

**Subject to Regulatory Clearance**

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**ASX CLEAR (FUTURES) PTY LIMITED**

**ACN 050 615 864**

# **ASX OTC HANDBOOK**

**Version 1 ( 2013)**

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## 1 INTRODUCTION

### 1.1 ASX Clear (Futures) and OTC Handbook

This handbook sets out procedures, timings, contract terms and other details in connection with the clearing facility operated by ASX Clear Futures Pty Limited in respect of over-the-counter derivatives. This handbook is referred to as the **OTC Handbook** and ASX Clear (Futures) Pty Limited is referred to as **ASX Clear (Futures)**.

### 1.2 Futures Rules and OTC Rules

This handbook refers to the Operating Rules of ASX Clear (Futures) (which are referred to as the **Futures Rules**) and the ASX Clear OTC Operating Rules set out in the ASX OTC Rulebook (which are referred to as the **OTC Rules**).

However, the OTC Handbook does not form part of the OTC Rules or the Futures Rules. The OTC Rules prevail in the event of any inconsistency between those OTC Rules and this OTC Handbook.

### 1.3 Meanings of terms

Unless they are defined in this OTC Handbook, capitalised terms used in this OTC Handbook have the meaning which they have in the OTC Rules or, if they are not defined in the OTC Rules, in the Futures Rules.

### 1.4 Approved Trade Source Systems

The following are **Approved Trade Source Systems**:

- MarkitWire

If ASX Clear (Futures) approves additional Approved Trade Source Systems, it will notify OTC Participants.

ASX Clear (Futures) is not liable or responsible for any corruption or alteration of messages or loss of data which may take place within any Approved Trade Source System.

ASX Clear (Futures) makes no warranty (and accepts no liability) as to the effectiveness or performance or any other aspect or matter in connection with an Approved Trade Source System.

### 1.5 OTC Terms and OTC Transaction Types

The terms of OTC Open Contracts (referred to as **OTC Terms**) and the OTC Transaction Types are set out in Schedule 2 (OTC Terms).

### 1.6 Operating times and calendars

ASX Clear (Futures) will publish a circular detailing the days on which ASX Clear (Futures) will be open for business.

The OTC Clearing service will be operational during the following hours on a Business Day: 6:00am to 9:00pm Sydney time.

### 1.7 Interpretation

Unless the contrary intention appears, in this OTC Handbook:

- (a) a reference to a particular “Paragraph” is a reference to that paragraph in this OTC Handbook. Where practical, Paragraph numbering (and labelling) matches the relevant OTC Rule;
- (b) a reference to any thing (including an amount) is a reference to the whole and each part of it;
- (c) a reference to a document (including this OTC Handbook, the Futures Rules and the OTC Rules) includes any variation or replacement of it;
- (d) the word “law” includes common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (e) a reference to Australian dollars, AUD, dollars, \$ or A\$ is a reference to the lawful currency of Australia;
- (f) a reference to US dollars, USD or US\$ is a reference to the lawful currency of the United States of America;
- (g) a reference to a time of day is a reference to Sydney time;
- (h) the word “person” includes an individual, a firm, a body corporate, an unincorporated association and an authority;
- (i) a reference to a particular person includes the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (j) the words “including”, “for example” or “such as” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;
- (k) a reference to the Corporations Act is a reference to the Corporations Act 2001 (Cwlth);
- (l) an expression in this OTC Handbook which deals with a matter dealt with in a provision of the Corporations Act has the same meaning that it has in that provision of the Corporations Act; and
- (m) in the interpretation of this OTC Handbook, a construction that would promote the purpose or object underlying this OTC Handbook (whether that purpose or object is expressly stated in this OTC Handbook or not) is to be preferred to a construction which would not promote that purpose or object.

## **1.8 Number**

In this OTC Handbook, the singular includes the plural and the plural includes the singular.

## **1.9 Headings**

Headings (including those in brackets at the beginning of paragraphs) in this OTC Handbook are for convenience only and do not affect the interpretation of this OTC Handbook.

**2.4 Application to be an OTC Participant**

An applicant intending to become an OTC Participant must provide such legal opinions in respect of the enforceability of the OTC Rules, this OTC Handbook and, if necessary, the Futures Rules against it as ASX Clear (Futures) requires.

**2.6 Fees and OTC Commitment**

The fees applicable to becoming an OTC Participant are as published by ASX Clear (Futures) from time to time.

**2.14 OTC Product Committees**

An OTC Product Committee will be established if there are at least three (3) OTC Participants willing to participate in the committee.

The OTC Product Committee is established for the purpose of consulting with ASX Clear (Futures) on:

- (a) the types of OTC Transactions which are eligible for OTC Clearing;
- (b) material amendments to the OTC Terms; and
- (c) such other matters as ASX Clear (Futures) determines.

The procedures for the OTC Product Committee are set out in Schedule 5 (Procedures for the OTC Product Committee).

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

**2.15 Access arrangements and trade authorisation**

Access arrangements must:

- (a) comply with the OTC Participant's password security-user identification standards;
- (b) require the regular review of user privileges associated with a password including when the person using the password has a change of function within the OTC Participant (for example, from a front office to back office function); and
- (c) require a login and password to be allocated to an individual (not a team) and changed on a regular basis.

The form of Attestation is set out in Schedule 6 (Attestation).

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## **3 COMMITMENTS AND FINANCIAL REQUIREMENTS**

### **3.2 OTC Commitment**

An OTC Participant must provide its OTC Commitment to ASX Clear (Futures) as an amount of money in Australian dollars.

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## **4 REGISTRATION**

### **4.3 Submission of OTC Transactions**

The Approved Trade Source System will send details of the OTC Transaction to ASX Clear (Futures) once it has been bilaterally agreed.

Consent is taken to have been obtained from the OTC Participants with whom the OTC Open Contracts would be created when the relevant OTC Transaction is reported to ASX Clear (Futures) by an Approved Trade Source System.

ASX Clear (Futures) will process any such reported OTC Transaction without making any verification or investigation and, subject to the OTC Rules and the OTC Handbook, will register the OTC Transaction on the basis of the data provided to it by the Approved Trade Source System.

Upon an OTC Transaction being submitted to ASX Clear (Futures) for registration and the satisfaction of the conditions to registration set out in the OTC Rules, ASX Clear (Futures) will respond, after processing, with a message confirming the registration.

OTC Transactions submitted for registration that do not meet the product or other eligibility criteria prescribed from time to time by ASX Clear (Futures) or which contain invalid or incomplete message data will be rejected. If, at any time, ASX Clear (Futures) does not register a trade presented for registration it will send to the originating Approved Trade Source System notification of the rejection.

Submission for registration of OTC Transactions will only occur from 6:00am to 9:00pm (Sydney time) on each Business Day.

### **4.5 Acceptance for registration**

The following are applicable to acceptance of an OTC Transaction for registration:

(a) **Trade Date**

If the trade date of the OTC Transaction is more than two Business Days prior to the date of initial submission for registration of the OTC Transaction in a form that satisfies the OTC Eligibility Criteria then the OTC Transaction must be submitted for backloading in accordance with OTC Rule 4.12 (Backloading).

(b) **OTC Eligibility Criteria**

The OTC Eligibility Criteria are set out in Schedule 1 (OTC Eligibility Criteria).

(c) **Limit checks**

A risk-based limit check per trade will be conducted by ASX Clear (Futures) for each OTC Transaction submitted for registration.

If an OTC Transaction fails to pass the risk-based limit check then the OTC Participant may seek the approval of ASX Clear (Futures) to re-submit the OTC Transaction. ASX Clear (Futures) may choose whether or not to give such approval in its sole discretion and may impose such conditions as it thinks fit on granting any approval. If such approval is given then the OTC Transaction need not pass the risk-based limit check when re-submitted provided it satisfies all other conditions imposed by ASX Clear (Futures).

There is no limit check applicable to OTC Transactions submitted for backloading in accordance with OTC Rule 4.12 (Backloading).

**(d) Deferral of acceptance**

If ASX Clear (Futures) determines that the intraday calculation of the OTC Initial Margin and OTC Daily Variation Margin required from an OTC Participant is approaching the OTC Participant's exposure limit then it may defer the registration of an OTC Transaction to which that OTC Participant is, or is taken to be, a party.

This paragraph (d) does not apply to OTC Transactions submitted for backloading in accordance with OTC Rule 4.12 (Backloading).

**(e) Timing of registration of OTC Open Contracts**

If an OTC Transaction satisfies the conditions for registration in OTC Rule 4.5 (Acceptance for registration), then it is registered as an OTC Open Contract with effect from the time of receipt of the relevant submission by ASX Clear (Futures).

## **4.6 Creation of OTC Open Contracts**

OTC Open Contracts created by registration of an OTC Transaction are created on the applicable OTC Terms.

Payments of amounts due under an OTC Open Contract on the next scheduled payment date after the date on which registration of the relevant OTC Transaction has taken place are to be effected in accordance with the OTC Terms for the entire calculation period. This also applies if part of the calculation period has already elapsed at the day of registration. However, ASX Clear (Futures) may make a call for OTC Intra Day Margin in respect of an OTC Open Contract on the day of its registration.

Payments under the relevant OTC Transaction that were due on or before the day of registration will not be owed under the relevant OTC Open Contract and are not subject to OTC Clearing.

## **4.12 Backloading**

Following the agreement of particulars as required by OTC Rule 4.12 (Backloading) and submission of the OTC Transaction to be backloaded the backloaded transactions are taken to have been submitted for registration by ASX Clear (Futures).

However, registration of any backloaded transaction is subject to:

- (a) the absolute discretion of ASX Clear (Futures); and
- (b) the provision of any Margin that is required to be provided by the relevant OTC Participants in respect of the relevant backloaded transaction.

The prescribed number of Business Days is two.

#### **4.13 Re-bilateralisation**

All removal requests must be lodged and agreed by both OTC Participants through the Approved Trade Source System.

Removal requests will be processed as follows:

- (a) first, ASX Clear (Futures) will check that the conditions above are satisfied;
- (b) second, ASX Clear (Futures) will calculate the net Margin impact for each OTC Participant;
- (c) third, providing the net Margin impact is within ASX Clear (Futures)' approved limits for each OTC Participant, or ASX Clear (Futures) otherwise approves the removal, ASX Clear (Futures) will send an instruction to the Approved Trade Source System confirming the removal request is approved; and
- (d) fourth, the Approved Trade Source System will provide an updated Trade Status to the OTC Participants, confirming the removal.

Removal is to take effect from the time that such removal is approved by ASX Clear (Futures).

#### **4.14 Transfer of OTC Open Contracts**

Transfer of OTC Open Contracts can only be effected by OTC Participants by re-bilateralisation in accordance with OTC Rule 4.13 (Re-bilateralisation) and submission of a new OTC Transaction for registration in accordance with OTC Rule 4.3 (Submission of OTC Transactions).

#### **4.15 OTC Portfolio Compression**

The following are requirements for portfolio compression with respect to an OTC Transaction Type:

- (a) the OTC Product Committee relating to such OTC Transaction Type votes to execute a portfolio compression cycle not less than two months prior to the scheduled execution date of such compression cycle; and
- (b) the selected portfolio compression service provider for such OTC Transaction Type can facilitate the portfolio compression requirements of the OTC Product Committee.

The proceedings for any compression cycle will be notified by ASX Clear (Futures), following consultation with the OTC Product Committee.

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## **5 ACCOUNTS AND MARGIN**

### **5.3 Transfer of OTC Initial Margin**

The currencies, valuation haircuts and timing for providing OTC Initial Margin as an amount of money are set out below.



Currency	Valuation Haircut <sup>1</sup>		Payment Timing
AUD	6%	The Valuation Haircut is not applicable if the currency is the same as that in which the OTC Open Contract is denominated	▪ Payment by 9am on S <sup>2</sup>
NZD	6%		
EUR	11%		
JPY	13%		
USD	10%		
GBP	8%		

## 5.4 Securities as OTC Initial Margin

Subject to approval and on such conditions as ASX Clear (Futures) may determine from time to time, the following may be provided in respect of OTC Initial Margin:

Approved Cover	Cover Requirement	Valuation Haircut <sup>3</sup>	Lodgement Process and Timing
AUD Treasury Notes	<ul style="list-style-type: none"> <li>▪ Minimum maturity: 2 weeks</li> <li>▪ Minimum holding<sup>4</sup>: \$500,000</li> <li>▪ Fixed rate bond issuance only, but excluding Capital Indexed or Inflation indexed bonds, or any other specific series that ASX may exclude</li> </ul>	2%	<ul style="list-style-type: none"> <li>▪ Lodgement notification by 4pm on S-1</li> <li>▪ Exigo transaction by 9am on S</li> </ul>
AUD Treasury Bonds <sup>5</sup>	<ul style="list-style-type: none"> <li>▪ Minimum maturity: 6 months</li> <li>▪ Minimum holding: \$500,000</li> </ul>	<ul style="list-style-type: none"> <li>▪ Maturity less than 3 Years: 2%</li> <li>▪ Maturity greater than 3 Years: 6%</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lodgement notification by 4pm on S-1</li> <li>▪ Exigo transaction by 9am on S</li> </ul>
US Treasury Bills	<ul style="list-style-type: none"> <li>▪ Minimum maturity: 2 weeks</li> <li>▪ Minimum holding: US\$500,000</li> <li>▪ Minimum transaction: US\$500,000</li> </ul>	1%	<ul style="list-style-type: none"> <li>▪ Lodgement notification by 4pm on S-1</li> <li>▪ Exigo transaction by 9am on S</li> </ul>

## 5.6 Portfolio Margining

Upon request, ASX Clear (Futures) may take into account certain Open Contracts registered in the OTC Participant's House Clearing Account (other than OTC Open Contracts) (referred to as **Eligible Open Contracts**) in determining the amount of OTC Initial Margin required to be transferred by an OTC Participant, subject to the following:

- (a) timing of allocations of Eligible Open Contracts to the Clearing Participant's Clearing Accounts are not affected by the allocation to the House Clearing Account. Allocations in the relevant Clearing Accounts are complete by 7:00PM on a daily basis;

<sup>1</sup> Valuation haircuts are deducted from the market value of the instrument, as defined by ASX Clear (Futures), in all cases

<sup>2</sup> The settlement day.

<sup>3</sup> Valuation haircuts are deducted from the market value of the instrument, as defined by ASX Clear (Futures), in all cases;

<sup>4</sup> Minimum holding and transaction values apply to face value lodgements of a single expiry in the instrument;

<sup>5</sup> Treasury Index Bonds are not accepted

- (b) ASX Clear (Futures) will notify OTC Participants of any determinations with respect to Eligible Open Contracts; and
- (c) despite clause (b) above, ASX Clear (Futures) may determine that a particular Eligible Open Contract is ineligible for determining the amount of OTC Initial Margin required to be transferred, the Clearing Participant will be notified of the exception by a report. In addition, each Eligible Open Contract deemed ineligible by ASX Clear (Futures) will be margined under the CME SPAN methodology for ASX Clear (Futures).

Eligible Open Contracts are as follows:

Eligible Futures Contract Code	Contract Name
IB	ASX 30 Day Interbank Cash Rate Futures
IR	ASX 90 Day Bank Accepted Bill Futures
YT	ASX 3 Year Treasury Bond Futures
XT	ASX 10 Year Treasury Bond Futures

## 5.7 OTC Intra-day Margin and OTC Extra Margin

ASX Clear (Futures) is entitled to make additional margin calls for payment on the same day whenever ASX Clear (Futures) considers it necessary. Such calls may be made at any time during normal ASX operating times for cash settlement on a Business Day. Each OTC Intra-day Margin call must be met by the OTC Participant within two hours of it being made.

If ASX Clear (Futures) determines that the aggregate value of the OTC Initial Margin actually delivered to ASX Clear (Futures) by an OTC Participant is insufficient to provide the cover required in order to fulfil their total margin requirement also taking into account all OTC Transactions which are expected to be registered during the course of the day, ASX Clear (Futures) may require the OTC Participant to provide additional OTC Initial Margin.

## 5.8 OTC Daily Closing Value

ASX Clear (Futures) will in general use its own determination of yield curves to calculate the net present value of each OTC Open Contract. This calculation will be conducted at least once on each Business Day in the determination of the OTC Daily Closing Value.

ASX Clear (Futures) will determine, at its sole discretion, appropriate instruments, maturity points and market prices required for the determination of zero coupon rates, discount factors and implied forward curves rates, as well as any other factors it deems necessary to produce a net present value for any OTC Open Contract or OTC Daily Closing Value.

The yield curves selected will use market prices and rates taken at a point in time determined by ASX at its discretion to reflect local market fair value to OTC Participants.

These calculations by ASX Clear (Futures) are conclusive and final.

## 5.9 OTC Daily Variation Margin

ASX Clear (Futures) will determine the OTC Daily Variation Margin in respect of OTC Open Contracts of an OTC Participant following the calculation of the OTC Daily Closing Values for those OTC Open Contracts. The OTC Daily Variation Margin is determined by reference to the change in the OTC Daily Closing Value of the OTC Open Contract since the previous Business Day.

All OTC Daily Variation Margin must be paid to ASX Clear (Futures) by 11:00am (Sydney time) on the Business Day following ASX Clear (Futures)' request for the OTC Daily Variation Margin. In addition, instructions for the payment of OTC Daily Variation Margin must be matched in Austraclear by 10:30am (Sydney time). All payments by ASX Clear (Futures) in connection with OTC Daily Variation Margin (including any Price Alignment Interest) are to be made to accounts located in Australia, unless otherwise agreed by ASX Clear (Futures).

Unless otherwise agreed by ASX Clear (Futures):

- (a) each OTC Participant which is a non-Australian resident for tax purposes represents and warrants that each payment received or to be received by it in connection with OTC Daily Variation Margin (including any Price Alignment Interest) will be effectively connected with its conduct of a trade or business in Australia carried on at or through a permanent establishment in Australia; and
- (b) each OTC Participant which is an Australian resident for tax purposes represents that it does not derive the payments in connection with OTC Daily Variation Margin (including any Price Alignment Interest) in part or in whole in carrying on business in a country outside Australia at or through a permanent establishment of itself in that country,

and this applies despite the location of any branch of any OTC Participant or any OTC Participant Related Entity through which any particular OTC Transaction is entered into in accordance with OTC Rule 4.2.

## 5.10 Price Alignment Interest

ASX Clear (Futures) will charge interest on the cumulative net OTC Daily Variation Margin in respect of all OTC Open Contracts (referred to as **Cumulative Variation Margin**) paid to an OTC Participant and pay interest on Cumulative Variation Margin received from that OTC Participant. The amount of interest (PAI) is calculated and payable for each currency on each Business Day with respect to each OTC Open Contract in accordance with the following formula:

$$PAI = MtM_T \times Rate_T \times D/365$$

where:

"**MtM<sub>T</sub>**" means the amount of Cumulative Variation Margin received from, or payable by, the OTC Participant, as applicable, on the close of business of the day of calculation.

"**Rate<sub>T</sub>**" means such rate published on Reuters page RBA30 (or such other successor page(s) or rates as published by the Reserve Bank of Australia) and determined by ASX Clear (Futures) on the close of business of the day of calculation.

"**D**" means the actual number of days from (but excluding) the last day on which the PAI is calculated to (and including) the day of calculation.

## Schedule 1 – OTC Eligibility Criteria

An OTC Transaction is eligible to be registered by ASX Clear (Futures) if it satisfies the eligibility criteria contained in this schedule. However, there are other conditions in the OTC Rules and this OTC Handbook for the registration of an OTC Transaction which also apply, including that an OTC Participant is, or is taken to be (in accordance with the OTC Rules), a party to the OTC Transaction, and that the required matched information in respect of that OTC Transaction has been submitted to and accepted by ASX Clear (Futures).

The eligibility criteria for an OTC Transaction are set out in this schedule separately with respect to each Approved Trade Source System through which the OTC Transaction may be submitted.

# 1 Introduction

This schedule defines the base clearing and trade eligibility rules and associated criteria that are to be applied within MarkitWire to OTC Transactions submitted by OTC Participants for OTC Clearing.

Terms defined in the OTC Rules, OTC Handbook, Futures Rules, MarkitWire to ASX Clearing Eligibility Specification and the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. as amended, varied or supplemented from time to time<sup>6</sup>, have the same meaning when used in this schedule.

The rules set out in this schedule constitute the “OTC Eligibility Criteria” applicable to an OTC Transaction which is submitted using MarkitWire as the Approved Trade Source System.

The rules outlined in this schedule do not include any additional rules or criteria that may be specified for or by individual MarkitWire participants, or subsequently added into MarkitWire’s clearing eligibility rules framework.

For technical reasons these trade eligibility rules and criteria may also be applied independently of the MarkitWire trade affirmation platform. These are shown in Appendix B.

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<sup>6</sup> <http://www.isda.org/publications/isda2000def-annex-sup.aspx#2006defs>

## 2 Global Eligibility Rules

The rules in this section 2 (Global Eligibility Rules) apply to all OTC Transactions regardless of OTC Transaction Type.

### 2.1 Eligible OTC Transactions

The OTC Transaction must be a Product Type which is currently eligible for OTC Clearing. Currently the following Product Types are eligible for OTC Clearing:

- IRS
- OIS
- Single Currency Basis Swap

### 2.2 Product Type and Status

An OTC Transaction with one of the following Contract States in MarkitWire cannot be cleared:

- Cancelled
- Clearing (by definition it's already within the clearing process)
- Novated
- Allocated
- Prime Brokered

In addition the following rules regarding the Product Type will be applied:

- A Single Sided MarkitWire trade cannot be cleared (identified by the Manual Confirm checkbox on the Processing template page being ticked).
- An internal trade (defined as one where both parties have the same BIC) cannot be cleared.
- A trade with the Exclude from Clearing checkbox ticked cannot be cleared.
- A trade with a step-up/down Notional Amount, fixed rate or spread schedule cannot be cleared.
- An allocation block trade cannot be cleared (identified by the Allocated checkbox on the Allocation template page being ticked).

### 2.3 Modification Effective Date and Novation Date

The following fields are not required when OTC Transactions are entered directly into Markitwire by both OTC Participants (for the purpose of being cleared via the OTC Clearing service). As such, these fields can be disregarded when submitting OTC Transactions via the OTC Clearing service:

- Modification Effective Date
- Novation Date

## 3 IRS Specific Eligibility Rules

### 3.1 OTC Transaction Types

Vanilla Interest Rate Swap – fixed rate leg versus floating rate leg.

### 3.2 Structure

Single Currency

### 3.3 Currencies and Floating Rate Indices

The following Currencies and Floating Rate Indices are supported for OTC Clearing through ASX Clear (Futures):

Currency	Floating Rate Index
AUD	AUD-BBR-BBSW

### 3.4 Designated Maturity

The Designated Maturity of the OTC Transaction with a Floating Rate Index of AUD-BBR-BBSW must be 3 or 6 months.

### 3.5 Day Count Fraction

The Day Count Fraction of the OTC Transaction must be one of those specified in the following table:

Currency	Day Count Fraction	MarkitWire/FpML Code
AUD	Actual/365 (Fixed)	ACT/365.FIXED
	Actual/Actual.ISDA	ACT/ACT.ISDA
	Actual/Actual.ICMA	ACT/ACT.ICMA

### 3.6 Minimum Term

An OTC Transaction must have a Term of at least 89 calendar days.

### 3.7 Minimum Residual Term

An OTC Transaction must have a Minimum Residual Term (as calculated from, and including, the date the OTC Transaction is submitted for OTC Clearing to, and including the Termination Date) greater than or equal to 3 Sydney Business Days.

### 3.8 Maximum Residual Term

An OTC Transaction must have a Maximum Residual Term (as calculated from, and including, the date the OTC Transaction is submitted for OTC Clearing to, and including the Termination Date) as specified in the following table in respect of the Currency, Designated Maturity and Floating Rate Index.

Currency	Floating Rate Index	Designated Maturity	Maximum Residual Term
AUD	AUD-BBR-BBSW	6 months	Less than or equal to

			11,342 calendar days
		3 months	Less than or equal to 1,122 calendar days

### 3.9 Fixing Days Offset and Fixing Holiday Centres

An OTC Transaction must have only the following Fixing Days Offset and Fixing Holiday Centres for a given Floating Rate Index to be eligible for OTC Clearing:

Floating Rate Index	Fixing Days Offset	Fixing Holiday Centre
AUD-BBR-BBSW	0	AUSY

### 3.10 Minimum First Fixing Rate

An OTC Transaction with a specified First Fixing Rate for a Floating Rate Index of less than or equal to zero percent cannot be cleared. An OTC Transaction where the First Fixing Rate is not specified is eligible for OTC Clearing.

### 3.11 Different First Fixing Rule

Where a Different First Fixing Rule is specified in MarkitWire as being applicable to an OTC Transaction, the following conditions must be satisfied for the OTC Transaction to be eligible for OTC Clearing:

- The First Fixing Days Offset must be between 0 and –10 days inclusive, as adjusted in accordance with the applicable Business Day Convention.
- The First Fixing Holiday Centres must be recognised by ASX Clear (Futures) (see Appendix A) and must, at a minimum, include the Fixing Holiday Centres specified in Section 3.9.

### 3.12 Ineligible Floating Rate Indices

An OTC Transaction with a Floating Rate Index not listed as supported under Sections 3.3, 4.3 or 5.3 cannot be cleared.

### 3.13 Non-Mutual Optional Early Termination

An OTC Transaction with Optional Early Termination that is not a mutual put (identified by the field labelled 'Option' on the Break (2) IRS template page containing either the value 'Optional – Unilateral My Option' or 'Optional – Unilateral Other Party Option') cannot be cleared.

### 3.14 Mandatory Early Termination

An OTC Transaction with Mandatory Early Termination (identified by the field labelled 'Option' on the Break (2) IRS template page containing the value 'Mandatory') cannot be cleared.

### 3.15 Period End Date Adjustments

An OTC Transaction with an unadjusted Termination Date (identified by either of the "Adj Final (Fixed)" or "Adj Final (Float)" checkboxes on the Holidays IRS template page being un-ticked) cannot be cleared.

An OTC Transaction with no adjustment to the Period End Dates (identified by either of the "Adjust Fixed Period End Dates" or "Adjust Float Period End Dates" checkboxes on the Holidays IRS template page being un-ticked) cannot be cleared, unless such a setting is not facilitated by MarkitWire.



An OTC Transaction with an “Accrual Period Adjustment” type that is not set to the same value for both legs cannot be cleared.

### 3.16 Payment Lag

An OTC Transaction with Payment Lag of more than 2 Business Days cannot be cleared.

### 3.17 Principal Currency Holiday Centres

An OTC Transaction denominated in any supported Currency shown below and which does not specify the associated holiday centre(s) for purposes of determining Business Days for payments and interest calculations cannot be cleared. In addition, any or all of the ASX Supported Holiday Centres listed in Appendix A may also be specified.

Currency	Holiday Centre	Markit Wire/FpML Code
AUD	Sydney	AUSY

### 3.18 Business Day Convention

An OTC Transaction that does not specify one of following Business Day Conventions cannot be cleared:

Business Day Convention	Markit Wire/FpML Code
Modified Following	MODF
Following	FOLL
Preceding	PREC

An OTC Transaction must apply a single Business Day Convention to each of: the Fixed Rate Payer Payment Dates, the Fixed Rate Payer Period End Dates, the Floating Rate Payer Payment Dates, the Floating Rate Payer Period End Dates, the Floating Rate Payer compounding dates, and the Termination Date.

### 3.19 Minimum Notional

An OTC Transaction with a Notional of less than one currency unit cannot be cleared.

### 3.20 Payment and Roll Holiday Centres

An OTC Transaction where the Payment Holiday Centres and Roll Holiday Centres are not the same cannot be cleared. An OTC Transaction where the Payment Holiday Centres do not include the relevant principal holiday centre associated with the Currency cannot be cleared (see Section 3.17 for Principal Currency Holiday Centres).

An OTC Transaction where the Payment Holiday Centres include one or more centres not supported by ASX cannot be cleared (see Appendix A for ASX Supported Holiday Centres).

### 3.21 Fees (Additional Payments)

An OTC Transaction with more than two Additional Payments<sup>7</sup> cannot be cleared.

An OTC Transaction with an Additional Payment in a currency different to the Currency cannot be cleared.

<sup>7</sup> An additional payment under the terms of this section means any payment not part of the normal coupon cycle.

An OTC Transaction with an Additional Payment where the Additional Payment Holiday Calendar does not include the principal holiday centre associated with the Currency cannot be cleared.

An OTC Transaction with an Additional Payment where the Additional Payment Holiday Calendar includes one or more centres not supported by ASX Clear (Futures) (as described in Appendix A) cannot be cleared.

An OTC Transaction which does not have the same holiday centres for Additional Payments, Payment Dates and roll dates cannot be cleared.

An OTC Transaction which does not have the Business Day Convention on Additional Payments, set to Modified Following (MODF) cannot be cleared.

An OTC Transaction with an Additional Payment where the Payment Date is prior to the Effective Date or after the Termination Date cannot be cleared.

### **3.22 Fixed and Float Start Date**

An OTC Transaction with different start dates for each of the Fixed Start Date and Float Start Date cannot be cleared.

### **3.23 Floating Leg Calculation**

An OTC Transaction with Reset In Arrears specified cannot be cleared.

### **3.24 Zero Coupon IRS**

To be eligible for OTC Clearing, an OTC Transaction with a fixed leg zero coupon structure (identified by the “Zero Coupon (Fixed)” checkbox on the IRS template page being ticked) must have a Maximum Residual Term of less than or equal to 1,122 calendar days.

### **3.25 Adjusted Fixed (or Float) Starts**

An OTC Transaction with different value for both the Adjust Fixed Start Date and Adjust Float Start Date cannot be cleared.

### **3.26 Compounding Method**

An OTC Transaction with a Compounding Method of ‘Spread Exclusive’ cannot be cleared.

### **3.27 Leg Compliance**

An OTC Transaction with a Floating Rate Index of AUD-BBR-BBSW which does not use one of the following Leg combinations cannot be cleared:

- Fixed/Float
- Float/Fixed

### **3.28 Payment Frequency**

An OTC Transaction with which does not use one of the following Payment Frequencies cannot be cleared:

- Quarterly
- Semi-Annually
- Annually (Fixed Payment Frequency only)
- At maturity (Fixed Payment Frequency only)

### 3.29 Stubs

Non-standard Calculation Periods (referred to as **Stub Periods**) may only occur at the start or end of the OTC Transaction. An OTC Transaction with Stub Periods at both the start and end of the transaction cannot be cleared. An OTC Transaction with a Stub Period at the start of the OTC Transaction greater than or equal to 2 Calculation Periods cannot be cleared.

An OTC Transaction with a Stub Period at the end of the OTC Transaction exceeding 1 Calculation Period cannot be cleared.

Application of Linear Interpolation for Stub Periods is only permitted between acceptable Stub Interpolation Floating Rate Index Tenors (currently 1m, 2m, 3m, 4m, 5m, 6m). OTC Transactions with Stub Period lengths outside of this tenor range, may elect to use "First Fixing Rate" or a Floating Rate Index without interpolation to be eligible for OTC Clearing. An OTC Transaction with Linear Interpolation for Stub Period lengths of less than 1 month (or greater than 6m), cannot be cleared.

### 3.30 Eligible Start Dates

An OTC Transaction with a Start Date exceeding the submission date by more than 5 Business Days cannot be cleared.

An OTC Transaction which has a Start Date prior to the Trade Date cannot be cleared.

## 4 OIS Specific Eligibility Rules

### 4.1 OTC Transaction Types

Vanilla Interest Rate Swap – fixed rate leg versus floating rate leg.

### 4.2 Structure

Single Currency.

### 4.3 Currencies and Floating Rate Indices

The following Currency and Floating Rate Indices are supported for OTC Clearing through ASX Clear (Futures):

Currency	Floating Rate Index
AUD	AUD-AONIA-OIS-COMPOUND

### 4.4 Designated Maturity

The Designated Maturity of the OTC Transaction with a Floating Rate Index of AUD-AONIA-OIS-COMPOUND, must be daily.

### 4.5 Day Count Fraction

The Day Count Fraction of the OTC Transaction must be one of those specified in the following table:

Currency	Day Count Fraction	MarkitWire/FpML Code
AUD	Actual/365 (Fixed)	ACT/365.FIXED
	Actual/Actual.ISDA	ACT/ACT.ISDA
	Actual/Actual.ICMA	ACT/ACT.ICMA

### 4.6 Minimum Term

An OTC Transaction must have a Term of at least 3 Sydney Business Days.

### 4.7 Minimum Residual Term

An OTC Transaction must have a Minimum Residual Term (as calculated from, and including, the date the OTC Transaction is submitted for OTC Clearing to, and including, the Termination Date) greater than or equal to 3 Sydney Business Days.

### 4.8 Maximum Residual Term

An OTC Transaction must have a Maximum Residual Term (as calculated from, and including, the date the OTC Transaction is submitted for OTC Clearing to, and including the Termination Date) as specified in the following table in respect of the Currency and Floating Rate Index:

Currency	Floating Rate Index	Maximum Remaining Term
AUD	AUD-AONIA-OIS-COMPOUND	Less than or equal to 1,122

		calendar days
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## 4.9 Fixing Days Offset and Fixing Holiday Centres

An OTC Transaction must have only the following Fixing Days Offset and Fixing Holiday Centres for a given Floating Rate Index to be eligible for OTC Clearing:

Floating Rate Index	Fixing Days Offset	Fixing Holiday Centre
AUD-AONIA-OIS-COMPOUND	0	AUSY

## 4.10 Minimum First Fixing Rate

An OTC Transaction with a specified First Fixing Rate for a Floating Rate Index less than or equal to zero percent cannot be cleared. An OTC Transaction where the First Fixing Rate is not specified is eligible for OTC Clearing.

## 4.11 Ineligible Floating Rate Indices

An OTC Transaction with a Floating Rate Index not listed as supported under Sections 3.3, 4.3 or 5.3 cannot be cleared.

## 4.12 Non-Mutual Optional Early Termination

An OTC Transaction with Optional Early Termination that is not a mutual put (identified by the field labelled 'Option' on the Break (2) OIS template page containing either the value 'Optional – Unilateral My Option' or 'Optional – Unilateral Other Party Option') cannot be cleared.

## 4.13 Mandatory Early Termination

An OTC Transaction with Mandatory Early Termination (identified by the field labelled 'Option' on the Break (2) OIS template page containing the value 'Mandatory') cannot be cleared.

## 4.14 Period End Date Adjustments

An OTC Transaction with an unadjusted Termination Date (identified by either of the "Adj Final (Fixed)" or "Adj Final (Float)" checkboxes on the Holidays OIS template page being un-ticked) cannot be cleared.

An OTC Transaction with no adjustment to the Period End Dates (identified by either of the "Adjust Fixed Period End Dates" or "Adjust Float Period End Dates" checkboxes on the Holidays OIS template page being un-ticked) cannot be cleared, unless such a setting is not facilitated by MarkitWire.

An OTC Transaction with an "Accrual Period Adjustment" type that is not set to the same value for both legs cannot be cleared.

## 4.15 Payment Lag

An OTC Transaction with Payment Lag of more than 2 Business Days cannot be cleared.

## 4.16 Principal Currency Holiday Centres

An OTC Transaction denominated in any supported Currency shown below and which does not specify the associated holiday centre(s) for purposes of determining Business Days for payments and interest calculations cannot be cleared. In addition, any or all of the ASX Supported Holiday Centres listed in Appendix A may also be specified.

Currency	Holiday Centre	Markit Wire/FpML Code
AUD	Sydney	AUSY

## 4.17 Business Day Convention

An OTC Transaction that does not specify one of following Business Day Conventions cannot be cleared:

Business Day Convention	Markit Wire/FpML Code
Modified Following	MODF
Following	FOLL
Preceding	PREC

An OTC Transaction must apply a single Business Day Convention to each of: the Fixed Rate Payer Payment Dates, the Fixed Rate Payer Period End Dates, the Floating Rate Payer Payment Dates, the Floating Rate Payer Period End Dates, the Floating Rate Payer compounding dates, and the Termination Date.

## 4.18 Minimum Notional

An OTC Transaction with a Notional of less than one currency unit cannot be cleared.

## 4.19 Payment and Roll Holiday Centres

An OTC Transaction where the Payment Holiday Centres and Roll Holiday Centres are not the same cannot be cleared.

An OTC Transaction where the Payment Holiday Centres do not include the principal holiday centre associated with the Currency cannot be cleared (see Section 4.16 for Principal Currency Holiday Centres).

An OTC Transaction where the Payment Holiday Centres include one or more centres not recognised by ASX cannot be cleared (see Appendix A for ASX Supported Holiday Centres).

## 4.20 Fees (Additional Payments)

An OTC Transaction with more than two Additional Payments<sup>8</sup> cannot be cleared.

An OTC Transaction with an Additional Payment in a currency different to the Currency cannot be cleared.

An OTC Transaction with an Additional Payment where the Additional Payment Holiday Calendar does not include the principal holiday centre associated with the Currency cannot be cleared.

An OTC Transaction with an Additional Payment where the Additional Payment Holiday Calendar includes one or more centres not supported by ASX Clear (Futures) (as described in Appendix A) cannot be cleared.

<sup>8</sup> An additional payment under the terms of this section means any payment not part of the normal coupon cycle.

An OTC Transaction which does not have the Business Day Convention on additional payments, set to Modified Following (MODF) cannot be cleared.

An OTC Transaction which does not have the same holiday centres for Additional Payments, Payment Dates and roll dates cannot be cleared.

An OTC Transaction with an Additional Payment where the Payment Date is prior to the Effective Date or after the Termination Date cannot be cleared.

## **4.21 Fixed and Float Start Date**

An OTC Transaction with different start dates for each of the Fixed Start Date and the Float Start Date cannot be cleared.

## **4.22 Zero Coupon OIS**

To be eligible for OTC Clearing, an OTC Transaction with a fixed leg or floating leg zero coupon structure must have a Maximum Residual Term of less than or equal to 366 calendar days.

## **4.23 Adjusted Fixed (or Float) Starts**

An OTC Transaction with a different value for both the Adjust Fixed Start Date and Adjust Float Start Date cannot be cleared.

## **4.24 Leg Compliance**

An OTC Transaction with a Floating Rate Option of AUD-AONIA-OIS-COMPOUND which does not use one of the following Leg combinations cannot be cleared:

- Fixed/Float
- Float/Fixed

## **4.25 Payment Frequency**

An OTC Transaction with which does not use one of the following Payment Frequencies cannot be cleared:

- Annually
- At maturity

## **4.26 Stubs**

Non-standard Calculation Periods (referred to as **Stub Periods**) may only occur at the start or end of the OTC Transaction. An OTC Transaction with Stub Periods at both the start and end of the transaction cannot be cleared.

An OTC Transaction with a Stub Period at the start of the OTC Transaction exceeding 366 Business Days cannot be cleared.

An OTC Transaction with a Stub Period at the end of the OTC Transaction exceeding 0 Business Days cannot be cleared.

## **4.27 Eligible Start Dates**

An OTC Transaction with a Start Date exceeding the submission date by more than 5 Business Days cannot be cleared.

An OTC Transaction which has a Start Date prior to the Trade Date cannot be cleared.



## 5 Basis-Swap Specific Eligibility Rules

### 5.1 OTC Transaction Types

Vanilla Basis Swap – float rate leg versus floating rate leg within a single eligible currency.

### 5.2 Structure

Single Currency

### 5.3 Currencies and Floating Rate Indices

The following Currency and Floating Rate Indices are supported for OTC Clearing through ASX Clear (Futures):

Currency	Floating Rate Index
AUD	AUD-BBR-BBSW

### 5.4 Designated Maturity

The Designated Maturity of the OTC Transaction with a Floating Rate Index of AUD-BBR-BBSW must be 3 or 6 months.

### 5.5 Day Count Fraction

The Day Count Fraction of the OTC Transaction must be one of those specified in the following table:

Currency	Day Count Fraction	MarkitWire/FpML Code
AUD	Actual/365 (Fixed)	ACT/365.FIXED
	Actual/Actual.ISDA	ACT/ACT.ISDA
	Actual/Actual.ICMA	ACT/ACT.ICMA

### 5.6 Minimum Term

An OTC Transaction must have a Term of at least 89 calendar days.

### 5.7 Minimum Residual Term

An OTC Transaction must have a Minimum Residual Term (as calculated from, and including, the date the OTC Transaction is submitted for OTC Clearing to, and including, the Termination Date) greater than or equal to 3 Sydney Business Days.

### 5.8 Maximum Residual Term

An OTC Transaction must have a Maximum Residual Term (as calculated from, and including, the date the OTC Transaction is submitted for OTC Clearing to, and including, the Termination Date) as specified in the following table in respect of the Currency, Designated Maturity and Floating Rate Index:

Currency	Floating Rate Index	Designated Maturity	Maximum Residual Term
AUD	AUD-BBR-BBSW	6 months	Less than or equal to 11,342 calendar days

		3 months	Less than or equal to 1,122 calendar days
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- Note: Where an OTC Transaction specifies a different Designated Maturity for each leg, the Maximum Residual Term will be set based on the lower of the two Designated Maturities.

## 5.9 Fixing Days Offset and Fixing Holiday Centres

An OTC Transaction must have only the following Fixing Days Offset and Fixing Holiday Centres for a given Floating Rate Index to be eligible for OTC Clearing:

Floating Rate Index	Fixing Days Offset	Fixing Holiday Centre
AUD-BBR-BBSW	0	AUSY

## 5.10 Minimum First Fixing Rate

An OTC Transaction with a First Fixing Rate for a Floating Rate Index less than or equal to zero percent cannot be cleared. Note that an OTC Transaction where the First Fixing Rate is not specified is eligible for OTC Clearing.

## 5.11 Different First Fixing Rule

Where a Different First Fixing Rule is specified in MarkitWire as being applicable to an OTC Transaction the following conditions must be satisfied for the OTC Transaction to be eligible for OTC Clearing:

- The First Fixing Days Offset must be between 0 and –10 days inclusive as adjusted in accordance with the applicable Business Day Convention.
- The First Fixing Holiday Centres must be recognised by ASX Clear (Futures) (see Appendix A) and must, at a minimum, include the Fixing Holiday Centre specified in Section 5.9 above.

## 5.12 Ineligible Floating Rate Indices

An OTC Transaction with a Floating Rate Index not listed in Sections 3.3, 4.3 or 5.3 as supported cannot be cleared.

## 5.13 Non-Mutual Optional Early Termination

An OTC Transaction with Optional Early Termination that is not a mutual put (identified by the field labelled 'Option' on the Break (2) IRS template page containing either the value 'Optional – Unilateral My Option' or 'Optional – Unilateral Other Party Option') cannot be cleared.

## 5.14 Mandatory Early Termination

An OTC Transaction with Mandatory Early Termination (identified by the field labelled 'Option' on the Break (2) IRS template page containing the value 'Mandatory') cannot be cleared.

## 5.15 Period End Date Adjustments

An OTC Transaction with an unadjusted Termination Date (identified by either (or both) the Adj Final (Fixed) or Adj Final (Float) checkboxes on the Holidays IRS template page being un-ticked) cannot be cleared.

An OTC Transaction with no adjustment to the Period End Dates (identified by either (or both) the Adjust Fixed Period End Dates or Adjust Float Period End Dates checkboxes on the Holidays IRS template page being un-ticked) cannot be cleared, unless such a setting is not facilitated by MarkitWire.

An OTC Transaction with an “Accrual Period Adjustment” type that is not set to the same value for both legs cannot be cleared.

## 5.16 Payment Lag

An OTC Transaction with Payment Lag of more than 2 Business Days cannot be cleared.

## 5.17 Principal Currency Holiday Centres

An OTC Transaction denominated in any supported Currency shown below and which does not specify the associated holiday centre(s) for purposes of determining Business Days for payments and interest calculations cannot be cleared. In addition, any or all of the ASX Supported Holiday Centres listed in Appendix A may also be specified.

Currency	Holiday Centre	Markit Wire/FpML Code
AUD	Sydney	AUSY

## 5.18 Business Day Convention

An OTC Transaction that does not specify one of following Business Day Conventions cannot be cleared:

Business Day Convention	Markit Wire/FpML Code
Modified Following	MODF
Following	FOLL
Preceding	PREC

An OTC Transaction must apply a single Business Day Convention to each of: the Floating Rate Payer Payment Dates, the Floating Rate Payer Period End Dates, the Floating Rate Payer compounding dates, and the Termination Date.

## 5.19 Minimum Notional

An OTC Transaction with a Notional less than one currency unit cannot be cleared.

## 5.20 Payment and Roll Holiday Centres

An OTC Transaction where the Payment Holiday Centres and Roll Holiday Centres are not the same cannot be cleared.

An OTC Transaction where the Payment Holiday Centres do not include the relevant principal holiday centre associated with the Currency cannot be cleared (see Section 5.17 for Principal Currency Holiday Centres).

An OTC Transaction where the Payment Holiday Centres include one or more centres not supported by ASX Clear (Futures) cannot be cleared (see Appendix A for ASX Supported Holiday Centres).

## 5.21 Fees (Additional Payments)

An OTC Transaction with more than two Additional Payments<sup>9</sup> cannot be cleared.

An OTC Transaction with an Additional Payment in a currency different to the Currency cannot be cleared.

<sup>9</sup> An additional payment under the terms of this section means any payment not part of the normal coupon cycle.

An OTC Transaction with an Additional Payment where the Additional Payment Holiday Calendar does not include the principal holiday centre associated with the Currency cannot be cleared.

An OTC Transaction with an Additional Payment where the Additional Payment Holiday Calendar includes one or more holiday centres not supported by ASX Clear (Futures) (as described in Appendix A) cannot be cleared.

An OTC Transaction which does not have the Business Day Convention on Additional Payments, set to Modified Following (MODF) cannot be cleared.

An OTC Transaction which does not have the same holiday centres on Additional Payments, Payment Dates and roll dates cannot be cleared.

An OTC Transaction with an Additional Payment where the Payment Date is prior to the Effective Date or after the Termination Date cannot be cleared.

## **5.22 Float Start Date**

An OTC Transaction with different start dates for each of the Float Start Dates cannot be cleared.

## **5.23 Floating Leg Calculation**

An OTC Transaction with Reset In Arrears specified for a leg cannot be cleared.

An OTC Transaction with a Float Reset Frequency not equal to the Designated Maturity cannot be cleared.

## **5.24 Adjusted Starts**

An OTC Transaction with a different value for both Adjust Float Start Dates cannot be cleared.

## **5.25 Compounding Method**

An OTC Transaction with which has a Compounding Method of 'Spread Exclusive' cannot be cleared.

## **5.26 Leg Compliance**

An OTC Transaction with a Floating Rate Index of AUD-BBR-BBSW and which does not use one of the following Leg combinations cannot be cleared:

- Float/Float

## **5.27 Payment Frequency**

An OTC Transaction with which does not use one of the following Payment Frequencies cannot be cleared:

- Quarterly
- Semi-Annually

## **5.28 Stubs**

Non-standard Calculation Periods (referred to as **Stub Periods**) may only occur at the start or end of the OTC Transaction. An OTC Transaction with Stub Periods at both the start and end of the transaction is subject to rejection by ASX Clear (Futures) in its discretion. An OTC Transaction with a Stub Period at the start of the OTC Transaction greater than or equal to 2 Calculation Periods cannot be cleared.

An OTC Transaction with a Stub Period at the end of the OTC Transaction exceeding 1 Calculation Period cannot be cleared.

Application of Linear Interpolation for Stub Periods is only permitted between acceptable Stub Interpolation Floating Rate Index Tenors (currently 1m, 2m, 3m, 4m, 5m, 6m). OTC Transactions with Stub Period lengths outside of this tenor range, may elect to use "First Fixing Rate" or a Floating Rate Index without interpolation to be eligible for OTC Clearing. An OTC Transaction with Linear Interpolation for Stub Period lengths of less than 1 month (or greater than 6m), cannot be cleared.

## **5.29 Eligible Start Dates**

An OTC Transaction with a Start Date exceeding the submission date by more than 5 Business Days cannot be cleared.

An OTC Transaction which has a Start Date prior to the Trade Date cannot be cleared.

## Appendix A: ASX Supported Holiday Centres

The following holiday centres are accepted by ASX. A MarkitWire trade that includes any other holiday centres than those listed below in the Payment, Roll, Additional Payment or Initial Fixing Holiday Centre fields cannot be cleared.

Holiday Centre	Markit Wire/FpML Code
<b>Sydney</b>	<b>AUSY</b>
<b>Melbourne</b>	<b>AUME</b>
<b>New York</b>	<b>USNY</b>
<b>London</b>	<b>GBLO</b>

## Appendix B: Additional Trade Eligibility Criteria Applied Outside of MarkitWire

1. Additional trade validation criteria will be applied by ASX Clear (Futures) to any OTC Transaction with a declear related event scheduled to occur on:
  - a) the same date as the MarkitWire message is received by ASX Clear (Futures), and
  - b) the same date as any contractual cash flow is scheduled to occur.

A declear related event is any trade amendment, cancellation or novation based on a declear message received by ASX Clear (Futures) through MarkitWire. Any such event that is communicated to ASX Clear (Futures) on the same day as the event is scheduled to occur, and is scheduled to occur on the same day as any contractual cashflow arising from the OTC Transaction, cannot be cleared.

# Schedule 2 – OTC Terms

The terms of an OTC Open Contract includes these OTC Terms. They are separated into 3 parts, Interpretation, Economic Terms and Standard Terms. These OTC Terms are applicable to calculate the amounts payable to, or by, ASX Clear (Futures) under each OTC Open Contract.

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## 1 Interpretation

### 1.1 ISDA definitions

The 2006 ISDA Definitions (referred to as the **2006 ISDA Definitions**), as published by the International Swaps and Derivatives Association, Inc., are incorporated into these OTC Terms.

Accordingly, terms defined in the 2006 ISDA Definitions have the same meaning when used in these OTC Terms and references to **Articles** means Articles in the ISDA 2006 Definitions.

References in the 2006 ISDA Definitions to a “Swap Transaction” are taken to be references to an “OTC Open Contract” for the purposes of these OTC Terms.

The 2006 ISDA Definitions apply to an OTC Open Contract despite the selection of any other definitions in the data transmitted in the submission of an OTC Transaction for registration.

### 1.2 Amendments

If the 2006 ISDA Definitions are amended then the amendments are incorporated into these OTC Terms in respect of each OTC Open Contract which has a Trade Date after the time that the amendment is effective, unless ASX Clear (Futures) notifies OTC Participants to the contrary. ASX Clear (Futures) agrees to notify the OTC Participants of any such amendments after it becomes aware of them.

The accidental omission to give notice under this provision to, or the non-receipt of notice under this provision by, any OTC Participant does not invalidate the amendment with which the notice is concerned.

### 1.3 Inconsistency

In the event of an inconsistency between the OTC Rules or the OTC Handbook and the 2006 ISDA Definitions, the OTC Rules or the OTC Handbook, as the case may be, prevails.

In the event of any inconsistency between the Economic Terms and the Standard Terms, the Standard Terms prevail.



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## 2 Economic Terms

### 2.1 Economic Terms

The economic terms of an OTC Open Contract (referred to as **Economic Terms**) are taken from the information submitted to ASX Clear (Futures) by the parties to the corresponding OTC Transaction.

### 2.2 Matched information

It is a condition to the registration that the particulars of a OTC Transaction presented to ASX Clear (Futures) must include matched information in respect of the Economic Terms, except that information in respect of 2.3(k)(vii) or (k)(viii) (not both).

### 2.3 OTC Transaction Type: Interest Rate Swaps

The Economic Terms for interest rate swaps comprise:

- (a) Notional Amount (see Article 4.7 for definition);
- (b) Currency (see Article 1.7 for definition);
- (c) Trade Date (see Article 3.7 for definition);
- (d) Effective Date (see Article 3.2 for definition);
- (e) Termination Date (see Article 3.3 for definition);
- (f) Initial Exchange (if applicable):
  - (i) Initial Exchange Amount payer;
  - (ii) Initial Exchange Amount (see Article 4.1 for definition);
  - (iii) Initial Exchange Date (see Article 3.4 for definition);
- (g) Interim Exchange or Periodic Exchange (if applicable):
  - (i) Interim Exchange Amount payer or Periodic Exchange Amount payer;
  - (ii) Interim Exchange Amount or Periodic Exchange Amount (see Article 4.2 for definition);
  - (iii) Interim Exchange Date or Periodic Exchange Date (see Article 3.5 for definition);
- (h) Final Exchange (if applicable):
  - (i) Final Exchange Amount payer;
  - (ii) Final Exchange Amount (see Article 4.3 for definition);
  - (iii) Final Exchange Date (see Article 3.6 for definition);
- (i) Business Days (see Article 1.4 for definition);
- (j) Business Day Convention (see Article 4.12 for definition);

- (k) Where Fixed Rate – Floating Rate Swap:
  - (i) Fixed Rate Payer (see Article 2.1 for definition);
  - (ii) Fixed Rate Payer Payment Dates;
  - (iii) Fixed Amount (see Article 4.4 for definition) [or Fixed Rate and Fixed Rate Day Count Fraction][or Fixed Rate Payer Schedule];
  - (iv) Floating Rate Payer (see Article 2.2 for definition);
  - (v) Floating Rate Payer Payment Dates;
  - (vi) Floating Rate Payer compounding dates (if applicable);
  - (vii) Floating Amount (see Article 4.5 for definition);
  - (viii) Floating Rate Option (see Article 6.2(h) for definition);
  - (ix) Designated Maturity (see Article 7.3(b) for definition);
  - (x) Spread (see Article 6.2(e) for definition);
  - (xi) Reset Dates (see Article 6.2(b) for definition);
  - (xii) Floating Rate Day Count Fraction (see Article 6.2(f) for definition).
- (l) Where Floating Rate – Floating Rate Swap (“basis” swap):
  - (i) Floating Rate Payer 1 (see Article 2.2 for definition):
    - (A) Floating Rate Payer Payment Dates;
    - (B) Floating Rate Payer Compounding Dates (if applicable);
    - (C) Floating Rate Option (see Articles 6.2(i) and 6.2(h) for definition);
    - (D) Designated Maturity (see Article 7.3(b) for definition);
    - (E) Spread (see Article 6.2(e) for definition);
    - (F) Reset Dates (see Article 6.2(b) for definition);
    - (G) Floating Rate Day Count Fraction (see Article 6.2(f) for definition)
  - (ii) Floating Rate Payer 2 (see Article 2.2 for definition):
    - (A) Floating Rate Payer Payment Dates;
    - (B) Floating Rate Payer Compounding Dates (if applicable);
    - (C) Floating Rate Option (see Article 6.2(h) for definition);
    - (D) Designated Maturity (see Article 7.3(b) for definition);
    - (E) Spread (see Article 6.2(e) for definition);

- (F) Reset Dates (see Article 6.2(b) for definition);
- (G) Floating Rate Day Count Fraction (see Article 6.2(f) for definition).

## **2.4 Financial Centres**

In addition to the Business Days for the financial centres specified in the Economic Terms, the Business Days for Sydney will apply to OTC Open Contracts.

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# **3 Standard Terms**

## **3.1 Standard Terms**

The following terms are referred to as the **Standard Terms** of an OTC Open Contract.

## **3.2 Original documentation**

Regardless of the documentation of an original OTC Transaction, these OTC Terms apply to all OTC Open Contracts.

## **3.3 Calculation Agent**

The Calculation Agent (see Article 4.14 for definition) for each OTC Open Contract is ASX Clear (Futures).

## **3.4 Business Days**

In addition to the Business Days for the Financial Centres specified in the Economic Terms, the Business Days specified in the calendar published by ASX Clear (Futures), from time to time, will apply to an OTC Open Contract.

## **3.5 Negative Interest Rates**

The "Negative Interest Rate Method" as set out in Article 6.4(b) applies to an OTC Open Contract.

## **3.6 Stamp Tax**

Each OTC Participant will pay any Stamp Tax or duty levied or imposed upon it in respect of any OTC Open Contract to which it is a party and indemnifies ASX Clear (Futures) against any Stamp Tax or duty levied or imposed upon ASX Clear (Futures) in respect of any OTC Open Contract registered by ASX Clear (Futures) and to which that OTC Participant is a party.

## **3.7 Payments under an OTC Open Contract**

Each OTC Participant agrees to make the payments due to be made by it under each of its OTC Open Contracts in accordance with the OTC Rules and the OTC Handbook. Payments under, and in respect of, an OTC Open Contract are calculated by ASX Clear (Futures) and are made by, or to, the OTC Participant in accordance with the provisions of the OTC Handbook and the OTC Rules.

## **3.8 OTC Rules and OTC Handbook**

An OTC Open Contract is subject to the OTC Rules and the OTC Handbook, which forms part of its terms. In the event of any inconsistency between these

OTC Open Contract Terms and the OTC Rules and the OTC Handbook, the OTC Rules and OTC Handbook (as applicable) prevails.

### **3.9 Governing law**

Each OTC Open Contract is governed by the law in force in New South Wales and the parties submit to the non-exclusive jurisdiction of the courts of New South Wales.

# Schedule 3 – Default Management Group Procedures

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## 1 Introduction

The purpose of these default management group procedures (referred to as the **DMG Procedures**) is to set out the authority, organisation, manner of appointment and other matters relating to Default Management Groups (each referred to as a **DMG**) established by ASX Clear (Futures) pursuant to Paragraph 1.1 of Schedule 3 (Default Management Process) of the OTC Rules (referred to as the **Default Management Process**).

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## 2 Definitions

Terms used and not otherwise defined in these DMG Procedures have the meanings which they have in the OTC Rules (including the Default Management Process).

Paragraphs of these DMG Procedures are referred to as DMG Paragraphs.

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## 3 DMG Establishment

### 3.1 DMG Composition Table

ASX Clear (Futures) will maintain a table which lists Liquidation Groups and the number of persons required to participate in a DMG relating to such Liquidation Groups (referred to as a **DMG Composition Table**).

The DMG Composition Table will be updated or adjusted by ASX Clear (Futures) annually for each upcoming DMG term.

### 3.2 Establishment of DMGs

ASX Clear (Futures) will establish a DMG with respect to each Liquidation Group specified in the DMG Composition Table, provided that there are at least five OTC Participants having OTC Open Contracts relating to such Liquidation Group.

However, ASX Clear (Futures) may, in its discretion, decide not to establish a DMG with respect to a Liquidation Group which does not have a substantial size.

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## 4 Selection of Participating DMG Member Institutions

### 4.1 Participating DMG Member Institution

ASX Clear (Futures) will select the OTC Participants entitled to nominate a DMG Member (each referred to as a **Participating DMG Member Institution**) in accordance with this DMG Paragraph 4 (Selection of Participating DMG Member Institutions).

## 4.2 Applicable List

With respect to each DMG and the relevant DMG term, ASX Clear (Futures) will compile a list of eligible Participating DMG Member Institutions according to and ordered by the time when such eligible Participating DMG Member Institutions became OTC Participants (each referred to as an **Applicable List**). The applicable number of OTC Participants of each Applicable List will automatically qualify as Participating DMG Member Institutions for the relevant DMG in the order of appearance on the Applicable List, unless ASX Clear (Futures) determines, in its reasonable opinion, that there is a good reason for excluding a qualifying OTC Participant.

## 4.3 Substitution

Each Participating DMG Member Institution may arrange for another OTC Participant to perform its default management functions. Any such entity performing must be acceptable to ASX Clear (Futures) (in its sole discretion) and comply with the conditions imposed by ASX Clear (Futures) including signing the Agreement for the Participation in a Default Management Group in the form provided by ASX Clear (Futures) from time to time. Upon doing so the relevant OTC Participant will cease to be a Participating DMG Member Institution and, on acceptance by ASX Clear (Futures), the substitute is taken to be a Participating DMG Member Institution.

## 4.4 ASX Clear (Futures) to inform of selection

ASX Clear (Futures) will inform each Participating DMG Member Institution of its selection as a Participating DMG Member Institution for the relevant DMG for the initial DMG term as soon as practicable following the commencement of OTC Clearing.

For each selection of Participating DMG Member Institutions in respect of each subsequent DMG term for the relevant DMG, ASX Clear (Futures) will inform each Participating DMG Member Institution of its selection as a Participating DMG Member Institution at least three months prior to the commencement of the relevant DMG term.

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# 5 Designated DMG Members

## 5.1 Designated DMG Members

By no later than two months following receipt of ASX Clear (Futures)'s notice pursuant to DMG Paragraph 4.4 (ASX Clear (Futures) to inform of selection), each Participating DMG Member Institution will nominate:

- (a) an individual as a potential DMG Member (referred to as the **Designated DMG Member**); and
- (b) another individual as a potential deputy (referred to as the **Designated DMG Deputy**),

for the DMG term of the relevant DMG by notifying ASX Clear (Futures) in writing or by fax of the identities and contact information (including personal telephone number and email address) of the nominated individuals (referred to as the **Designation Notice**).

If ASX Clear (Futures) does not receive the Designation Notice by the time set out above then the relevant Participating DMG Member Institution will cease to be a Participating DMG Member Institution. Another OTC Participant will be selected by ASX Clear (Futures) in accordance with DMG Paragraph 4

(Selection of Participating DMG Member Institutions) to nominate a Designated DMG Member and a Designated DMG Deputy for the DMG term of the relevant DMG. ASX Clear (Futures) will notify the relevant Participating DMG Member Institution of its failure to receive the Designation Notice.

## 5.2 DMG Member Undertaking

ASX Clear (Futures) will prepare and provide to each Designated DMG Member and Designated DMG Deputy a form of letter under which a Designated DMG Member or Designated DMG Deputy acknowledge and agree to its respective rights and responsibilities as described in these DMG Procedures.

The Participating DMG Member Institution will ensure that both the Designated DMG Member and the Designated DMG Deputy return the letter completed and duly executed, by the earlier of:

- (a) five Business Days after becoming a Designated DMG Member or a Designated DMG Deputy; and
- (b) the last Business Day prior to the commencement of the relevant DMG term (referred to as the **Designation Cut-Off Time**).

Failure by a Designated DMG Member or a Designated DMG Deputy to return a properly completed and executed letter by the Designated Cut-Off Time will result in the relevant Designated DMG Member or a Designated DMG Deputy ceasing to be a Designated DMG Member or a Designated DMG Deputy. In this circumstance, ASX Clear (Futures) will request the Participating DMG Member Institution to nominate a new DMG Member or DMG Deputy in accordance with this DMG Paragraph 5 (Designated DMG Members).

## 5.3 DMG Eligibility Criteria

Each Designated DMG Member and Designated DMG Deputy must satisfy the following eligibility criteria (referred to as the **DMG Eligibility Criteria**) evidenced by adequate information provided by the relevant Participating DMG Member Institution to ASX Clear (Futures):

- (a) the designated individual must be an employee of the Participating DMG Member Institution and must have agreed to participate in a DMG;
- (b) the designated individual must be qualified with respect to the relevant Liquidation Group and must have appropriate expertise and experience in relation to the relevant DMG Matters;
- (c) the designated individual is not already a DMG Member or DMG Deputy in a DMG or a similar committee of another central counterparty, clearinghouse or exchange;
- (d) the designated individual will not be subject to conflicts of interest following its acceptance as a DMG Member or DMG Deputy and will not be unable to act as DMG Member or DMG Deputy for any other reason; and
- (e) the designated individual must be available for prompt participations in person in a DMG Meeting within two hours after receipt of a DMG Invitation (as defined in DMG Paragraph 9 (Convening DMG Meetings) below).

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## 6 Acceptance by ASX Clear (Futures)

### 6.1 Assessment

Upon receipt of a Designation Notice, ASX Clear (Futures) will assess the candidacy of the Designated DMG Member and the Designated DMG Deputy on the basis of the information given by the Participating DMG Member Institution to evidence compliance with the DMG Eligibility Criteria.

The Participating DMG Member Institution will provide any further information or evidence of compliance with the DMG Eligibility Criteria reasonably requested by ASX Clear (Futures).

### 6.2 Acceptance of DMG Member and DMG Deputy by ASX Clear (Futures)

Upon acceptance of a Designated DMG Member and Designated DMG Deputy by ASX Clear (Futures), such Designated DMG Member will be a **DMG Member** for the DMG term of the relevant DMG and such Designated DMG Deputy will be a **DMG Deputy** for such DMG Member for the DMG term of the relevant DMG. Where these DMG Procedures refer to a DMG Member, such reference will also or only refer to the DMG Deputy if and to the extent the context so requires.

### 6.3 Rejection

ASX Clear (Futures) will only reject a Designated DMG Member or a Designated DMG Deputy if the Designated DMG Member or the Designated DMG Deputy does not satisfy the DMG Eligibility Criteria. ASX Clear (Futures) will notify the relevant Participating DMG Member Institution of such rejection and provide written reasons.

### 6.4 Second Nomination

Upon a rejection of a Designated DMG Member or a Designated DMG Deputy by ASX Clear (Futures), the relevant Participating DMG Member Institution may nominate a second individual as Designated DMG Member or Designated DMG Deputy, as the case may be, in accordance with DMG Paragraph 5 (Designated DMG Members).

If ASX Clear (Futures) also rejects such second individual nominated as Designated DMG Member or Designated DMG Deputy, as the case may be, ASX Clear (Futures) will notify the relevant Participating DMG Member Institution and the relevant Participating DMG Member Institution will cease to be a Participating DMG Member Institution for that DMG for that DMG term.

ASX Clear (Futures) will then select another OTC Participant in accordance with DMG Paragraph 4 (Selection of Participating DMG Member Institutions) to nominate a Designated DMG Member and a Designated DMG Deputy for the DMG term of the relevant DMG.

### 6.5 List of DMG Members

ASX Clear (Futures) will maintain a list of all DMG Members and DMG Deputies of the relevant DMG, including the relevant contact details (address, phone number, fax number, email address).

ASX Clear (Futures) is not obliged to make available such list to OTC Participants or any other person.



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## **7 Term of appointment**

### **7.1 DMG term**

The membership of a DMG Member or DMG Deputy in a DMG will end on the last day of the 12th month after it commenced (referred to as the **DMG term**). However, ASX Clear (Futures) may designate such longer initial DMG term of a DMG or otherwise extend the initial DMG term of a DMG following the commencement of OTC Clearing if it, and the relevant DMG (by majority vote), agree.

ASX Clear (Futures) is entitled to extend the DMG term of a DMG if the DMG Matters for which a DMG Meeting has been convened are not resolved before the end of such DMG term or if it, and the relevant DMG (by majority vote), otherwise agree to extend.

An individual appointed as a DMG Member or DMG Deputy may serve on the same DMG for consecutive DMG terms if duly appointed.

### **7.2 Information undertaking**

Each Participating DMG Member Institution will inform ASX Clear (Futures) without undue delay if:

- (a) the relevant DMG Member or DMG Deputy no longer complies with the DMG Eligibility Criteria; or
- (b) it merges with any other Participating DMG Member Institution(s) and if therefore more than one DMG Member or DMG Deputy nominated by the Participating DMG Member Institutions (which are related bodies corporate) is a DMG Member or DMG Deputy in the same DMG.

### **7.3 Resignation**

A DMG Member or DMG Deputy may at any time resign from its appointment by giving not less than 30 calendar days prior written notice of its resignation to the DMG Secretary provided that in any event such resignation will only become effective upon the acceptance by ASX Clear (Futures) of a successor DMG Member or DMG Deputy.

### **7.4 Automatic Removal**

A DMG Member or DMG Deputy will be automatically removed from a DMG on which it serves without any further notice upon:

- (a) the declaration or occurrence of a Default in relation to the Participating DMG Member Institution (or the OTC Participant (which it is substituting for) in the case of DMG Paragraph 4.3 (Substitution)) which has nominated such DMG Member or DMG Deputy; or
- (b) such Participating DMG Member Institution ceasing to be an authorised OTC Participant; or
- (c) ceasing to be an employee of the Participating DMG Member Institution.

In the case of (c), the Participating DMG Member Institution is to nominate a successor who meets the DMG Eligibility Criteria.

## 7.5 Removal in the case of a merger

If two or more Participating DMG Member Institutions are subject to a merger and become related bodies corporate, ASX Clear (Futures) will upon consultation with these Participating DMG Member Institution(s), remove all appointed DMG Members and DMG Deputies of such original Participating DMG Member Institutions except for one DMG Member and one DMG Deputy.

## 7.6 Removal by ASX Clear (Futures)

ASX Clear (Futures) has the right to remove a DMG Member or DMG Deputy from the DMG on which it serves by giving not less than five calendar days prior written notice to the DMG Member or DMG Deputy and the Participating DMG Member Institution if:

- (a) the DMG Member or DMG Deputy fails to participate in at least two DMG Meetings without good reason; or
- (b) the DMG Member or DMG Deputy fails to comply with its duties under the DMG Procedures and such failure (if capable of remedy) has not been remedied after receipt of written notice thereof from the DMG Secretary giving a reasonable remedy period; or
- (c) the DMG Member or DMG Deputy no longer complies with the DMG Eligibility Criteria.

In the case of (c), the Participating DMG Member Institution is to nominate a successor who meets the DMG Eligibility Criteria.

## 7.7 Removal by Participating DMG Member Institution

Participating DMG Member Institutions may remove the DMG Member or DMG Deputy nominated by it from the DMG on which it serves provided that such removal will only become effective upon the appointment of a successor DMG Member or DMG Deputy (as applicable).

## 7.8 Removal

Any DMG Member or DMG Deputy that resigns or is replaced or removed from a DMG under these DMG Procedures will no longer be a DMG Member or DMG Deputy, as the case may be, and ASX Clear (Futures) will, in each case, accept a successor DMG Member or DMG Deputy for the remaining DMG term of the relevant DMG who complies with the DMG Eligibility Criteria.

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# 8 Office holders

## 8.1 DMG Chairman and DMG Deputy Chairman

Once all DMG Members for a respective DMG and a respective DMG term have been appointed, these DMG Members will, upon notification by ASX Clear (Futures), appoint (by Majority vote) a DMG Member to each of the following:

- (a) the chairman of the DMG (referred to as the **DMG Chairman**); and
- (b) the deputy chairman who will perform the functions of the DMG Chairman at any DMG Meeting at which the DMG Chairman is not present (referred to as the **DMG Deputy Chairman**).

The appointment as DMG Chairman and DMG Deputy Chairman will be valid for the DMG term of the relevant DMG.

## 8.2 DMG Secretary

ASX Clear (Futures) will serve as the secretary of each DMG (referred to as the **DMG Secretary**) and will perform the administrative duties set out in these DMG Procedures.

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## 9 Convening DMG Meetings

### 9.1 DMG Secretary to convene

The DMG Secretary may at any time convene a meeting of a DMG (referred to as a **DMG Meeting**) by delivering a meeting request notice to all DMG Members (copied to each DMG Deputy) of the relevant DMG.

Such meeting requests are to be provided to each DMG Member by telephone or email at the telephone number or email address given to ASX Clear (Futures) and addressed to such DMG Member personally.

Meeting requests will be delivered to DMG Members as soon as practicable, but not less than 2 hours, before the DMG Meeting giving details about the date and time of the DMG Meeting.

### 9.2 Regular meetings

DMG Meetings will be convened at regular intervals in order to:

- (a) keep under review the Default Management Process, together with any guidance issued in respect of it;
- (b) keep under review the terms of reference of the DMG to ensure they remain appropriate;
- (c) consider appropriate supplements or amendments to the Default Management Process or guidance to improve the procedures in place; and
- (d) consider any other business relevant to the DMG which any member of the DMG from time to time considers appropriate.

### 9.3 Default management meetings

In addition to the regular meetings described in DMG Paragraph 9.2 (Regular meetings), DMG Meetings will be convened in accordance with the Default Management Process.

### 9.4 DMG Meeting Agenda

The DMG Secretary may consult with the DMG Chairman or the DMG Deputy Chairman prior to convening a DMG Meeting.

The DMG Secretary will prepare a meeting agenda which will be distributed to the DMG Members once the DMG Meeting has been opened by the DMG Chairman (referred to as the **DMG Meeting Agenda**).

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## 10 Conduct of DMG Meetings

### 10.1 Location of DMG Meetings

DMG Meetings will take place at the premises of ASX Clear (Futures) in Sydney.

### 10.2 Participating DMG Members

DMG Members must participate in each DMG Meeting in person.

The relevant DMG Deputy must attend the DMG Meeting if the DMG Member does not attend. A DMG Deputy is not entitled to attend a DMG Meeting if the DMG Member for its Participating Member Institution is attending.

The DMG Members (and any DMG Deputies) attending a DMG Meeting are each referred to as a **Participating DMG Member**.

### 10.3 Representatives of Defaulted OTC Participants

For the purpose of DMG Meetings convened to deal with a specific Defaulted OTC Participant, ASX Clear (Futures) may, after consultation with the DMG, invite the Defaulted OTC Participant to nominate one or more representatives to join the DMG to assist it in carrying out its functions in the Default Management Process for that Defaulted OTC Participant, and also request representatives from any other OTC Participants.

If it receives such request, the OTC Participant must make available its nominated representative, or an alternate with appropriate skills, experience and expertise.

Each such representative:

- (a) must, before attending the meeting, sign an acknowledgment and undertaking letter provided by the DMG Secretary; and
- (b) will form part of the relevant DMG but will not have a right to vote at the DMG Meeting.

### 10.4 Other Attendees

ASX Clear (Futures) may invite any outside counsel, other outside experts, Futures Participants or clients to designate one of its employees to attend one or more DMG Meetings of a specific DMG to the extent and as long as such attendance is considered appropriate by ASX Clear (Futures) (referred to as an **Other Attendee**).

Each Other Attendee:

- (a) must sign an acknowledgement and undertaking letter provided by the DMG Secretary prior to its attendance in a DMG Meeting; and
- (b) will form part of the relevant DMG but will not have the right to vote in a DMG Meeting.

### 10.5 Employees of ASX Clear (Futures)

Employees of ASX Clear (Futures) may attend DMG Meetings at any time but will not have a right to vote and will not be taken to form part of the DMG.

## 10.6 No Communication

Participating DMG Members are not permitted to engage in any communication with the relevant Participating DMG Member Institution or any other third party with respect to DMG Matters or any other information obtained during DMG Meetings.

No Participating DMG Members may engage in any communication with another member of a DMG outside of the DMG Meeting with respect to DMG Matters.

Participating DMG Members of a DMG are not permitted to bring any means of electronic communication to the premises of the DMG Meeting.

## 10.7 Leaving

Participating DMG Members may not leave the DMG Meeting until the DMG Meeting has been officially closed by the DMG Secretary.

## 10.8 Voting Procedure and Majority

Subject to DMG Paragraph 8.1 (DMG Chairman and DMG Deputy Chairman), all decisions to be made by the DMG will be made at a DMG Meeting by Majority vote of the Participating DMG Members.

For this purpose, **Majority** will mean at least 50% of the Participating DMG Members.

Each Participating DMG Member will have one single vote. In the event that any vote is tied, the DMG Chairman will have the casting vote.

## 10.9 DMG Minutes

Minutes will be taken of all DMG Meetings and signed by the DMG Secretary (referred to as **DMG Minutes**). The DMG Minutes will include the place and date of the DMG Meeting, the Participating DMG Members, the DMG Matters on the DMG Meeting Agenda, the substance of the deliberations and the votes taken by the DMG.

The DMG Secretary will record in the DMG Minutes the identity of each Participating DMG Member with respect to any matter raised by such Participating DMG Member in the DMG Meeting.

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# 11 Statements of DMG

## 11.1 DMG Statement

The DMG may appoint by Majority vote one or more Participating DMG Members to prepare, on behalf of the DMG, any proposal, response, statement or other document setting out the views of the DMG with respect to any DMG Matter (referred to as a **DMG Statement**).

The DMG Chairman may refer the DMG Statement to a DMG Meeting for approval by Majority vote or may, if the DMG Chairman is satisfied that the DMG Statement represents the views of the Majority of Participating DMG Members after circulating such DMG Statement to the Participating DMG Members, deliver such DMG Statement to ASX Clear (Futures), following which such DMG Statement will be incorporated into the DMG Minutes and will be deemed to set out the view of the DMG.

## 11.2 DMG Statements Non-binding

ASX Clear (Futures) will respect a statement or advice from the DMG. However ASX Clear (Futures) is not required to follow such statement or advice. In exercising its rights and obligations in consulting with a DMG, ASX Clear (Futures) will use all reasonable commercial endeavours to agree a common position with the DMG, provided that nothing in the OTC Rules, the OTC Handbook (including the DMG Procedures) or the Default Management Process will prevent ASX Clear (Futures) acting in a way which it reasonably determines necessary to manage its risk or otherwise meet its continuing regulatory obligations including those applicable to it as a CS facility licensee.

If ASX Clear (Futures) does not follow the recommendations or advice of the DMG, ASX Clear (Futures) will provide a notice in writing to the DMG Chairman setting out its reasons for not following such recommendations or advice. ASX Clear (Futures) will not be required to provide such reasons or information relating to reasons where that information is commercially sensitive.

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## 12 Conduct of DMG Members

### 12.1 Status

Each Participating DMG Member always remains an employee of the respective Participating DMG Member Institution and does not become an employee of ASX Clear (Futures).

### 12.2 Information Undertakings

Each DMG Member will inform ASX Clear (Futures) without undue delay and, if possible, in advance if it is unable to attend any DMG Meeting due to holidays, sickness or any other absence or unavailability.

Each DMG Member and each DMG Deputy will promptly inform ASX Clear (Futures) of any change of its contact details provided to ASX Clear (Futures).

### 12.3 Confidentiality

Except as expressly contemplated in these DMG Procedures or as may be required by applicable law or court order or by a authority having appropriate jurisdiction, each DMG Member and each DMG Deputy will:

- (a) maintain absolute confidentiality regarding any and all information relating to ASX Clear (Futures) and any and all business and trade secrets of ASX Clear (Futures) both towards the Participating DMG Member Institution and towards third parties;
- (b) maintain absolute confidentiality with respect to all aspects of any DMG Matters of any current or past DMG Meetings in which such DMG Member was involved, including any discussions, deliberations, proceedings, or results of any votes, or any determinations or acts made under these DMG Procedures (referred to as the **Confidential Information**) both towards the Participating DMG Member Institution and towards third parties; and
- (c) not use any Confidential Information pursuant to item (a) or (b) for its own benefit or the benefit of the Participating DMG Member Institution or the benefit of any third parties (referred to as the **Confidentiality Obligation**).

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## **13 Compensation**

### **13.1 No Remuneration**

DMG Members and DMG Deputies are not entitled to receive remuneration from ASX Clear (Futures).

### **13.2 Costs and Expenses**

Participating DMG Members may request from ASX Clear (Futures) reimbursement of all reasonable costs and expenses incurred in connection with their participation in a DMG Meeting, unless the relevant Participating DMG Member Institution is obliged to reimburse such costs and expenses.

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## **14 Governing Law; Place of Jurisdiction**

The rights and obligations arising out of, and in connection with, these DMG Procedures will be governed by the law in force in New South Wales.

The exclusive place of jurisdiction for all disputes arising out of, or in connection with, these DMG Procedures is New South Wales.

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## **15 Amendments**

ASX Clear (Futures) reserves the right to amend the DMG Procedures from time to time.

# Schedule 4 – Default Management Auction Procedures

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## 1 DM Auction Procedures

Each DM Auction is governed by these default management auction procedures (referred to as the **General DM Auction Procedures**), as supplemented by specific auction terms (referred to as the **Specific DM Auction Terms**), which will be substantially in the form of the annex to this Schedule. The General DM Auction Procedures and the Specific DM Auction Terms are together referred to as the **DM Auction Procedures**.

In the case of any inconsistency between the Specific DM Auction Terms for a particular Auction and the General DM Auction Procedures, the Specific DM Auction Terms will prevail.

A summary of the applicable timings and steps to be taken in respect of a DM Auction (referred to as the **DM Auction Process Timeline**) is set out in the Addendum to these General DM Auction Procedures. The DM Auction Process Timeline is provided by way of guidance only and does not form part of the DM Auction Procedures or override the DM Auction Procedures for any particular DM Auction.

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## 2 Definitions

Terms used and not otherwise defined in the DM Auction Procedures will have the meaning given to them in the OTC Rules (including the Default Management Process).

Paragraphs of these DM Auction Procedures are referred to as DM Auction Paragraphs.

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## 3 DM Auctions and DM Auctions Price

DM Auctions will enable the bidders participating in accordance with the DM Auction Procedures to enter into the DM Auction Transactions comprised in the relevant Auction Units with ASX Clear (Futures) at an auction price for the relevant Auction Unit determined in accordance with these DM Auction Procedures (the price for an Auction Unit in each case is referred to as an **Auction Price**).

ASX Clear (Futures) will, after consultation with the relevant DMG(s), specify in the Specific Terms for each DM Auction the relevant Auction Units, and the total number of Auction Units, to be auctioned in the relevant DM Auction.



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## 4 Participation in DM Auctions

### 4.1 Participating Bidders

Each Mandatory OTC Participant which is obliged to participate in the relevant DM Auction in accordance with the Default Management Process may:

- (a) either itself; or
- (b) arrange for another OTC Participant in its place (whether as principal or agent, provided that such arrangement is acceptable to ASX Clear (Futures)),

make a submission of a Bid (as defined below) with regard to a specific Auction Unit, such bidder referred to as a **Participating Bidder**.

### 4.2 Disclosure

A Mandatory OTC Participant may not disclose the Specific DM Auction Terms or any additional information with respect to any DM Auction.

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## 5 Pre-Auction Procedures

### 5.1 DM Auction Invitees

For each DM Auction ASX Clear (Futures) will provide all Mandatory OTC Participants (each referred to as a **DM Auction Invitee**) with the Specific DM Auction Terms and with any further relevant information relating to the DM Auction.

The distribution of the Specific DM Auction Terms constitutes an invitation of ASX Clear (Futures) to the DM Auction Invitees to submit a Bid to enter into each of the DM Auction Transactions comprised in the relevant Auction Unit with ASX Clear (Futures) at the Auction Price.

### 5.2 Auction Units

In addition, ASX Clear (Futures) will specify in the Specific DM Auction Terms or by email for each Mandatory OTC Participant a minimum number of Auction Units for which such individual Mandatory OTC Participant will bid. Such number will depend on the relative exposure of the relevant Mandatory Participant with respect to the relevant Liquidation Group(s), in particular with regard to:

- (a) the number of OTC Open Contracts held by the Mandatory OTC Participant with respect to the relevant Liquidation Group(s);
- (b) the notional amount of OTC Open Contracts held by the Mandatory OTC Participant with respect to the relevant Liquidation Group(s); and
- (c) the risks inherent in the OTC Open Contracts held by the Mandatory OTC Participant with respect to the relevant Liquidation Group(s).

Auction Units can include both OTC Open Contracts and, if applicable, other Open Contracts of the Defaulted OTC Participant.

### 5.3 Content of Specific DM Auction Terms

The Specific DM Auction Terms will contain:

- (a) the Auction Units (including information regarding the DM Auction Transactions comprised in them);
- (b) the auction currency;
- (c) the scheduled auction date (referred to as the **Auction Date**) and the commencement time, as of which the respective Bids can be submitted (referred to as the **Commencement Time**);
- (d) the scheduled expiration time by which the respective Bids have to be submitted pursuant to DM Auction Paragraph 6 (Bidding Procedures) by the relevant Mandatory OTC Participant (referred to as the **Expiration Time**);
- (e) the Auction Format (as defined in DM Auction Paragraph 8 (Auction Format) below); and
- (f) the date and time of acceptance of the winning Bids (referred to as the **Acceptance Date** and **Acceptance Time**) and the date and time of settlement of the auction (referred to as the **Settlement Date** and the **Settlement Time**).

## 5.4 Changes

ASX Clear (Futures) is entitled at any time prior to the Expiration Time to change the Auction Date, Commencement Time, Expiration Time, the Auction Format, or the bidding procedures pursuant to DM Auction Paragraph 6 (Bidding Procedures), or to cancel a DM Auction, in each case by notice, provided that ASX Clear (Futures) will reasonably extend the Expiration Time to allow for the exercise of the revocation right pursuant to DM Auction Paragraph 5.5 (Revocation of Bids) below. ASX Clear (Futures) will inform all Participating Bidders about any such changes.

## 5.5 Revocation of Bids

If ASX Clear (Futures) amends the Specific DM Auction Terms or any provisions of the General DM Auction Procedures prior to the Expiration Time of a DM Auction and such amendment is, in the reasonable opinion of ASX Clear (Futures), materially prejudicial to any Participating Bidder that has already submitted its Bid(s) before such amendment was announced and became effective, then such Participating Bidder may revoke its Bid(s) in accordance with this DM Auction Paragraph 5.5, provided that a revocation of the respective Bid(s) will only become effective if received by ASX Clear (Futures) prior to the Expiration Time (as amended). Any extension, cancellation, or re-opening of a DM Auction will be deemed not to be materially prejudicial so that a Participating Bidder not revoke its Bid in case of any such change.

---

# 6 Bidding Procedures

## 6.1 Principles

With respect to each DM Auction the following principles will apply:

- (a) each Mandatory OTC Participant is obliged to provide ASX Clear (Futures) with its mandatory bid(s); and
- (b) each Mandatory OTC Participant is permitted to provide ASX Clear (Futures) with a Bid for any further Auction Unit for which it is not obliged to bid.

## **6.2 Bids and Bidding Periods**

Participating Bidders will submit their offered price for each Auction Unit in accordance with the Auction Format (each referred to as a **Bid**) in accordance with DM Auction Paragraph 8 (Auction Format) from, and including, the relevant Commencement Time to, and including, the relevant Expiration Time (referred to as the **Bidding Period**).

## **6.3 Bids Irrevocable**

A Bid constitutes an offer to enter into the DM Auction Transactions comprised in the relevant Auction Unit (as referred to in the Bid in accordance with the Auction Format) with ASX Clear (Futures) at the Auction Price. Subject to DM Auction Paragraph 5.5 (Revocation of Bids), a Bid will be irrevocable.

## **6.4 Bids may be Positive or Negative**

Bids may be positive or negative. If the Bid is positive, the Participating Bidder will be required to pay the Auction Price to ASX Clear (Futures). If the Bid is negative, ASX Clear (Futures) will be required to pay the Auction Price to the Participating Bidder.

---

# **7 Determination of Winning Bid and Auction Price**

## **7.1 Winning Bids**

After the Expiration Time, ASX Clear (Futures) will determine the winning Bid for each Auction Unit in accordance with the Auction Format specified in the Specific DM Auction Terms and will inform the winning Participating Bidder on the Acceptance Date and at the Acceptance Time about the acceptance of the respective Bid.

If two or more Participating Bidders enter the same Bid for the same Auction Unit, the winning Bid will be the Bid that was received first by ASX Clear (Futures).

## **7.2 DM Auction Transactions**

Upon acceptance of the winning Bid for an Auction Unit by ASX Clear (Futures), the DM Auction Transactions of such Auction Unit will be established at the Settlement Time on the Settlement Date against payment of the Auction Price for such Auction Unit in accordance with the standard practices of ASX Clear (Futures). The relevant DM Auction Transactions will be established between ASX Clear (Futures) and either:

- (a) the Participating Bidder; or
- (b) in respect of DM Auction Transactions equivalent to Terminated Open Contracts, in circumstances where the Participating Bidder is not a Futures Participant, the Futures Participant nominated by the Participating Bidder in accordance with paragraph 2.3 (Conditions to become an OTC Participant) of the OTC Handbook.

## **7.3 Notification**

ASX Clear (Futures) will inform all Participating Bidders as soon as practically feasible whether their Bid(s) qualified as winning Bid(s) with respect to each Auction Unit.

## 7.4 Failed Auction

If ASX Clear (Futures) determines that a DM Auction or any part of it has failed for any reason, ASX Clear (Futures) may reallocate Auction Units and hold a further DM Auction, or take such other action as ASX Clear (Futures) determines in its discretion is appropriate.

## 7.5 Non-disclosure

ASX Clear (Futures) will not disclose:

- (a) the identity of the Participating Bidder that submitted the winning Bid for an Auction Unit;
- (b) the Auction Price for any Auction Unit of a DM Auction, to any party other than the Participating Bidder who submitted the winning Bid; or
- (c) Bids of Participating Bidders to other Participating Bidders,

unless it is required to do so by law.

---

# 8 Auction Format

## 8.1 General

The Specific DM Auction Terms will specify the format of the relevant DM Auction with regard to the content of a Bid, the specific procedures of the bidding and the determination of the winning Bid (referred to as the **Auction Format**).

When conducting a DM Auction in accordance with these DM Auction Procedures, ASX Clear (Futures) will, unless stated otherwise in the Specific DM Auction Terms, apply the Auction Format of a "Standard Auction Format" as described in DM Auction Paragraph 8.3 (Standard Auction Format).

## 8.2 Reserve Price

The Specific DM Auction Terms may specify that ASX Clear (Futures) can set a reserve price with respect to a DM Auction. If a reserve price so specified is higher than the otherwise winning bid, then despite any other provision of these DM Auction Procedures there is taken to be no winning bid for that DM Auction.

## 8.3 Standard Auction Format

If the Specific DM Auction Terms specify "Standard Auction Format" as the applicable Auction Format, the following applies:

- (a) all Bids will be made in accordance with the DM Auction Procedures;
- (b) ASX Clear (Futures) will not disclose to the Mandatory OTC Participants which of the two portfolios comprise the DM Auction Transactions and which comprise the opposite transactions. The binding Bid only relates to an Auction Unit;
- (c) subject to DM Paragraph 8.2 (Reserve Price) and acceptance of the winning Bid by ASX Clear (Futures), the highest valid Bid will be the winning Bid with respect to each Auction Unit and such highest Bid will be the Auction Price for the respective Auction Unit; and
- (d) subject to DM Paragraph 8.2 (Reserve Price), ASX Clear (Futures) will accept the winning Bid pursuant to DM Auction Paragraph 7.1 (Winning

Bids) above with respect to each Auction Unit irrespective of whether Bids were submitted for all Auction Units of the respective DM Auction unless ASX Clear (Futures) chooses not to accept any Bids (in which case it may choose to initiate another DM Auction).

*Note: each Mandatory OTC Participant will be requested to Bid on two portfolios – one bid for an Auction Unit based on the portfolio comprising the DM Auction Transactions and one bid for an auction unit based on a portfolio comprising transactions opposite to the DM Auction Transactions.*

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## **9 Settlement of Auction Price**

At the Settlement Time on the Settlement Date, the payment of the Auction Price becomes due and payable and will be paid, together with any applicable OTC Daily Variation Margin or Variation Margin associated with the successful Bid.

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## **10 Irregularities**

All questions as to the validity, form and eligibility (including the time of receipt) of any Bid or revision of it, will be determined by ASX Clear (Futures), which determination will be final and binding.

ASX Clear (Futures) reserves the absolute right to reject at any time any and all Bids that do not comply with these DM Auction Procedures.

ASX Clear (Futures) reserves the absolute right to waive any requirement under the DM Auction Procedures.

ASX Clear (Futures) will be under no duty to give notice to Participating Bidders of any irregularities in Bids.

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## **11 Representations, Warranties and Undertakings**

### **11.1 Agreements**

By submitting a Bid in accordance with the DM Auction Procedures, each Participating Bidder agrees at the time of the submission of its Bid, with ASX Clear (Futures) that:

- (a) it accepts the DM Auction Procedures;
- (b) it accepts that ASX Clear (Futures) is under no obligation to accept a Bid which is not made in accordance with the DM Auction Procedures;
- (c) it accepts the rights of ASX Clear (Futures) set out in DM Auction Paragraph 10 (Irregularities); and
- (d) it will indemnify on an after tax basis ASX Clear (Futures) against all and any losses, costs, claims, liabilities, expenses, charges, actions or demands which ASX Clear (Futures) may incur or which may be made against ASX Clear (Futures) as a result of any breach of any of the DM Auction Procedures of, or any of the acknowledgements, representations, warranties and undertakings given pursuant to, the DM Auction Procedures (including any Bid thereunder) by the Participating Bidder, up to a maximum capped amount for that Participating Bidder in

respect of all DM Auctions which may occur as a result of the applicable OTC Participant's Default, of fifty million dollars (\$50,000,000).

## **11.2 Acknowledgments**

By submitting a Bid in accordance with the DM Auction Procedures, each Participating Bidder acknowledges at the time of the submission of its Bid, to ASX Clear (Futures) that:

- (a) it understands that ASX Clear (Futures) may, at its own discretion, extend, re-open, amend or waive any condition of, or cancel the DM Auction at any time in accordance with DM Auction Paragraph 5.4 (Changes), and that in the event of a cancellation of the DM Auction, the Bids will be cancelled;
- (b) it understands that acceptance by ASX Clear (Futures) of a submitted Bid will constitute a binding contract regarding the entering into the DM Auction Transactions comprised in the relevant Auction Unit;
- (c) that ASX Clear (Futures) will rely upon the truth and accuracy of the acknowledgments, agreements, representations, warranties and undertakings contained in this DM Auction Paragraph 11 (Representations, Warranties and Undertakings); and
- (d) that an OTC Daily Variation Margin requirement or Variation Margin requirement with respect to the respective DM Auction Transactions comprised in the relevant Auction Unit may become due at the relevant Settlement Time.

## **11.3 Representations**

By submitting a Bid in accordance with the DM Auction Procedures, each Participating Bidder represents and warrants at the time of the submission of its Bid, to ASX Clear (Futures) that:

- (a) it will keep confidential and will not disclose directly or indirectly the Specific DM Auction Terms or any other information regarding the relevant DM Auction, including any information with respect to the DM Auction Transactions or the Auction Units, that it respects to be permitted to use any such information solely for the purpose of evaluating the relevant Auction Unit and that it will, unless it has provided the winning Bid in accordance with DM Auction Paragraph 8.3(c) (Standard Auction Format), immediately delete and destroy such information after the respective Expiration Time and will promptly certify to ASX Clear (Futures) in writing that such deletion has been completed;
- (b) it has not made and will not make available any information about Bids to, or discuss any Bids with, any other Participating Bidder;
- (c) it has neither taken, nor omitted to take, any action in breach of the DM Auction Procedures or which will or may result in ASX Clear (Futures) or any other person acting in breach of the legal or regulatory requirements of any jurisdiction in connection with a Bid;
- (d) it does not engage in any trading activity which could have an impact on the value of any DM Auction Transaction or Auction Unit;
- (e) no order has been made or applied for or resolution passed for the suspension of payments or dissolution, termination of existence,

liquidation, winding-up, bankruptcy, insolvency, judicial management or curatorship;

- (f) no moratorium in respect of all or any debts or a composition or an arrangement with creditors or any similar proceeding or arrangement by which its assets are submitted to the control of its creditors is ordered, declared or applied for;
- (g) no liquidator, trustee, administrator, receiver, statutory manager or similar officer has been appointed in respect of it or in respect of all or a substantial part of its assets;
- (h) it is able to pay its debts as and when they fall due, will not become unable to pay its debts as a consequence of entering into the DM Auction Transactions; and
- (i) no event has occurred or circumstance arisen with respect to it, which might (whether or not with the giving of notice or the passage of time or the fulfilment of any other requirement) constitute a Default.

The representations and warranties pursuant to this DM Auction Paragraph 11.3 (Representations) will be repeated by each Participating Bidder on the Settlement Date.

#### **11.4 Duty to Inform**

If a Participating Bidder is unable to give the agreements, acknowledgements, representations and warranties set out in this DM Auction Paragraph 11 (Representations, Warranties and Undertakings), such Participating Bidder will notify ASX Clear (Futures) without undue delay informing ASX Clear (Futures) about the relevant circumstances.

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## **12 Governing law; Place of jurisdiction**

The rights and obligations arising out of, and in connection with, the DM Auction Procedures will be governed by the law in force in New South Wales.

The exclusive place of jurisdiction for all disputes arising out of, or in connection with, these DM Auction Procedures is New South Wales.

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## **13 Amendment of DM Auction Procedures**

ASX Clear (Futures) reserves the right to amend the DM Auction Procedures.

## **Addendum – Default Management Auction Process Timeline**

### **1 Guidance**

This Addendum summarises the applicable timings and steps to be taken in respect of a DM Auction.

The DM Auction Process Timeline is provided by way of guidance only and does not form part of the DM Auction Procedures or override the DM Auction Procedures for any particular DM Auction.

### **2 DM Auction Process Timeline**

<b>Step:</b>	<b>Applicable time:</b>	<b>Action:</b>
1	Prior to the Commencement Time	ASX Clear (Futures) to provide all DM Auction Invitees with the Specific Auction Terms in respect of the DM Auction.  ASX Clear (Futures) will specify the minimum number of Auction Units which must be bid for by each Mandatory OTC Participant.
2	At the Commencement Time on the Auction Date	The DM Auction commences.
3	During the Bidding Period	Participating Bidders to submit Bids for each Auction Unit.
4	Prior to the Expiration Time	ASX Clear (Futures) may change the Auction Date, Commencement Time, Expiration Time, Auction Format or bidding procedures.  If such changes are materially prejudicial to a Participating Bidder that has already submitted a Bid, the Participating Bidder may revoke its Bid, if such revocation is received prior to the Expiration Time (as amended).
5	Expiration Time	Submission of Bids closes.
6	Acceptance Time on the Acceptance Date	ASX Clear (Futures) will inform the winning Participating Bidder of the acceptance of its winning Bid for an Auction Unit.
7	Settlement Time on the Settlement Date	DM Auction Transactions of each Auction Unit are established as of the Settlement Time on the Settlement Date against payment of the Auction Price for such



		<p>Auction Unit.</p> <p>Any applicable OTC Daily Variation Margin or any Variation Margin associated with the successful Bid becomes due and payable.</p>
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## ANNEX - Form of Specific Terms for DM Auctions

### *[Letterhead of ASX Clear (Futures)]*

To The Mandatory OTC Participants  
[Date]

#### **SPECIFIC TERMS FOR DM AUCTIONS**

You have been invited by ASX Clear (Futures) to participate in a DM Auction (as further described by the details below).

These Specific DM Auction Terms must be read in conjunction with the General DM Auction Procedures as set out in Schedule 4 (Default Management Auction Procedures) of the ASX OTC Handbook by ASX Clear (Futures) Pty Ltd and constitute in conjunction with the General DM Auction Procedures the DM Auction Procedures for this DM Auction. In case of any differences between the General DM Auction Procedures and these DM Auction Specific Terms, these Specific DM Auction Terms will prevail.

Each Mandatory OTC Participant will keep confidential and will not disclose directly or indirectly the Specific DM Auction Terms or any other information regarding the relevant DM Auction, including any information with respect to the DM Auction Transactions or the Auction Units. It will further respect to be permitted to use any such information solely for the purpose of evaluating the relevant Auction Unit and it will, unless it has provided the winning Bid in accordance with DM Auction Paragraph 8.3(c) (Standard Auction Format) of the General DM Auction Procedures, immediately delete and destroy such information after the respective Expiration Time and will promptly certify to ASX Clear (Futures) in writing that such deletion has been completed.

#### **General Information:**

Liquidation Group(s):	[     ]
DM Auction Transactions:	See attached spreadsheet
Auction Units:	See attached spreadsheet

Auction Currency:

#### **Auction Timetable:**

Auction Date:	[     ]
Commencement Time:	[     ]
Expiration Time:	[     ]
Acceptance Date and	[     ]
Acceptance Time:	[     ]
Announcement Time:	[     ]

Settlement Date and Settlement [ ]

Time:

**Bidding and Auction Procedure Details:**

Auction Format: [ ] [Standard Auction Format]

[ ] Other: ***[describe]***

***[other]*** [ ]

***[other]*** [ ]

# Schedule 5 – Procedures for the OTC Product Committee

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## 1 Scope of Application and Definitions

The following procedures (referred to as the **Committee Procedures**) will apply to the OTC Product Committee (referred to as the **Committee**).

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

Paragraphs of these Committee Procedures are referred to as Paragraphs.

---

## 2 Committee Members

### 2.1 Committee Members

Each OTC Participant may nominate a single representative for the Committee (each referred to as a **Committee Member**).

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

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

If ASX Clear (Futures) rejects a Committee Member nominated by an OTC Participant then the OTC Participant may nominate a replacement for consideration by ASX Clear (Futures).

### 2.2 ASX Appointees

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

### 2.3 Change of Committee Members

An OTC Participant may, at any time, notify ASX Clear (Futures), that it intends to change its nominated Committee Member by nominating a replacement nominee in accordance with Paragraph 2.1 (Committee Members). Once accepted by ASX Clear (Futures), the replacement nominee replaces the previous nominee on the Committee.

### 2.4 Related bodies corporate

If two or more OTC Participants are or become related bodies corporate, as determined by ASX Clear (Futures), such OTC Participants are entitled to appoint only one single Committee Member. If at any time OTC Participants

(which are related bodies corporate) have appointed more than one Committee Member, such OTC Participants will promptly notify ASX Clear (Futures) of the single Committee Member who will represent them in the future.

## **2.5 Chairman**

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

## **2.6 Committee Secretary**

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

## **2.7 Suspension of Membership**

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

---

# **3 Convening the Committee**

## **3.1 Meeting and Notice**

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

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

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

## **3.2 Urgent Matters**

The Committee Secretary may convene a 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 Committee.

## **3.3 Participating Committee Member**

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

## **3.4 Proxies**

The 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 Meeting will be one third of all 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 Meeting, such Meeting will be adjourned by the Chairman to the next following Business Day or such other day as is agreed with the Committee Secretary. A Quorum at such adjourned Meeting will consist of the Participating Committee Members provided that notice of the Meeting has been given to all Committee Members in accordance with Paragraph 3 (Convening the Committee).

---

## 5 Voting

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

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

---

## 6 Participation of Employees

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

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

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## 7 Minutes and Statements

### 7.1 Committee Minutes

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

### 7.2 Committee Statements

The Committee may appoint one or more Committee Members to prepare, on behalf of the Committee, any proposal, response, statement or other document setting out the views of the Committee with respect to any relevant matter (referred to as a **Committee Statement**). The Chairman may refer the Committee Statement to a Meeting for approval or may, if the Chairman is satisfied that the Committee Statement represents the views of the majority of Committee Members after circulating such Statement to the Committee Members, deliver such Committee Statement to ASX Clear (Futures) for incorporation into the Committee Minutes and will be taken to set out the view of the Committee.

---

## 8 Compensation

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

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## 9 Confidentiality

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

- (a) to maintain confidentiality as to all aspects of the 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 OTC Participant will conclude and maintain a corresponding confidentiality agreement with its Committee Member.

---

## 10 Fiduciary Duties; Limitation of Liability

### 10.1 Protected Persons

Neither any 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 (Futures), any directors, managers or officers of it, the OTC Participants or any other person (each referred to as a **Non-protected Person**) by reason of such service on the Committee or the appointment of a Committee Member to the Committee.

### 10.2 No Liability

Despite anything to the contrary in the OTC Rules or the OTC Handbook, to the extent that, for any reason, a Protected Person has any such duties and liabilities relating to its membership of the Committee to a Non-protected Person, such Protected Person acting under the 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 Committee Procedures, the OTC Rules, the OTC Handbook or other provisions of ASX Clear (Futures).

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## 11 Governing Law

These 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.

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## 12 Amendments

These Committee Procedures may be amended by ASX Clear (Futures), provided that the Committee Secretary will present details of any such

amendment to a Meeting held no later than 30 days after such amendment comes into effect.



## Schedule 6 – Attestation

*This schedule sets out the form of Attestation which OTC Participants are required to lodge under OTC Rule 2.15.*

OTC Participant:.....("the OTC Participant")

Year Ended:.....("the Period")

I attest that at all times during the Period the OTC Participant has complied with OTC Rule 2.15:

1. The OTC Participant has access arrangements in place that comply with paragraph (a).
2. The OTC Participant has appropriate arrangements in place for internal authorisation of the submission of OTC Transactions for registration and requests to re-bilateralise, cancel, amend or transfer OTC Open Contracts under paragraph (b). I am not aware of any submission of an OTC Transaction by the OTC Participant for registration or any request made by the OTC Participant for re-bilateralisation, cancellation, amendment or transfer of an OTC Open Contract that was not authorised in accordance with those arrangements.

\_\_\_\_\_  
Authorised Signatory

Name:

Date:

### INSTRUCTIONS:

This Attestation is to be signed by one authorised signatory who must be a member of the senior executive management of the OTC Participant (at or above the level of the Chief Risk Officer, Chief Compliance Officer or Chief Operating Officer) with responsibility for the matters the subject of this Attestation.

This Attestation is required to be completed and lodged by each OTC Participant within three months of the end of each calendar year.