- Specific Cover lodged in regard of any individual account in the Group;
- Other Collateral lodged in regard of any individual account in the Group;
- Group Cover; and then
- Cash.

Note – the process of Group Cover application is carried out in alpha/numeric order across the individual accounts within the Group.

Cash CCP Transactions Cover will be attributed in the following order:

- Collateral;
- Cash.

ASX Clear does not currently allow Participants to change any of the attribution of any Cover or Collateral.

STEL AIMS Cover (as defined in Procedure 14.6.1) will be attributed to the Clearing Participant's Cash Market Account, or as otherwise advised by ASX Clear at the time the call is made.

Introduced 11/03/04 Amended 30/04/04, 10/12/07, 07/06/13, 19/02/24

#### **PROCEDURE 14.6.5 ATTRIBUTING EXCESS CASH**

Currently ASX Clear only accepts deposits of Excess Cash in respect of Cash Market Accounts and Client Accounts in which Options Market Contracts are registered.

##### **Client Accounts for Options Market Contracts**

Currently, Options Market Contracts are only referable to one Approved Listing Market Operator, ASX Limited. Accordingly, ASX Clear only attributes deposits of Excess Cash for Client Accounts in which Options Market Contracts are registered to ASX Limited.

In accordance with Procedure 14.6.2:

- (a) A Participant will notify ASX Clear of a total cash amount that ASX Clear is to record for each Client Account to which Excess Cash is to be attributed; and
- (b) ASX Clear will determine the Excess Cash (if any) to be attributed to a nominated Client Account from time to time.

Introduced 11/03/04 Amended 07/06/13, 30/11/15

#### **PROCEDURE 14.6.6 RETURN OF EXCESS CASH**

Currently ASX Clear only accepts deposits of Excess Cash in respect of Cash Market Accounts and Client Accounts in which Options Market Contracts are registered.

##### **Cash Market Account**

A Participant may request the return of some or all Excess Cash credited to its Cash Market Account by ASX Clear by sending a 909 – *Excess Cash Standing Instruction Amendment Request* CHES message to ASX Clear. The Participant is required to lodge the request on the business day before release of the Excess Cash is required. ASX Clear will undertake to return the Excess Cash to the Participant on the following business day in the normal daily scheduled Austraclear settlement.

##### **Client Accounts for Options Market Contracts**

A Participant may request the reduction of the total cash amount recorded by ASX Clear in respect of a Client Account in which Options Market Contracts are registered by notifying ASX Clear of the intended cash withdrawal value by 7.00pm on the business day before the cash is required to be released.

If the requested reduction in total cash amount is greater than the Excess Cash credited by ASX Clear to that Client Account, then the Participant must replace the Cash Cover with cash or Collateral before that cash amount will be released. Thereafter, the total cash amount recorded in respect of that Client Account will be the reduced total cash amount. However, such reduction in the total cash amount recorded does not relieve the Participant of its obligation to provide ASX Clear with Cover for the Initial Margin and other margin obligations for the Client Account determined under Rule 14.5.1.

Introduced 11/03/04 Amended 07/06/13, 30/11/15

#### **PROCEDURE 14.6.8 RETURN EXCESS COLLATERAL**

Participants may request the return of excess collateral as set out in Annexure 1 of these Procedures.

Introduced 11/03/04 Amended 02/02/09

#### **PROCEDURE 14.7.4 CIRCUMSTANCES WHERE CALL NEED NOT BE MADE**

The amounts prescribed for the purpose of Rule 14.7.4(a) are as follows:

\$1000 or 25% for obligations arising in regard to Options Market Contracts of the amount of Initial Margin called under Rule 14.7.1.

Introduced 11/03/04 Amended 07/06/13, 19/02/24

## **SECTION 15     DEFAULT**

### **PROCEDURE 15.4     TRANSFER OF CLIENT DERIVATIVES CCP CONTRACTS**

The conditions that must be satisfied under Rule 15.4.1(d) are as follows:

- (a)     the Client or Clients in respect of that Client Account have consented in writing to the transfer; and
- (b)     any other condition specified by ASX Clear from time to time.

Introduced 30/11/15

## **SECTION 16 STATE OF EMERGENCY, UNDESIRABLE PRACTICES AND IMPOSSIBILITY OF PERFORMANCE**

**There are no procedures in this section**

## **SECTION 17 ASX CLEAR TERMINATION OF DERIVATIVES CCP TRANSACTIONS**

### **PROCEDURE 17.1.7A TERMINATION OF DERIVATIVES CCP CONTRACTS – OTC OPTIONS MARKET TRANSACTIONS**

The Termination Price for a Derivatives CCP Contract which results from the registration of an OTC Options Market Transaction will be the Termination Price which ASX Clear would determine for an equivalent Options Market Transaction (as defined in Procedure 13.4.4) regardless of whether the equivalent Options Market Transaction has expired, closed out or been exercised at the time of the termination of the Derivatives CCP Contract.

Introduced 28/05/12

### **PROCEDURE 17.4.3 ACCOUNTING**

Accounting for termination of Derivatives CCP Contracts will be made in the same manner as is undertaken for close-out.

Introduced 11/03/04



# SECTION 18    DISPUTES AND COMPLAINTS

There are no procedures in this section

# SECTION 19 SUPERVISION AND DISCIPLINARY MATTERS

There are no procedures in this section

## SECTION 20 SETTLEMENT OF DERIVATIVES CCP CONTRACTS

### PROCEDURE 20.1.1 EXERCISE OF OPTIONS CCP CONTRACT BY BUYER

A Participant may submit an Exercise Notice to ASX Clear before 7:00 pm (Sydney time) or some other prescribed time by ASX Clear:

- (a) for American style options – on or before the Expiry Date;
- (b) for European style options – on the Expiry Date only.

This can be effected by the Participant sending a manual exercise Clearing Message in DCS in respect of that Options CCP Contract.

*Note: Subject to manual exercise exclusion under Rule 20.1.4, a Participant will be deemed to have submitted an Exercise Notice for any expiring Options CCP Contracts which are in-the-money by any amount as set out in Rules 20.1.1A, 20.1.1B and 20.1.3.*

Introduced 11/03/04 Amended 02/02/15

### PROCEDURE 20.1.4 EXERCISE NOTICE MAY BE AMENDED OR WITHDRAWN OR AUTOMATIC EXERCISE EXCLUDED

The Buyer of an Options CCP Contract who submits an Exercise Notice may amend or withdraw it provided the Buyer sends a Clearing Message to override the manual exercise Clearing Message in DCS before 7:00 pm (Sydney time) or some other prescribed time by ASX Clear on the day the Exercise Notice is submitted in respect of that Options CCP Contract.

The Buyer of an Options CCP Contract may exclude an Options CCP Contract from automatic exercise under Rules 20.1.1A, 20.1.1B or 20.1.3 (as applicable) provided the Buyer sends a manual exercise exclusion Clearing Message in DCS before 7:00 pm (Sydney time) or some other prescribed time by ASX Clear on the Expiry Date in respect of that Options CCP Contract.

Introduced 11/03/04 Amended 02/02/15

### PROCEDURE 20.1.6 PROCEDURES FOR ALLOCATION

As a general principle, and subject to the qualifications below, Exercise Notices will be assigned on the basis of random selection.

Where an Exercise Notice is lodged for an Options CCP Contract on the Expiry Date of that Options CCP Contract, and Exercise Notices have been lodged for all other Options CCP Contracts in the Series, ASX Clear will assign the Exercise Notices on a "best fit" basis to minimise the number of resulting transactions in the Underlying Market.

Where an Exercise Notice is lodged for an Options CCP Contract arising from the registration by ASX Clear of an OTC Options Market Transaction it will, where possible, be assigned to the original counter-party to that transaction.

Introduced 11/03/04 Amended 02/02/15, 04/05/15

### **PROCEDURE 20.1.7 ASX CLEAR TO CONFIRM EXERCISE AND ALLOCATION**

ASX Clear will, as soon as practicable, confirm the exercise of an Options CCP Contract to the Buyer which lodged the *Exercise Notice* and to the Writer to which the *Exercise Notice* is assigned.

Introduced 11/03/04 Amended 02/02/15

### **PROCEDURE 20.3.2 ALLOCATION OF EXERCISE NOTICE GIVES RISE TO AGREEMENT TO BUY AND SELL THE UNDERLYING FINANCIAL PRODUCTS**

For the purposes of Rule 20.3.2(b)(ii)A in respect of a LEPO, ASX Clear prescribes the outstanding balance of the Premium as determined by ASX Clear having regard to daily mark to market margin with respect to the LEPO settled under Rule 12.17 and the Exercise Value in respect of the LEPO.

Introduced 21/11/14

### **PROCEDURE 20.3.3 OBLIGATION TO REPORT SALE TO UNDERLYING MARKET**

A Participant which is not also a Market Participant will be given limited ASX trading permission solely for the purposes of reporting Options CCP Contract exercises. ASX access infrastructure will not be required as the reporting is done automatically as noted in Rule 20.3.4 and described in the following Procedure for that Rule.

If a Participant wishes to 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, the Participant must request ASX Clear in writing to make the relevant adjustments in the Clearing System.

Introduced 11/03/04 Amended 28/11/05

### **PROCEDURE 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 Underlying Market by ASX Clear in accordance with the Procedures through facilities provided by the Approved Listing Market Operator.

ASX Clear will transmit details of the transaction in the Underlying Financial Products arising from the exercise of an Options CCP Contract to the trading platform of the Approved Listing Market Operator at approximately 7.30 am (Sydney time) on the Business Day following the allocation of the Exercise Notice. Details transmitted are:

- (a) the date on which the Exercise Notice was allocated;
- (b) the identity of the Participants or Market Participants indicated under Rule 20.3.3;
- (c) the Exercise Price of the Options CCP Contract (together with in the case of a LEPO, the outstanding balance of the Premium as determined by ASX Clear having regard to daily mark to market margin with respect to the LEPO settled under Rule 12.17 and the Exercise Value in respect of the LEPO) being the price at which the Underlying Financial Products are to be transferred; and
- (d) the number of Underlying Financial Products.

From the details transmitted by ASX Clear, an ASX trade is created for the Standard Quantity of the Underlying Financial Products at the Exercise Value (together with in the case of a LEPO, the outstanding balance of the Premium as determined by ASX Clear having regard to daily mark to market margin with respect to the LEPO settled under Rule 12.17 and the Exercise Value in respect of the LEPO) with an "as at" date of the day on which the Exercise Notice was allocated.

The transaction in the Underlying Financial Products is identified by the following condition codes:

"C" where the transaction arises from the exercise of a call option; and

"T" where the transaction arises from the exercise of a put option.

Introduced 11/03/04 Amended 30/04/04, 28/11/05, 27/06/11, 21/11/14

### **PROCEDURE 20.3.5 CLEARING AND SETTLEMENT OF UNDERLYING FINANCIAL PRODUCTS**

For the purposes of Rule 20.3.5 in respect of a LEPO, ASX Clear prescribes the outstanding balance of the Premium as determined by ASX Clear having regard to daily mark to market margin with respect to the LEPO settled under Rule 12.17 and the Exercise Value in respect of the LEPO.

Introduced 21/11/14

### **PROCEDURE 20.3.6 OBLIGATION TO PAY SETTLEMENT AMOUNT**

For the purposes of Rule 20.3.6(b), the Settlement Amount will be included in the Participant's daily settlement with ASX Clear. The time at which payment will occur by the Seller to ASX Clear will be by 10.30am and by ASX Clear to the Buyer will be by 12.30pm (or as otherwise notified by ASX Clear to the Buyer) on the first Business Day after the allocation of the Exercise Notice.

For the purposes of Rule 20.3.6(c) in respect of a LEPO, ASX Clear prescribes the Premium plus or minus the net amount of daily mark to market margin with respect to the LEPO received or paid by the Buyer under Rule 12.17 as determined by ASX Clear. The time at which payment will occur by the Buyer to ASX Clear will be by 10.30am and by ASX Clear to the Seller will be by 12.30pm (or as otherwise notified by ASX Clear to the Seller) on the first Business Day after the allocation of the Exercise Notice.

Introduced 30/11/15

### **PROCEDURE 20.4.2 OBLIGATION TO PAY SETTLEMENT AMOUNT**

The Settlement Amount will be included in the Participant's daily settlement with ASX Clear.

The time at which payment will occur by the Seller to ASX Clear will be by 10.30 am and by ASX Clear to the Buyer will be by 12.30pm (or as otherwise notified by ASX Clear to the Buyer) on the first Business Day after the allocation of the Exercise Notice.

Introduced 11/03/04 Amended 20/05/05, 07/03/16

## **PROCEDURE 20.6.1 PARTICIPANT MAY REQUEST ASSISTANCE TO CORRECT ERROR IN EXERCISE**

For the purposes of Rule 20.6.1, the requesting Participant may notify ASX Clear of the Participant exercise error by contacting ASX Clearing Operations by 9:00am on the Business Day following the Expiry Date (or 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, then by 9:00am on the Business Day following the date of the non-exercise or exercise of the Options CCP Contract) and request that ASX Clear contact counterparty Participants to inform them of the Participant exercise error and ask them if they are prepared to address the Participant exercise error.

The request must be made by an authorised signatory of the requesting Participant and must include the following information:

- the affected Options CCP Contracts, including the relevant Series and number of contracts affected by the Participant exercise error and the Account(s) in which they were registered;
- whether as a result of the Participant exercise error there was:
  - o a non-exercise of the affected Options CCP Contracts; or
  - o an exercise of the affected Options CCP Contracts.

Unless otherwise determined by ASX Clear, the authorised signatory of the requesting Participant must also provide ASX Clear with the request in writing as soon as possible, in the form as may be specified by ASX from time to time, by email to ASX Clearing Operations at: [deriv.clearing@asx.com.au](mailto:deriv.clearing@asx.com.au). ASX Clear may at its discretion take the action referred to below prior to receiving the request in writing.

Where ASX Clear has received such a request from a requesting Participant by the time specified above, ASX Clear will, to the extent reasonably practicable, contact prior to 9:30am on that Business Day the relevant Participants who were Sellers of Options CCP Contracts in the same Series and who have been allocated or not allocated an Exercise Notice (as applicable) in the circumstances identified by the requesting Participant (**'counterparty Participants'**) and ask them if they are prepared to address the Participant exercise error.

ASX Clear may disclose the identity of the requesting Participant to the counterparty Participants (which the requesting Participant will be deemed to have consented to when it contacts ASX Clear to seek ASX Clear's assistance to address the Participant exercise error).

ASX Clear will not provide the details of a counterparty Participant to the requesting Participant unless the counterparty Participant indicates it is prepared to address the error or otherwise consents to its details being provided.

If a counterparty Participant indicates it is prepared to address the Participant exercise error or otherwise consents to its details being provided, ASX Clear will notify the requesting Participant of the identity and contact details of that counterparty Participant, and if it has not already done so, ASX will notify the counterparty Participant of the identity and contact details of the requesting Participant.

It is then a matter for the requesting Participant and the counterparty Participant to contact each other and to negotiate between themselves as to whether they agree to take action to address the Participant exercise error and as to the terms of any such agreement. It is at the absolute discretion

of the relevant counterparty Participant as to whether they agree to address the Participant exercise error.

Other than where ASX Clear agrees to take steps under Procedure 20.6.2 to give effect to action to address a Participant exercise error on a date other than the Expiry Date, any action agreed to by the requesting Participant and counterparty Participant to address the Participant exercise error is to be effected directly between those Participants outside of the exercise and allocation process undertaken by ASX Clear (which occurs automatically post the relevant exercise cut-off time based on exercise information at that time).

Introduced 02/02/15

#### **PROCEDURE 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 exercise of an Options CCP Contract on a date other than the Expiry Date for that Options CCP Contract, ASX Clear may, at its discretion following a request in writing by the requesting Participant and counterparty Participant, take any of the following steps to give effect to action agreed to by the requesting Participant and counterparty Participant to address the Participant exercise error:

- in the case of a Participant exercise error in exercising an Options CCP Contract:
  - o facilitate in conjunction with the relevant Underlying Market, the cancellation of the Cash Market Transaction and Cash CCP Transaction that has arisen from the exercise of the Options CCP Contract;
  - o reinstate the registration of the affected Options CCP Contracts in the name of the Buyer and Seller in the same Accounts in which they were previously registered;
  - o in relation to the reinstatement of the registration of the affected Options CCP Contracts, apply a credit for exercise fees;
  - o any other steps that ASX Clear considers appropriate having regard to Rule 1.15 to give effect to action agreed to by the requesting Participant and counterparty Participant to address the Participant exercise error;
- in the case of a Participant exercise error in not exercising an Options CCP Contract:
  - o consent under Rule 13.1 to the transfer of the affected Options CCP Contract in the name of the Buyer to the Seller into the same Account in which the affected Options CCP Contract in the name of the Seller is held and provide for the close-out of that Options CCP Contract under Rule 13.2 by ensuring that the relevant Account is set to “auto matchout”;
  - o facilitate in conjunction with the relevant Underlying Market, the reporting to the relevant Underlying Market of the Cash Market Transaction that has arisen from the exercise of the Options CCP Contract;
  - o in relation to the exercise of the Options CCP Contract, manually apply the exercise fees which would ordinarily be applicable to such exercise;

- o any other steps that ASX Clear considers appropriate having regard to Rule 1.15 to give effect to action agreed to by the requesting Participant and counterparty Participant to address the Participant exercise error.

The request in writing by the requesting Participant and counterparty Participant must be provided by an Authorised Signatory of the relevant Participant and be sent by email to:

[deriv.clearing@asx.com.au](mailto:deriv.clearing@asx.com.au). The request must set out:

- the affected Options CCP Contracts, including the relevant Series and number of contracts affected by the Participant exercise error and the Account in which they were registered;
- the action agreed to by the requesting Participant and counterparty Participant to address the Participant exercise error, including in the case of a Participant exercise error relating to the exercise of an Options CCP Contract over Underlying Financial Products as to whether the resulting Cash Market Transaction and Cash CCP Transaction that has arisen from the exercise of the Options CCP Contract is to be cancelled; and
- the assistance requested from ASX Clear (including the specific steps that it is sought that ASX Clear take) to give effect to action agreed to by the requesting Participant and counterparty Participant to address the Participant exercise error.

Introduced 02/02/15

#### **PROCEDURE 20.7.1 ASX CLEAR MAY TAKE ACTION TO CORRECT ERROR**

ASX Clear will generally notify the Participant where it becomes aware it has made an error by sending a Clearing Message via DCS to the Participant. However, it may sometimes be necessary to notify orally or by some other means.

Introduced 02/02/15



## **SECTION 21 SETTLEMENT OF DELIVERABLE FUTURES CCP CONTRACTS OVER UNDERLYING COMMODITIES – [DELETED]**

Introduced 11/03/04 Amended 30/04/04, 10/12/04, 21/06/05, 10/07/07, 14/09/09, 13/07/10, 14/07/10, 07/06/13 Deleted 19/02/24

# SCHEDULES TO ASX CLEAR OPERATING RULES

## PROCEDURE S1.2.1 CORE CAPITAL, LIQUID CAPITAL AND TOTAL RISK REQUIREMENT

1. For the purposes of Rule S1.2.1(1)(b)(ii):
  - (a) client written options clearing is activity undertaken by a Participant which involves clearing of a written Options Market Contract registered in a Client Account of the Participant;
  - (b) specific Cover is lodged for a written Call Option if, in accordance with paragraph 2.2.1(iii) of Annexure 1 to the Procedures, the outcome of such lodgement is that ASX Clear does not call margins in respect of such Call Option.
2. For the purposes of Rule S1.2.1(1)(b)(iii), own account business is activity undertaken by a Participant which involves:
  - (a) dealing in, or Underwriting, a financial product on its own behalf; or
  - (b) dealing in a financial product on behalf of a Related Body Corporate where the Participant has funded such dealing.
3. For the purposes of Rule S1.2.1(1)(b)(iv), non-ASX client activity is activity undertaken by a Participant which involves:
  - (a) dealing in a financial product on behalf of a client, where the transaction or contract under such dealing is not cleared by ASX Clear or ASX Clear (Futures) Pty Limited;
  - (b) issuing a financial product to a client;
  - (c) providing a credit facility to a client; or
  - (d) disposing of a financial product to a client as part of a securities lending service.
4. ASX Clear may, at its discretion, exclude activities which fall within the descriptions of own account business or non-ASX client activity in paragraphs (2) or (3) above, from its assessment of own account business or non-ASX client activity undertaken by a Participant for the purposes of Rules S1.2.1(1)(b)(iii) or S1.2.1(1)(b)(iv).
5. Where activity undertaken by a Participant falls within both the descriptions of own account business and non-ASX client activity in paragraphs (2) and (3) above, ASX Clear will choose, at its discretion, whether such activity should be included in its assessment of:
  - (a) own account business undertaken by the Participant for the purposes of Rule S1.2.1(1)(b)(iii); or
  - (b) non-ASX client activity undertaken by the Participant for the purposes of Rule S1.2.1(1)(b)(iv),

so that the same activity is not assessed under both of those Rules.

Introduced 15/12/17

**End of Document**